The Dispossession of Africa's Wealth

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Slides are available here.

Summary

> The question as to who and what is responsible for African underdevelopment can be answered at two levels. Firstly, the answer is that the operation of the imperialist system bears major responsibility for African economic retardation by draining African wealth and by making it impossible to develop more rapidly the resources of the continent. Secondly, one has to deal with those who manipulate the system and those who are either agents or unwitting accomplices of the said system.
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> -- Walter Rodney, *How Europe Underdeveloped Africa*

1. Sub-Saharan Africa suffers from the dispossession of wealth, along two trajectories: South-North resource flows, and adverse class formation. In the former case, the central processes are associated with exploitative debt and finance, phantom aid, capital flight, unfair trade, and distorted investment. In the latter case, instead of an organic middle class and productive capitalist class, Africa has seen an excessively powerful comprador ruling elite whose income has been based upon financial-parasitical accumulation, which in turn is subject to vast capital flight. Indeed, much of the mainstream literature overstresses the mistakes of African elites, and hence blames the victims, so it is crucial in the analysis that follows to contextualise Africa's wealth outflow.

2. Work by African diasporic scholars over several decades has unveiled many of these relations: Claude Ake, Samir Amin, Steve Biko, Amilcar Cabral, Frantz Fanon, Ruth First, Samora Machel, Mahmood Mamdani, Thandika Mkandawire, Dani Nabudere, Kwame Nkrumah, Julius Nyerere, Oginga Odinga, Bade Onimode, Walter Rodney, Thomas Sankara, Issa Shivji and others. As Rodney put it in 1973, '*In order to understand present economic conditions in Africa, one needs to know why it is that Africa has realised so little of its natural potential, and one also needs to know why so much of its present wealth goes to non-Africans who reside for the most part outside of the continent.*' (original emphasis)

3. More recently, the broader process of wealth extraction through imperialist relations has been captured by what David Harvey terms 'accumulation by dispossession': 'the commodification and privatisation of land and the forceful expulsion of peasant populations; conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights; suppression of rights to the commons; commodification of labour power and the suppression of alternative (indigenous) forms of production and consumption; colonial, neocolonial and imperial processes of appropriation of assets (including natural resources); monetisation of exchange and taxation (particularly of land); slave trade; and usury, the national debt and ultimately the credit system as radical

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1 The work that follows has been carried out in collaboration with the Johannesburg-based Southern African Centre for Economic Justice and Harare-based Equinet, and participants at their 10-12 October workshop in Harare are thanked for feedback. Comments are welcomed, at pbond@mail.ngo.za

means of primitive accumulation.'

4. The analysis that follows bears this history and context in mind, and tackles two major tasks: explaining structural causes and policy shortfalls responsible for South-North (and Africa-South Africa-North) flows of resources; and identifying policies and political strategies that would secure greater sovereignty over and value for African resources and for their use within the continent.

5. While the resource drain from Africa dates back many centuries - to the point 'unequal exchange' began with unfair terms of trade, soon to be amplified by slavery, colonialism and neocolonialism - the more proximate causes in recent years can be identified within the framework of *neoliberal* (free market) policies adopted nearly universally across the world. The intellectual foundations can be found in the post-war 'modernisation' project, leaving classical debates over development theory still relevant.

6. It is in the empirical measurement of Africa's wealth and income outflows that the paper offers updated, synthesised information. Four components of capital accumulation and class formation - trade, finance, direct investment and internal class relations - remain central to Africa's ongoing underdevelopment. The mainstream impression – e.g., Tony Blair's Africa Commission – is mistaken when citing what appears as a vast inflow of aid, for 'phantom aid' should be taken into consideration. And rather than foreign direct investment in Africa rising steadily since the late 1990s, there are special circumstances in just three recipient countries. Instead of a sustainable level of debt service payments, Africa's net financial accounts went negative during the 1990s. And although remittances from the Diaspora now fund development and even a limited amount of capital accumulation, capital flight is far greater. At more than $10 billion/year since the early 1970s, collectively, the citizens of Nigeria, the Ivory Coast, the DRC, Angola and Zambia have been especially vulnerable to the overseas drain of their national wealth. A major factor during the late 1990s was the relisting of the primary share-issuing residence of the largest South African firms, from Johannesburg to London.

7. Many of these are policy-lubricated outflows, now dramatically higher due to financial, trade and investment liberalisation. Even the World Bank concedes problems stemming from the demise of exchange controls and other financial regulations: 'Most African countries have introduced market-based reforms in their financial sectors. But post-liberalisation problems still need to be addressed.' Nevertheless, the South African government is pushing a continent-wide 'fast-track financial market integration'. Likewise, trade liberalisation has, according to one study, cost sub-Saharan Africa US$272 billion since the early 1980s. Trade is especially difficult to rely upon for growth, given that agricultural subsidies accruing to Northern farmers rose from the late 1980s to 2004 by 15%, to $279 billion, mainly benefiting large agrocorporate producers.

8. Non-financial investment flows are driven less by policy – although liberalisation has also been important – and more by accumulation opportunities. Foreign Direct Investment (FDI) to sub-Saharan began rising in the late 1990s after two decades of stagnation. But the vast bulk of investments were accounted for in two major processes: South African capital's changed domicile, and resurgent oil investments in Angola and Namibia. In the latter cases, the World Bank's *Where is the Wealth of Nations?* report acknowledges stagnant and net

negative 'genuine savings' in countries with high resource dependence and low capital accumulation. These include Nigeria, Zambia, Mauritania, Gabon, Congo, Algeria and South Africa. Worst of all, Gabon's people lost $2,241 each in 2000 due to oil company depletion of the country's tangible wealth, followed by the Republic of the Congo (-$727), Nigeria (-$210), Cameroon (-$152), Mauritania (-$147) and Cote d'Ivoire (-$100). A few countries do benefit from the larger definition of wealth, including the Seychelles, Botswana and Namibia, but the vast majority of African countries saw their wealth depleted. South Africa lost $2 drop per capita wealth in 2000 and the genuine savings rate was reduced to just 6.9% of national income once a variety of other natural capital factors are included. Moreover, much of Africa – including South Africa - has been victimised by privatisation-related FDI. Transparency International's Lawrence Cockcroft concluded, 'The privatisation process has proved a disappointment in many African countries' in part because of corruption. Other FDI-related corruption comes in many forms of tax fraud and transfer pricing.

9. Ecological debt that the North owes the South, especially Africa, is also vast. Joan Martinez-Alier and UN climate change commissioner Jyoti Parikh surmise that a total annual subsidy of $75 billion is provided merely in the form of the 'carbon sink' function. Moreover, in another reflection of non-market exploitation, women are the main victims of neoliberalism, whether in productive circuits of capital (increasingly subject to sweatshop conditions) or in the sphere of reproduction, where much primitive accumulation occurs through unequal gender power relations. This is especially evident in the case of migrant labour flows, largely because rural women have roles in childrearing, healthcare and eldercare that maintain an artificially inexpensive supply of labour.

10. In identifying policies that might reverse these flows, we must enquire as to whether African countries have gone 'off track', as the IMF argues unconvincingly in explaining the continent's residual failures. Instead, according to Frantz Fanon and Amilcar Cabral, a post-independence cadreship of petit-bourgeois leaders were amenable to Northern objectives, followed during the 1980s-90s by the establishment of a formal neoliberal 'technocratic' corps within Ministries of Finance, central banks and bureaux with oversight mandate for privatisation and commercialization. At a time when the World Bank has also begun to highlight the idea of 'leadership' in Africa, vehicles such as the New Partnership for Africa's Development Africa Peer Review Mechanism, for example, will be given higher status than African civil society yet contemplates, even if, as the South African finance minister put it in 2004, 'it was shameful that a year after the African peer-review mechanism was launched, less than half of African countries had signed up to be independently reviewed' because they had 'misbehaving governments'. That means civil society activists may now be in a position to take the citizenries' basic skepticism about African elites (the Bank notes that 'about 75% of the respondents agree that African governments are doing too little for people trapped in poverty') and establish not only alternative conceptions of their problems, but also a different approach to public policy.

11. Given the weaknesses in 2005 global-elite and African-elite policy proposals aimed at reversing the continent's socio-economic collapse, other policy options should be developed that are more amenable to society and nature, options that emerge from the bottom-up, through activism and critiques that emanate from Africans themselves. It may

be that some or all of the ten options below would emerge as the policy menu for these progressive forces:

- Under the slogan 'Don't Owe Won't Pay', the obvious policy implication of overindebtedness is systemic Third World default, a policy successfully carried out in earlier periods en masse, but also hinted at by Argentina's contemporary example.
- As for uneven private sector capital flows in Africa, there are also well-tested strategies – such as prescribed assets – that can force the domestic reinvestment of pension and insurance funds as well as other large institutional investment reserves.
- For controlling capital flight, it will be crucial to address offshore tax havens through national-scale regulation and even prohibition of financial transfers from these sites, as part of a more general reestablishment of exchange controls to limit currency convertability, and through revitalised state financial regulation.
- With regard to aid, the simple refusal of tied aid and phantom aid might be accompanied by an international 'naming and shaming' exercise, which some campaigners have already embarked upon.
- For trade relations, an inward-oriented development strategy is preferable (entailing infant industries and judicious tariff and quota policies), given the decay of prices for non-petroleum exports, which in turn represent a treadmill to rising physical output and declining revenues.
- Foreign direct investment should be, in future, carefully measured so as to include natural resource depletion and many other costs (such as transfer pricing and profit/dividend outflows), not simply benefits – and then permission refused if these calculations are not favourable, as was successful in South Korea's initial post-war industrialisation drive.
- Fiscal austerity, monetarism, privatisation, liberalisation and other macroeconomic policies should be firmly resisted given their maldistributive impacts, while civil society intensifies budget oversight.
- Finally, deep democratisation of Africa will be required to rid the societies of corrupt comprador elements, which in turn implies more attention to not only contesting aspects of state power and capital accumulation (as so many civil society groups are doing), but also ultimately *taking* power through progressive political parties.
- A dramatic change in the national balance of forces across Africa, following the transitions underway in Latin America, is in turn the prerequisite for gaining sufficient political weight to begin installing vital global-scale measures such as Tobin Taxes, greenhouse gas mitiation, and reparations for ecological debt.
- While a progressive change in government is a long way away in most countries, in the meantime it is feasible to amplify existing activist initiatives aimed at controlling the outflow of African resources, and ensuring that the redistributive strategies are catalysed and owned at the level of households, grassroots communities and shopfloors.

Introduction

> Africa is poor, ultimately, because its economy has not grown. The public and private sectors need to work together to create a climate which unleashes the entrepreneurship of the peoples of Africa, generates employment and encourages individuals and firms, domestic and foreign, to invest. Changes in governance are needed to make the investment climate stronger. The developed world must support the African Union's New Partnership for Africa's Development (Nepad) programme to build public/private partnerships in order to create a stronger climate for growth, investment and jobs.[2]

These sentences – from the Blair government Commission for Africa report in 2005 - distill the mistakes of conventional wisdom regarding Africa's underdevelopment. Tony Blair hosted the G8 and the European Union in 2005, and his chancellor of the exchequer Gordon Brown moved several initiatives on debt, aid and trade forward – deploying rhetoric regarding a 'Marshall Plan for Africa' – so it is crucial to contest misinformation associated with the modified 'neoliberal' project. It would be more logical to reverse all of the above allegations, and reconstruct the paragraph as follows.

> *Africa is poor, ultimately, because its economy and society have been ravaged by international capital and by local elites who are often propped up by foreign powers. The public and private sectors have worked together to drain the continent of resources which – if harnessed and shared fairly - should otherwise meet the needs of the peoples of Africa. Changes in governance are desperately needed for social progress, and these entail not only the empowerment of civil society but also the strengthening of those agencies within African states which can deliver welfare and basic infrastructure. The rich world must decide whether to support the African Union's Nepad programme, which will worsen the resource drain because of its pro-corporate orientation, or instead to give Africa space for societies to build public/people partnerships in order to satisfy unmet basic needs.*

The resource drain and adverse North-South power relations have been the subject of intense critique by African scholars over several decades: Claude Ake, Samir Amin, Steve Biko, Amilcar Cabral, Frantz Fanon, Ruth First, Samora Machel, Mahmood Mamdani, Thandika Mkandawire, Dani Nabudere, Kwame Nkrumah, Julius Nyerere, Oginga Odinga, Bade Onimode, Walter Rodney, Thomas Sankara, Issa Shivji and others. In his 1973 classic, *How Europe Underdeveloped Africa,* Rodney summed up that resource drain as follows:

> *In order to understand present economic conditions in Africa, one needs to know why it is that Africa has realised so little of its natural potential, and one also needs to know why so much of its present wealth goes to non-Africans who reside for the most part outside of the continent.* (original emphasis) … It is typical of underdeveloped economies that they do not (or are not allowed to) concentrate on those sectors of the economy which in turn will generate growth and raise production to a new level altogether, and there are very few ties between one sector and another so that (say) agriculture and industry could react beneficially on each other. Furthermore, whatever savings are

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2 Commission for Africa (2005), *Our Common Future*, London, p.13.

> made within the economy are mainly sent abroad or are frittered away in consumption rather than being redirected to productive purposes. Much of the national income which remains within the country goes to pay individuals who are not directly involved in producing wealth but only in rendering auxiliary services-civil servants, merchants, soldiers, entertainers, etc. What aggravates the situation is that more people are employed in those jobs than are really necessary to give efficient service; and to crown it all these people do not reinvest in agriculture or industry. They squander the wealth created by the peasants and workers by purchasing cars, whisky and perfume.[3]

Put another way, in this paragraph by Africanist scholars John Saul and Colin Leys, the multifaceted problems Africa faces can be distilled rather differently than does the Blair Commission:

> Some forms of capital see plenty of profitable opportunities in sub-Saharan Africa, but the likelihood that the region is going to be developed by capitalism seems smaller than ever. On a continent of household-based agrarian economies with very limited long-distance trade, colonialism imposed cash-crop production for export, and mineral extraction, with manufacturing supposed to come later. Today, however, world demand is weakening for the export crops that African farmers produce—coffee, cocoa, tea, cotton, sugar, tobacco—and competition from much more productive capitalist agriculture in Asia and Latin America is intensifying; while industrial country dependence on Africa's minerals and metals is also declining (by about 2% a year). And takeoff into manufacturing for internal consumption is blocked by an inability to compete with imports and by tiny domestic markets; meanwhile collapsing infrastructures, political risk, and poorly trained workforces tend to make manufacturing for export uncompetitive, even at very low wages.[4]

While investigating these problems, perhaps the most important intellectual challenges are, as Rosa Luxemburg put it in her book *The Accumulation of Capital,*

> how the right of ownership changes in the course of accumulation into appropriation of other people's property, how commodity exchange turns into exploitation and equality becomes class rule. The other aspect of the accumulation of capital concerns the relations between capitalism and the non-capitalist modes of production which start making their appearance on the international stage. Its predominant methods are colonial policy, an international loan system - a policy of spheres of interest - and war. Force, fraud, oppression, looting are openly displayed without any attempt at concealment, and it requires an effort to discover within this tangle of political violence and contests of power the stern laws of the economic process.[5]

Are these early 20th century issues – adverse class formation (not based upon an organic middle class and productive capitalist class, but upon patronage power and financial-commercial accumulation), imperialism, debt and capital flight, exploitation through trade, and the like – again 'predominant' in the early 21st century, especially in Africa? For

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3 Rodney, W. (1973), *How Europe Underdeveloped Africa,* ??, p.3.
4 Saul, J. and C.Leys (1999), 'Sub-Saharan Africa in Global Capitalism,' *Monthly Review*, July, p.6.
5 Rosa Luxemburg (1968)[1923], *The Accumulation of Capital,* New York, Monthly Review, pp.452-453.

Luxemburg, a principle concern was 'the deep and fundamental antagonism between the capacity to consume and the capacity to produce in a capitalist society, a conflict resulting from the very accumulation of capital which periodically bursts out in crises and spurs capital on to a continual extension of the market.'[6] There are many political economists who suggest we are in exactly that situation today. Simply put, Luxemburg insisted, 'Capital cannot accumulate without the aid of non-capitalist organisations, nor … can it tolerate their continued existence side by side with itself. Only the continuous and progressive disintegration of non-capitalist organisations makes accumulation of capital possible.' The crisis tendencies in turn generate a renewed reliance upon 'primitive accumulation' which remains one of capitalism's persistent and permanent tactics.

Following from these insights David Harvey has shown that an extreme form of 'accumulation by dispossession' characterises market penetration of the Third World, including Africa. According to Harvey, the concept

> reveals a wide range of processes. These include the commodification and privatisation of land and the forceful expulsion of peasant populations; conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights; suppression of rights to the commons; commodification of labour power and the suppression of alternative (indigenous) forms of production and consumption; colonial, neocolonial and imperial processes of appropriation of assets (including natural resources); monetisation of exchange and taxation (particularly of land); slave trade; and usury, the national debt and ultimately the credit system as radical means of primitive accumulation.[7]

The structural causes and policy shortfalls behind the resource drain from Africa are varied, and date many centuries, to the point 'unequal exchange' began with unfair terms of trade and was amplified through slavery, colonialism and neocolonialism. For our purposes, the more proximate causes in recent years can be identified within the framework of *neoliberal* (free market) policies adopted nearly universally across the world – not just the African continent - since the early 1980s.

To illustrate, the stranglehold that Northern governments, multilateral agencies, international banks and corporations maintain on Africa, at least four components of capital accumulation and class formation - trade, finance, direct investment and comprador relations – can be discussed. Most importantly, we will conclude, the home-grown nature of neoliberalism, corresponding to the formation of a transnational neoliberal managerial elite and compliant African politicians,[8] requires a rethink about the very nature of solidarity

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6 Luxemburg, *The Accumulation of Capital*, p.347.

7 Harvey, D. (2003), 'The 'New' Imperialism: On Spatio-temporal Fixes and Accumulation by Dispossession,' in L.Panitch and C.Leys, *Socialist Register 2004*, London, Merlin Press and New York, Monthly Review Press. See also Harvey, D. (2003), *The New Imperialism*, Oxford and New York, Oxford University Press.

8 For contemporary analysis explicitly critical of African elite strategies, see Adedeji, A. (2002), 'From the Lagos Plan of Action to the New Partnership for Africa's Development, and from the Final Act of Lagos to the Constitutive Act: Whither Africa?,' Keynote Address prepared for the African Forum for Envisioning Africa, Nairobi, 26-29 April; Adesina, J. (2002), 'Development and the Challenge of Poverty: NEPAD, Post-Washington Consensus and Beyond', Paper presented to the Codesria/TWN Conference on Africa and the Challenge of the 21st Century, Accra, 23-26 April; Nabudere, D. (2002), 'NEPAD: Historical Background and its Prospects,' in P.Anyang'Nyong'o, et al (Eds), *NEPAD: A New Path?* Nairobi, Heinrich Böll Foundation; Olukoshi, A. (2002), 'Governing the African Political Space for Sustainable Development: A Reflection on NEPAD,' Paper prepared for the African Forum for Envisioning Africa, Nairobi, 26-29 April.

politics. The key categories for consideration are financial accounts (including debt, portfolio finance, aid and capital flight), trade, investment and compradorism.

It is first appropriate to consider the results of the outflow of resources from Africa. Poverty across the continent worsened during the last period in which the United Nations has published comparative data (1990-2001), with 77% of the citizenry surviving on less than $2.15/day [fig. 1]. What is more important, in the pages below, is to dissect the outflow of resources in the four categories mentioned.

Interestingly, as noted at the outset, the argument that follows contradicts the general perception of international elites, namely that Africa is the (often unworthy) beneficiary of 'official financial flows'. For in one chart prepared for the Africa Commission [fig. 2], the impression left is that there is a vast inflow of aid ('phantom aid' is not mentioned), that foreign direct investment in the continent has been rising steadily (without considering the special circumstances in just three recipient countries since 1997), that debt service payments have been steady (the net payment went negative during the 1990s), and that remittances are now an important factor (without factoring in capital flight by residents) [fig. 3].

Debt, finance and aid peonage

Debt repayment squeeze

Africa's debt crisis worsened during the era of globalisation. From 1980-2002, Sub-Saharan Africa's total foreign debt rose at a faster rate than that of Latin America, the Caribbean and the Middle East: from $61 billion to $206 billion, and the ratio of debt to GDP soared from 23% to 66% [fig. 4]. As the poorest continent, and recipient of much concessional finance, Sub-Saharan Africa did not repay the debt at the same level as other regions, but nevertheless paid off $255 billion during the 1980s-90s, a factor of 4.2 times the original 1980 debt [fig. 5].

Hence, Africa now repays more than it receives. In 1980, loan inflows of $9.6 billion were comfortably higher than the debt repayment outflow of $3.2 billion, so the Ponzi scheme continued: by 2000, only $3.2 billion flowed in, and $9.8 billion was repaid, leaving a net financial flows deficit of $6.2 billion [fig. 6].[9] If we break down the $8.6 billion that is considered by the Africa Commission to be gross debt payments from Africa, bilateral ('donor') deals drain $2.4 billion, multilateral institutions (the World Bank Group, IMF and African Development Bank) receive $2 billion, and private creditors receive $4.2 billion [fig. 7]. Arrangements in mid-2005 associated with the G8 finance ministers' debt relief announcement are taken up below, but they did not disturb either the process of draining Africa's financial accounts, or the maintainance of debt-associated control functions.

For 21 African countries, the debt reached at least 300% of exports by 2002, and for countries like Sudan, Burundi, Sierra Leone and Guinea-Bissau, it was 15 times greater than annual export earnings [fig. 8]. For some countries (including Cameroon, the Gambia, Mauritania, Senegal and Zambia), servicing the debt far exceeded government health spending [fig. 9]. In at least 16 countries, a very strong case could be made that the inherited debt from dictators is legally 'Odious', since the citizenry were victimised both in the debt's original accumulation (and use against them), and in demands that it be repaid: Nigeria ($30 bn), South Africa ($22 bn), DRC ($13 bn), Sudan ($9 bn), Ethiopia ($8 bn), Kenya ($5.8 bn), Congo ($4.5 bn), Mali ($2.5 bn), Somalia ($2.3 bn), Malawi ($2.2 bn), Togo ($1.4 bn), Liberia ($1.2 bn), Rwanda ($1 bn), Uganda ($0.6 bn), the Central African Republic ($0.2 bn) [fig. 10].

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9 World Bank (2002), *Global Finance Tables*, Washington.

Other undemocratic countries - including Zimbabwe ($4.5 bn) - could also be added to this list, which easily exceeds 50% of Africa's outstanding debt.

The obvious policy implication is to default on this debt, ideally in a collective manner, and to deal with the consequences, as discussed later.

Financial portfolio (dis)investment

A related issue – partly captured in the 'payments to private creditors' account – is African access to portfolio capital (financial) flows. This has mainly taken the form of 'hot money' (speculative positions by private-sector investors) in and out of South Africa's stock exchange – and to a much smaller extent in Nigeria, Kenya, Zambia, Mauritius, Botswana, Ghana and Zimbabwe (all of whose stock markets have more than $1 billion in capitalisation). In 1995, for example, foreign purchases and sales were responsible for half the share trading in Johannesburg. But these flows have had devastating effects upon South Africa's currency, with 30%+ crashes over a period of weeks during runs in early 1996, mid-1998 and late 2001.[10] In Zimbabwe, the November 1997 outflow of hot money crashed the currency by 74% in just four hours of trading.[11]

As a result, the performance of the eight major African stock markets has been extremely erratic, sometimes returning impressive speculative-style profits to foreign investors and sometimes generating large losses [fig. 11]. With a market capitalisation of $409 billion in mid-2005, the Johannesburg Stock Exchange dwarfs the other seven (which share roughly $30 billion in capitalisation). In 2000-01 and 2003, the JSE was negative, but returned 12% in $-denominated profits in 2002, 40% in 2004 and 29% in the first half of 2005. (There are no exchange controls preventing foreign repatriation of recently-invested dividends and profits from South Africa, and great controversy has erupted over the excessive outflows to the several huge London-registered corporations which were once South African.)

A genuine solution to the problem of uneven private sector capital access should be found in Africa, but it is unlikely to involve the often whimsical African stock markets, particularly those subject to intense currency turbulence. Alternative, well-tested strategies – such as prescribed assets - for domestic reinvestment of pension and insurance funds as well as other large institutional investment reserves, can be developed once there is political will.

Aid ebbs, flows and phantoms

Meanwhile, donor aid to Africa dropped 40% during the 1990s, especially in the wake of the West's Cold War victory, but the general decline had begun during the late 1960s from .45% of GDP to a low of .15% in 2000)[fig. 12]. The Africa Commission has claimed - without providing details – that aid to Africa picked up again after 2000, doubling from $12 to $24 billion in the subsequent four years. But the use of debt relief funds to boost these figures – as was notoriously done in 2005 by British finance minister Gordon Brown - is highly dubious, especially since at Monterrey, governments agreed that debt relief should be 'additional' to existing and rising aid. (Debt relief rose from around $1.5 billion in 2000 to more than $6 billion in 2003, but was provided in such a way as to deepen not lessen dependence and Northern control.)

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10 Bond, P. (2003), *Against Global Apartheid: South Africa meets the World Bank, IMF and International Finance*, London, Zed Press and Cape Town, University of Cape Town Press, Afterword.

11 Bond, P. and M.Manyanya (2003), *Zimbabwe's Plunge: Exhausted Nationalism, Neoliberalism and the Search for Social Justice*, London, Merlin Press, Pietermaritzburg, University of Natal Press and Harare, Weaver Press.

Even with this distortion, and even using official World Bank data, it is clear that most countries - except Scandinavia and Holland - are well below the 0.7% target set thirty-five years ago in the United Nations [fig. 13]. The US and Japanese figures of 0.12% and 0.23% are most egregious. Compared to military spending of $642 billion in 2003, aid of $69 billion is a pittance [fig. 14]. Again, the US is the most striking arms spender compared to aid stinginess, along with Greece, the UK, France and Portugal [fig. 15].

Moreover, once one factors in the vast wastage associated with the aid bureaucracy, tied aid, as well as other 'phantom' aspects such as debt relief, a further correction can be made. Globally, Action Aid estimates, total official aid of $69 billion in 2003 was reduced to 'real' aid to poor people of just $27 billion [fig. 16]. Much of the purported aid is better considered 'phantom aid' [fig. 17]. As the Africa Commission admits, only a small proportion of aid is technically 'untied', and while that amount rose from $2.3 billion in 1999 to $4.3 billion in 2003, it declined as a proportion of total 'aid' [fig. 18]. The worst offenders of tied aid are Italy and the United States, while France and the US are the major 'phantom' donors [fig. 19]. The bias in recipients – with, for example, the US providing Israel and Egypt vast amounts for geopolitical reasons – is also evident when an Action Aid correlation of per capita aid and UNDP Human Development Index ratings is considered [fig. 20]. Those at the low end of the HDI scale should be receiving higher per capita amounts, but this is not the case.

A full rethinking of aid is required, and in some African cases there are advocates for simply refusing tied aid and phantom aid. It is possible that the kind of 'naming and shaming' exercise embarked upon by Action Aid will do some good, but African voices are crucial to add to these debates.

Capital flight

The other source of financial account outflows from Africa that must be reversed is capital flight. There are various estimates of the current (2003) overseas accounts of African citizens in Northern banks and tax havens. Using Bank for International Settlements data, Eric Toussaint and Damien Millet estimate the total at $80 billion (at the same time, African countries owed $30 billion to those very banks) [fig. 21]. While this is a lower figure than other regions, it is a higher proportion of a continent's GDP than anywhere else.

The two leading scholars of the phenomenon, James Boyce and Léonce Ndikumana, argue that a core group of Sub-Saharan African countries whose foreign debt was $178 billion had suffered a quarter century of capital flight by elites – from 1970-96 - that totaled more than $285 billion (including imputed interest earnings): 'Taking capital flight as a measure of private external assets, and calculating net external assets as private external assets minus public external debts, sub-Saharan Africa thus appears to be a net creditor vis-à-vis the rest of the world.'[12] In relation to foreign debt owed, the Sub-Sarahan countries with the worst capital flight problems are Nigeria ($98 billion more than its foreign debt when interest on capital flight is also added), the Ivory Coast ($15 billion), the DRC ($10.1 billion), Angola ($9.2 billion) and Zambia ($5.5) billion. Overall, the main sub-Saharan African countries financed more than $100 billion more in external capital flight during that quarter century, than they owed in outstanding debt [fig. 22].

The IMF also measures official and 'private' flows and in 2004 found that resident African official outflows from Africa exceeded $10 billion a year, on average, from 1998.

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12 Boyce, J. and Léonce Ndikumana (2000), 'Is Africa a Net Creditor? New Estimates of Capital Flight from Severely Indebted Sub-Saharan African Countries, 1970-1996', Occasional Paper, University of Massachusetts/Amherst Political Economy Research Institute.

While a large portion of this would relate to changes in South African capital controls, which permitted residents to offload shares of the largest Johannesburg firms to London purchasers, very high outflows continued even after those share deals had their once-off impact. As for Africans' 'private outflows', they also moved from a net inflow during the 1970s, to gradual outflows during the 1980s, to substantial outflows during the 1990s [fig. 23].

The Caribbean and European tax havens are important vehicles, leading to calls for the regulation and even prohibition of such unregulated hot money centres [fig. 24]. The most important policy reform, however, would be the reestablishment of exchange controls to limit currency convertability.

Financial liberalisation's false promises

What many of these financial accounts – especially relating to capital flight - highlight is how liberalisation has taken root in Africa. Ironically, IMF researchers - including the then chief economist, Kenneth Rogoff - finally admitted in 2003 that there was severe damage done through more than two decades of financial liberalisation. Rogoff and his colleagues (Eswar Prasad, Shang-Jin Wei and M. Ayhan Kose) admitted 'sobering' conclusions:

> A systematic examination of the evidence suggests that it is difficult to establish a robust causal relationship between the degree of financial integration and output growth performance... There is little evidence that financial integration has helped developing countries to better stabilise fluctuations... While there is no proof in the data that financial globalisation has benefitted growth, there is evidence that some countries may have experienced greater consumption volatility as a result... Recent crises in some more financially integrated countries suggest that financial integration may in fact have increased volatility.[13]

These sobering conclusions are also conceded by the World Bank, which promoted financial liberalisation with a vengeance during the 1980s-90s. By 2005, even Bank staff had to concede that central objectives were not met:

> Despite numerous reforms over several decades, most SSA financial systems are weak, notwithstanding a few exceptions, such as South Africa, Kenya, Mauritius and Zimbabwe [*sic*], among others. Limited savings are mobilised from domestic or foreign sources. Credit to the private sector is limited and costly. Many national financial sectors are dominated by banks providing a small range of services. To be sure, most African countries have introduced market-based reforms in their financial sectors. But post-liberalisation problems still need to be addressed. Financial reform programs anticipated an initial increase in the spread between lending and deposit rates, but the spread continues to widen in many countries. Moreover, since liberalisation, many financial systems have seen high real interest rates. There has also been little financial deepening. While normally liberalisation was expected to encourage financial deepening, with a positive effect on savings mobilisation and

13 Prasad, E., K.Rogoff, S.J.Wei and M.Ayhan Kose (2003), 'Effects of Financial Globalisation on Developing Countries: Some Empirical Evidence,' Washington, International Monetary Fund, March 17, pp.6-7,37.

> credit allocation, for most of Africa, ratios of money and credit to GDP have not increased.[14]

Within Africa, the main driving force behind the liberalised, integrated financial system is the South African government. Pretoria removed its main exchange control - the Financial Rand - in 1995 and permitted the offshore listing of the largest firms in 1998-2000. Results, during a period of alleged post-apartheid macroeconomic 'stability', included severe currency crashes in 1996, 1998 and 2000-01 [fig. 25], followed by very high interest rate increases [fig. 26]. The high rates exacerbated the already serious problem of stagnant investment, which was also affected by the late 1990s liberalisation of restrictions on movement of corporate financial headquarters [fig. 27]. South Africa's official agenda is to amplify liberalisation in the region by: 'opening South Africa's markets to African and global issuers; global lowest trading costs and trading risk; global leadership in investor protection; and a global hub for financial business process outsourcing.'[15]

The conduit appears to work increasingly through Johannesburg firms, by which financial flows – including bank profits and dividends – are channeled from African countries to South Africa, and then to London. An explicit case of this emerged in 2005, when Barclays purchased the Amalgamated Banks of South Africa (Absa). As Steve Booysen, Absa's chief executive explained, 'On the downside, dividend outflows repatriated to Barclays in London at about R1 bn/year would have a negative impact on the current account. However, these might be offset by potentially bigger inflows accruing to Absa through expanded African operations.'[16] In South Africa, while the contribution of manufacturing fell from 21.2% in 1994 to 18.8% in 2002, financial intermediation (including insurance and real estate) rose from 16.4% in 1994 to 19.5% in 2002.

The obvious remedy is to reverse financial liberalisation and all that it entails through revitalised state regulation, especially the imposition of exchange controls (for example of the sort Malaysia imposed in 1998), 'speed bumps' that limit offshore portfolio investment in Third World countries (of which 1990s Chile was the most famous practitioner), or a variety of other currency controls and taxes.

Trade and unequal exchange

Like financial imbalances, 'unequal exchange' in trade – including the rising African trade deficit with South Africa – is a crucial route for the extraction of superprofits from Africa. The continent's share of world trade declined over the past quarter century, but the volume of exports increased [fig. 28]. 'Marginalisation' of Africa occurred, hence, not because of insufficient integration, but because other areas of the world - especially East Asia - moved to the export of manufactured goods, while Africa's industrial potential declined thanks to excessive deregulation associated with structural adjustment. Again, Walter Rodney's ideas are useful for setting out the basic problem:

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14 World Bank (2005), 'Meeting the Challenge of Africa's Development: A World Bank Group Action Plan', Africa Region, Washington, 7 September, pp.32-33.

15 Manuel, T. (2002), 'Mobilising International Investment Flows: The New Global Outlook,' Speech to the Commonwealth Business Council, Johannesburg, 24 September; Kganyago, L. (2004), 'South Africa as a Financial Centre for Africa,' Speech to the Reuters Economist of the Year Award Ceremony, Johannesburg, 11 August.

16 *Financial Mail*, 13 May 2005.

> One of the common means by which one nation exploits another and one that is relevant to Africa's external relations is exploitation through trade. When the terms of trade are set by one country in a manner entirely advantageous to itself, then the trade is usually detrimental to the trading partner. To be specific, one can take the export of agricultural produce from Africa and the import of manufactured goods into Africa from Europe, North America and Japan. The big nations establish the price of the agricultural products and subject these prices to frequent reductions. At the same time the price of manufactured goods is also set by them, along with the freight rates necessary for trade in the ships of those nations. The minerals of Africa also fall into the same category as agricultural produce as far as pricing is concerned. The whole import/export relationship between Africa and its trading partners is one of unequal exchange and of exploitation.[17]

Primary commodity export dependency

The most important myth of neoliberal economics is that production for export inexorably brings progress. That myth was contested as African countries came to independence, some desiring a more sustained basis for economic development. As Frantz Fanon explained in 1961,

> The national economy of the period of independence is not set on a new footing. It is still concerned with the ground-nut harvest, with the cocoa crop and the olive yield. In the same way there is no change in the marketing of basic products, and not a single industry is set up in the country. We go on sending out raw materials; we go on being Europe's small farmers who specialise in unfinished products.[18]

A dozen years later, Rodney added similar insights:

> In recent times, economists have been recognising in colonial and post-colonial Africa a pattern that has been termed 'growth without development'. That phrase has now appeared as the title of books on Liberia and Ivory Coast. It means that goods and services of a certain type are on the increase. There may be more rubber and coffee exported, there may be more cars imported with the proceeds, and there may be more petrol stations built to service the cars. But the profit goes abroad, and the economy becomes more and more a dependency of the metropoles. In no African colony was there economic integration, or any provision for making the economy self-sustained and geared to its own local goals. Therefore, there was growth of the so-called 'enclave' import/export sector, but the only things which developed were dependency and underdevelopment.
>
> A further revelation of growth without development under colonialism was the over-dependence on one or two exports. The term 'monoculture' is used to describe those colonial economies which were centred around a single crop. Liberia (in the agricultural sector) was a monoculture dependent on rubber, Gold Coast on cocoa, Dahomey and South-east Nigeria on palm produce, Sudan on cotton, Tanganyika on sisal, and Uganda on cotton. In Senegal and Gambia, groundnuts accounted for 85%

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17 Rodney, *How Europe Underdeveloped Africa.*
18 Fanon, F. (1963), *The Wretched of the Earth,* New York, Grove Press.

to 90% of money earnings. In effect, two African colonies were told to grow nothing but peanuts![19]

Excluding South Africa, the vast majority of exports in recent years have been petroleum-related [fig. 29], largely from Nigeria, Angola and other countries in the Gulf of Guinea [fig. 30]. Overall, primary exports of natural resources accounted for nearly 80% of African exports in 2000, compared to 31% of all developing countries and 16% of the advanced capitalist economies. The following countries suffer from reliance upon a single product for at least 75% of their export earnings: Angola, Botswana, Burundi, Congo, Gabon, Guinea, Niger, Nigeria, Somalia, Uganda, and Zambia. The only countries which diversified their exports so that they claim at least 25% of their export earnings from more than four products are the Gambia, Lesotho, South Africa, Swaziland, Tanzania, and Zimbabwe. Generally, across Africa, four or fewer products make up three quarters of export revenues. More than three quarters of all Africa's trade is with developed countries.

This is not encouraging, because, according to Giovanni Andrea Cornea,

> Countries well endowed with natural resources tend to grow slower and have a higher income and asset concentration than other economies. Explanation of this 'curse of natural resources' has traditionally focused on the 'unequal exchange', the long-term decline in prices of primary commodities, and rising protectionism. Yet, other explanations may be more relevant. First, in mineral economies the production process is relatively simple, requires a lot of capital but little skilled labour. This compresses the labour share and discourages investments in education. Second, the high volatility of commodity prices can reduce the opportunities for and incentives to invest in education: falling incomes may force poor families to pull their children out of school, thus causing permanent damage to their educational opportunities. Third, the ownership of mineral resources is usually highly concentrated due to the greater ease with which the mineral rent (originating from few locations) can be 'captured' by predatory national elites for their own wealth accumulation.[20]

There may be one recent exception: the rise of the oil price from $11/barrel to $70/barrel from 1998-2005 meant that price volatility does indeed assist a few countries. But this has come at the expense of higher prices for oil-dependent Africa, contributing to a deterioration of terms of trade.

Worsening terms of trade

For Africa as a whole, terms of trade worsened beginning around 1973, in part because of export-oriented policies which most African countries were compelled to adopt once they experienced debt crisis. There is a long-standing problem with the price levels of export cash crop and mineral values, but the 1970s-80s price declines were the worst in modern history [fig. 31]. Matters degenerated further during the 1990s, especially for coffee, groundnuts, sugar, cotton, copper and lead [fig. 32]. Because import prices rose simultaneously, the decline in Africa's overall terms of trade during the 1980s-90s was severe [fig. 33].

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19 Rodney, *How Europe Underdeveloped Africa.*
20 Cornia, G. (1999), 'Liberalisation, Globalisation and Income Distribution', United Nations World Institute for Development Economic Research Working Papers #157, Helsinki, March.

There was no way out of the price trap, even by producing more, as the international financial institutions and donors demanded. Using 1980 as a base year, Eric Toussaint shows that exports were up 25% while terms of trade worsened by 35% [fig. 34]. Export-led growth strategies pursued since the 1970s by virtually all Third World countries meant that Africa's market share of world commodity prices also shrunk drastically. In the 1970s and 1980s alone, the African market share of coca fell from 75 to 58%, of palm oil from 58 to 18%, of sisal from 48 to 36%, of coffee from 35 to 20%, of crude petroleum from 15 to 8%, of cotton from 12 to 7%, and of copper from 10 to 6%.[21] In Ethiopia, to illustrate, coffee exports rose from 1992, with the volume of output doubling by 2003. But the export value fell from $450 million to less than $100 million during the same period [fig. 35].

How much did Africa lose to the North because of these trade-related processes? Until recently, the most far-ranging study of terms of trade (by Elbadawi and Ndulu) put the income loss during the 1970s and 1980s at nearly 4% of GDP, about twice as high as that of other countries.[22] Notwithstanding falling prices and market shares, virtually no African economies made the necessary switch from reliance upon primary export commodities. One reason is that state marketing boards were mandated to conduct trade at extremely low prices (even at a loss) simply to acquire the foreign currency needed to service large debts. However, a mid-2005 study by London research/advocacy charity Christian Aid updates the analysis to account specifically for the extreme liberalisation processes that began in earnest during the mid-1980s, and finds that in key sites such as Ghana and Malawi, the GDP loss is in the 8-10% range:

> Trade liberalisation has cost sub-Saharan Africa US$272 billion over the past 20 years. Had they not been forced to liberalise as the price of aid, loans and debt relief, sub-Saharan African countries would have had enough extra income to wipe out their debts and have sufficient left over to pay for every child to be vaccinated and go to school. Two decades of liberalisation has cost sub-Saharan Africa roughly what it has received in aid. Effectively, this aid did no more than compensate African countries for the losses they sustained by meeting the conditions that were attached to the aid they received…
>
> When trade is liberalised, imports climb steeply as new products flood in. Local producers are priced out of their markets by new, cheaper, better-marketed goods. Exports also tend to grow, but not by as much. Demand for the kind of things sub-Saharan African countries tend to export – such as raw materials – doesn't change much, so there isn't a lot of scope for increasing exports. This means that, overall, local producers are selling less than they were before trade was liberalised. In the long run, it's production that keeps a country going – and if trade liberalisation means reduced production, in the end it will mean lower incomes. Any gains to consumers in the short term will be wiped out in the long term as their incomes fall and unemployment rises.[23]

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21 United Nations Conference on Trade and Development (1991), *Commodity Yearbook*, Geneva.

22 Elbadawi, A. and B. Ndulu (1996), 'Long-run Development and Sustainable Growth in Sub-Saharan Africa,' in M.Lundahl and B.Ndulu (eds), *New Directions in Development Economics: Growth, Environmental Concerns and Governments in the 1990s*, London, Routledge.

23 Christian Aid (2005), 'The Economics of Failure: The Real Cost of 'Free' Trade for Poor Countries', London. See also Kraev, E. (2005), 'Estimating Demand Side Effects of Trade Liberalisation on GDP of Developing Countries', London, Christian Aid, May.

Inequality and perverse subsidies

It is not only that the national-scale industrial potential is much lower than it would have been had liberalisation not decimated many local industries. In the process, rapid trade-related integration caused social inequality, as even the World Bank now concedes.[24] Those who benefited most include the import/export firms, transport/shipping companies, plantations and large-scale commercial farmers, the mining sector, financiers (who gain greater security than in the case of produce designed for the domestic market) and politicians and bureaucrats who are tapped into the commercial/financial circuits. Deconstructing African countries according to whether there was rapid or slow trade liberalisation from 1987-99, Christian Aid found a close correlation between trade openness and worsening poverty [fig. 36].

Of course, there are policy reasons for glutted agricultural markets that can be changed if pressure rises from Third World campaigners and solidarity allies. The Africa Commission claims that subsidies are already down dramatically compared to the 1960s, and fell further during the late 1990s [fig. 37]. However, the UN Development Programme 2005 Human Development Report measured differently and found the difference between the late 1980s and 2004 to be a 15% increase, from $243 billion to $279 billion, with Japan relatively most subsidy-intensive in relation to Japanese agricultural production [fig. 38]. Worse, perhaps, northern agricultural subsidies overwhelmingly benefit large agrocorporate producers, with the EU's fifteen major countries far worse than even the US [fig. 39].

One important debate is whether reducing northern agricultural subsidies would genuinely benefit African peasants. No reliable studies exist to make definitive statements. There are, indeed, African heads of state who advocate continued EU agricultural subsidies, because in turn they believe that this reduces their cost of food imports bought in international markets. As in all such cases of state spending, the most crucial question is who benefits. And that question also applies to the question of investment, which we take up next.

Investment, production and exploitation

Walter Rodney described foreign direct investment in stark terms:

> Under colonialism the ownership was complete and backed by military domination. Today, in many African countries the foreign ownership is still present, although the armies and flags of foreign powers have been removed. So long as foreigners own land, mines, factories, banks, insurance companies, means of transportation, newspapers, power stations, etc. then for so long will the wealth of Africa flow outwards into the hands of those elements. In other words, in the absence of direct political control, *foreign investment ensures that the natural resources and the labour of Africa produce economic value which is lost to the continent.*[25]

To consider investment/production with the rigor required, compels us to also dwell upon a wide range of historical processes and production issues which cannot be reduced to foreign

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24 Milanovic, B. (2002), 'Can We Discern the Effect of Globalisation on Income Distribution?, Evidence from Household Budget Surveys,' World Bank Policy Research Working Paper 2876, Washington, April.
25 Rodney, *How Europe Underdeveloped Africa.*

firms' holdings in Africa. Such firms have many different and sometimes contradictory agendas, and the economic and eco-social impacts of their investments are diverse and often incalculable. Moreover, investment and production systems of the North have an indirect – and sometimes direct – affect in Africa because the *global* commons are adversely affected. Hence it is appropriate to consider, amongst the investment/production-related exploitation issues, the ecological debt that the North owes the South, especially Africa. Another feature of foreign investment activity is distortion of local African politics, a feature taken up later.

We begin with an historical reflection on the processes by which foreign investment distorted African economies, by focusing on the wealthiest, South Africa. We then move to contemporary trends in foreign direct investment in Sub-Saharan Africa, which have mainly been channeled into either South Africa-related investments, or into extractive minerals and oil, with Nigeria and Angola predominating. Future trends may well be based upon these extractive processes, so a full accounting of the decline of mineral/oil wealth via foreign direct investment is increasingly important.

Aside from oil, the only other substantive foreign investment flows over the last decade were to South Africa, for the partial privatisation of telecommunications and for the expansion of automotive-sector branch plant activity within global assembly lines. This latter inflow was by far offset by South Africa's own outflows of foreign direct investment, in the forms of relocation of the largest corporations' financial headquarters to London, which in turn distorted the Africa FDI data, not to mention the repatriation of dividends/profits, payments of patent/royalty fees to transnational corporations.

Many authors can be cited to document the economic logic behind foreign corporate domination of African economies. One of the most careful, UN Research Institute for Social Development director Thandika Mkandawire, recently studied African economies' 'maladjustment' and conluded, 'Little FDI has gone into the manufacturing industry. As for investment in mining, it is not drawn to African countries by macroeconomic policy changes, as is often suggested, but by the prospects of better world prices, changes in attitudes towards national ownership and sector specific incentives.' Moreover, 14% of FDI was 'driven by acquisitions facilitated by the increased pace of privatisation to buy up existing plants that are being sold, usually under "fire sale" conditions.' What little new manufacturing investment occurred was typically 'for expansion of existing capacities, especially in industries enjoying natural monopolies (e.g. beverages, cement, furniture). Such expansion may have been stimulated by the spurt of growth that caused much euphoria and that is now fading away.'

The futile search for FDI seems to have grown increasingly frantic, especially with the 2001 New Partnership for Africa's Development. According to Mkandawire, African leaders have not applied their minds fully to the evidence:

> It is widely recognised that direct investment is preferable to portfolio investment, and foreign investment in 'green field' investments is preferable to acquisitions. The predominance of these [portfolio and aquisition] types of capital inflows should be cause for concern. However, in their desperate efforts to attract foreign investment, African governments have simply ceased dealing with these risks or suggesting that they may have a preference for one type of foreign investment over all others. Finally, such investment is likely to taper off within a short span of time, as already seems to be the case in a number of African countries. Thus, for Ghana, hailed as a 'success story' by the BWIs, FDI, which peaked in the mid-1980s at over $200 million annually – mainly due to privatisation, was rapidly reversed to produce a negative outflow. It

> should be noted, in passing, that rates of return of direct investments have generally been much higher in Africa than in other developing regions. This, however, has not made Africa a favourite among investors, largely because of considerations of the intangible 'risk factor' nurtured by the tendency to treat the contingent as homogenous and a large dose of ignorance about individual African countries. There is considerable evidence that shows that Africa is systematically rated as more risky than is warranted by the underlying economic characteristics.[26]

Contemporary FDI in Africa: Natural capital depletion

During the early 1970s, roughly a third of all FDI to the Third World went to sub-Saharan African countries, especially apartheid South Africa. By the 1990s, that statistic had dropped to 5% [fig. 40]. However, in absolute terms FDI to sub-Saharan began rising again, overtaking private creditors in 1988 and from 1991 staying level with financial flows [fig. 41]. The story of FDI becomes more complex at that stage, during the late 1990s, particularly when factoring in the major two forces on the continent: South African capital and resurgent oil investments.

In the course of Africa's investment malaise, South African capital advanced rapidly into the region during the late 1990s. As documented by John Daniel and Jessica Lutchman of the the SA Human Sciences Research Council,

> The dismal nature of both the African economic performance in the 1990s and of its future prospects was summed up by an American business executive who commented to political economist, Thomas Callaghy, 'Who cares about Africa. It is not important to us; we'll leave it to the IMF and the World Bank'. The western withdrawal from Africa coincided with South Africa's post-1990s 'discovery' of the African market. For the best part of the period 1994-2004, not only was South Africa the 'new kid on the block' in the African marketplace, it was also frequently 'the only show in town'.[27]

However, according to Daniel and Lutchman, that process seems to have run its course, as many of the most profitable, low-hanging investment fruits, were quickly plucked:

> The near decade-long dash into the African market slowed in 2004 while some sectors like avation, banking, and road construction showed a decline. In aviation, SAA's goal of establishing a West African hub in Nigeria was set back when its acquisition of a 30% stake in Nigeria's national carrier, Eagle Airlines, was abruptly cancelled by the Nigerian government in favour of the British Airline, Virgin Atlantic. In roads construction, groups like Aveng continued to scale back on their investments in Africa. In retail, even the expansionist high flyer of recent years, Shoprite checkers slowed to a near standstill, opening only one store in Lagos, Nigeria. While Shoprite's turnover in its African stores increased by 26% in the period July-December 2004, its profits from these stores dropped by 71%. Shoprite during the same period opened its first store in India. This could be indicative of the

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26 Mkandawire, T. (2005), 'Maladjusted African Economies and Globalisation', *Africa Development,* 30, 1-2, p.6.

27 Daniel, J. and J.Lutchman (2005), 'South Africa in Africa', Presentation to the SA Association of Political Studies Colloquium, Pietermaritzburg, 22 September.

fact that Shoprites appetite for new African outlets may have peaked.

Hence nuance is required in deconstructing the brief rise of investment into sub-Saharan Africa, especially from 1997, for it appears that the peaks are associated with special circumstances [fig. 42]. The Angolan 1999 oil investment peak was limited to the offshore Cabinda fields, while on the Angolan mainland, a repressive, corrupt state regime waged war against a rightwing guerilla army. The 1990s investments in Nigerian oil occurred largely under Sani Abacha's 1990s dictatorial rule, and were offset by his looting of state resources to private Swiss and London accounts. And the other peak of foreign investment, into South Africa, reflects merely statistical accounting changes associated with the relisting of the country's largest firms to London.

The oil sector is a clear case whereby in which profit and dividend outflows, often lubricated by corruption, have had extremely negative consequences. As demonstrated by the Open Society-backed campaign, 'Publish what you Pay', elites in Africa's oil producing countries - Angola, Chad, Congo, Equatorial Guinea, Gabon, Nigeria and Sudan - are amongst the world's least transparent.[28] In Nigeria, demands by the Ogoni people relate not only to the massive destruction of their Delta habitat, but also to the looting of their natural wealth by Big Oil.[29] In all these respects, diverse forces in society have moved from considering oil merely a matter of private property, to be negotiated between corporations and governments (as was the case during much of the 20th century. Instead, these forces now treat oil as part of a general 'commons' of a national society's natural capital. George Caffentzis explains:

> There are three levels of claims to petroleum as common property, correlating with three kinds of allied communities that are now taking shape, for there is no common property without a community that regulates its use:
>
> - first, some local communities most directly affected by the extraction of petroleum claim to own and regulate the petroleum under its territory as a commons;
> - second, Islamic economists claim for the Islamic community of believers, from Morocco to Indonesia, and its representative, the 21st century Caliphate in formation, ownership of and the right to regulate the huge petroleum fields beneath their vast territory;
> - third, UN officials claim for the 'coming global community' the right to regulate the so-called global commons-air, water, land, minerals (including petroleum) and 'nous' (knowledge and information). This imagined global community is to be represented by a dizzying array of 'angels' that make up the UN system, from NGO activists to UN environmentalist bureaucrats to World Bank 'green' advisors.[30]

If we take as given that there is some merit in considering 'natural capital' as a commons, its

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28 www.opensociety.org

29 According to Sam Olukoya, 'Reparations is a crucial issue in the struggle for environmental justice in Nigeria. Many of the ethnic groups in the Niger Delta have drawn up various demands. A key document is the Ogoni Bill of Rights which seeks reparations from Shell for environmental pollution, devastation and ecological degradation of the Ogoni area. Shell's abuses in Ogoniland were made infamous by the late playwright and activist Ken Saro-Wiwa, who was executed by the Nigerian government.' (Olukoya, S. (2001), 'Environmental Justice from the Niger Delta to the World Conference Against Racism', Special to CorpWatch, 30 August, http://www.corpwatch.org/article.php?id=18)

30 Caffentzis, G. (2004), 'The Petroleum Commons: Local, Islamic and Global', *The Progress Report,* http://www.progress.org/2004/water26.htm.

depletion plus associated negative externalities – such as the social devastation caused by mining operations – must be taken seriously. In the case of South Africa, for example, the value of natural minerals capital in the soil fell from US$112 billion in 1960 to US$55 bn in 2000, according to a 2004 UNDP estimate.[31] The World Bank has even addressed the issue of natural capital in a 2005 document, *Where is the Wealth of Nations?* The Bank methodology for correcting bias in GDP wealth accounting is nowhere near as expansive as that, for instance, of the San Francisco group Redefining Progress, which estimates that global GDP has been declining in absolute terms since the mid-1970s if natural resource depletion, pollution and a variety of other factors are accounted for.[32] Nevertheless, the Bank method is at least a step forward in recognising that FDI may not contribute to net GDP growth if resource depletion and pollution associated with extractive industries are factored in. In the case of Bolivia, for example, the Bank's first-cut method subtracts from an existing 12% savings/gross national income (GNI) the following: fixed capital depreciation, depletion of natural resources and pollution (while increasing savings based on education expenditure), leaving a net -3.5% savings/GNI rate [fig.68].

It should be noted here that in making estimates about the decline in a country's wealth due to energy, mineral or forest-related depletion, the World Bank has a minimalist definition based upon international pricing (not potential future values when scarcity becomes a more crucial factor, especially in the oil industry). The Bank does not calculate the damage done to the local environment, to workers' health/safety, and especially to women in communities around mines. Moreover, the Bank's use of average – not marginal – cost resource rents also probably leads to underestimations of the depletion costs [fig. 24].

However, the methodology at least indicates some of the trends associated with FDI-related resource extraction. In particular, the attempt to generate a 'genuine savings' calculation requires adjusting net national savings to account for resource depletion. The Bank suggests the following steps:

> From gross national saving the consumption of fixed capital is subtracted to give the traditional indicator of saving; net national savings. The value of damages from pollutants is subtracted. The pollutants carbon dioxide and particulate matter are included. The value of natural resource depletion is subtracted. Energy, metals and mineral and net forest depletion are included. Current operating expenditures on education are added to net national saving to adjust for investments in human capital.

Naturally, given oil extraction, the Middle East and North Africa have the world's most serious problem of net negative gross national income and savings under this methodology. But Africa is second worst, with several years during the early 1990s showing net negative gross national income once extraction of natural resources is factored in [fig. 45]. Hence for every percentage point increase in a country's extractive-

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31 United Nations Development Programme (2004), *South Africa Human Development Report 2003,* Pretoria, Appendix 12.

32 Subtract crime and family breakdown; add household and volunteer work; correct for income distribution (rewarding equality); subtract resource depletion; subtract pollution; subtract long-term environmental damage (climate change, nuclear waste generation); add opportunities for increased leisure time; factor in lifespan of consumer durables and public infrastructure; and subtract vulnerability upon foreign assets.

resource dependency, that country's potential GDP falls by 9% (as against the real GDP recorded), according to the Bank. The African countries most affected – i.e., with high resource dependence and low capital accumulation - include Nigeria, Zambia, Mauritania, Gabon, Congo, Algeria and South Africa [fig. 46].

An even more nuanced breakdown of a country's estimated 'tangible wealth' is required to capture not just obvious oil-related depletion and rent outflows, but also other subsoil assets, timber resources, nontimber forest resources, protected areas, cropland and pastureland. The 'produced capital' normally captured in GDP accounting is added to the tangible wealth. In the case of Ghana, that amounted to $2,022 per person in 2000. The same year, the Gross National Saving of Ghana was $40 and education spending was $7. These figures require downward adjustment to account for the consumption of fixed capital ($19), and the depletion of energy ($0), mineral ($4) and net forest wealth ($8). The adjusted net saving was, hence $16 per person, and given a population growth of 1.7%, that brought per capita wealth down by $18 per person in 2000 [fig. 47]. In the case of Ghana, $12 of the $18 decline can be attributed to minerals and forest-related depletions, and it is unclear how much of that is a product of transnational capital extracting these resources from Ghana. The largest indigenous (and black-owned) mining firm in Africa, Ashanti, was subsequently taken over by AngloGold, so it is safe to assume than an increasing amount of Ghana's wealth flows out of the country, leaving a net negative per capita tangible wealth for Ghanaians. Other mining houses active in Africa which had their roots here – Lonrho, Anglo, DeBeers, Gencor/Billiton – are also now based off-shore. While this makes calculating the outflow from Africa relatively easier, the drive by London, New York and Sydney shareholders for profits means accumulation of capital within Africa is stymied.

Other African countries whose economies are primary product dependent fare much worse, according to the Bank methodology. In the worst case, Gabon's people lost $2,241 each in 2000, as oil companies deplete the country's tangible wealth. The Republic of the Congo (-$727), Nigeria (-$210), Cameroon (-$152), Mauritania (-$147) and Cote d'Ivoire (-$100) are the other African countries whose people lost more than $100 in tangible national wealth each in 2000 alone [fig. 48]. A few countries did benefit, according to the Bank's tangible wealth measure, including the Seychelles ($904), Botswana (+$814) and Namibia (+$140), but the vast majority of African countries saw their wealth depleted.

Even Africa's largest economy, South Africa, which from the early 1980s has been far less reliant upon minerals extraction, recorded a $2 drop in per capita wealth in 2000 using this methodology. According to the World Bank, the natural wealth of $3,400/person in South Africa included subsoil assets (worth $1,118 per person); timber ($310); non-timber forest resources ($46); protected areas ($51); cropland ($1,238); pastureland ($637). This sum can be compared to the value of produced capital (plant and equipment) and urban land (together worth $7,270 per person in 2000). Hence even in Africa's most industrialised economy, the estimated value of natural capital is nearly half of the measureable value of plant, equipment and urban land. Given the constant depletion of this natural capital, South Africa's official gross national savings rate of 15.7% therefore should be adjusted downwards. By substracting consumption of fixed capital at 13.3%, the net national savings is actually 2.4%, added to which should be education expenditure (amongst the world's highest) at 7.5%. Then subtract mineral depletion of 1%; forest depletion of 0.3%; pollution ('particulate matter') damage of 0.2%; and (probably undervalued) C02 damage of 1.6%. In total, the actual 'genuine savings' of South Africa is reduced to just 6.9% of national income. How much of this deficit from the 15.7% savings rate

can be attributed to foreign investors? Not only is mineral depletion biased to benefit overseas mining houses, the C02 damage is largely done by the smelters owned by large multinational corporations, including Mittal Steel, BHP Billiton (Alusaf), and the Anglo group. The amount is substantive, and further estimates should reasonably be made.

In sum, the role of extractive FDI in oil and resource rich countries must take into account the net negative impact on national wealth, including natural capital, and the new World Bank accounting of genuine savings, to take into account depletion of natural resources by foreign corporations, is a helpful innovation. To take the methodology forward and rigorously estimate an Africa-wide extraction measure, to account for the way extractive FDI generates net negative welfare/savings, still remains as an exercise.

Contemporary FDI in Africa: Privatisation

The other concern noted above is the manner in which foreign acquisitions of existing domestically-owned plant and equipment also have unintended negative consequences. Perhaps the worst case was on the Zambian copperfields, when Anglo American invested during the late 1990s but then simply closed down one of the most important mining sites, leaving thousands of victims in its wake.

But even South Africa has been victimised by privatisation-related FDI. Indeed, the large foreign investments in South Africa that appear as a blip on the FDI graph are mainly accounted for by the 1997 privatisation of the telecommunications sector and the 2001 rejigging of statistics to claim large formerly domestic corporations as foreign, once they had changed their primary share listing to London. The implications of the telecommunications investments are now well-known, in the wake of the 30% share purchase in the state-owned Telkom by a Houston/Kuala Lumpur alliance. Critics point to subsequent problems as being inexorably related to FDI and privatisation:

- for fixed-line telecommunications, the cost of local calls skyrocketed as cross-subsidisation from long-distance (especially international) calls was phased out;
- as a result, out of 2.6 million new lines installed, at least 2.1 million disconnections occurred, due to unaffordability;
- 20,000 Telkom workers were fired, leading to ongoing labour strife;
- a second fixed-line operator was first discouraged then encouraged under pressure from competing commercial interests, and a regulator (with integrity) was ultimately dropped from the selection process;
- attempts to cap fixed-line monopoly pricing by the regulator were rejected by the Texan/Malaysian equity partners via both a court challenge and a serious threat to sell their Telkom shares in 2002;
- Telkom's 2003 Initial Public Offering on the New York Stock Exchange raised only $500 million, with an estimated $5 billion of Pretoria's own funding of Telkom's late 1990s capital expansion lost in the process;
- a collusion pact on pricing and services exists between the two main private cellular operators (one partially owned by Telkom); and
- persistent allegations of corruption stymied the introduction of a third cellular operator.

Ironically, the South African state repurchased the shares of Telkom held by the foreign investment consortium in 2004 (although Pretoria did not materially change policies and practices subsequently). There are several similar experiences with failed foreign investment

in South Africa's other privatised state assets, including transport (where renationalisation occurred in the cases of Sun Air and SAA), water (where remunicipalisation occurred in the case of Suez in Nkonkobe and is likely to occur in Johannesburg) and electricity.

Meanwhile, South Africa witnessed very few foreign investments in 'greenfield' projects (as opposed to existing acquisitions). Behind the overall slowdown in South African fixed investment lies not only global overcapacity combined with national industrial uncompetitiveness, but also South Africa's own overcapacity constraints to new investment. In manufacturing especially, there has been a long-term decline in capacity utilisation, due to overproduction and excessive concentration in the major industrial sectors [fig. 49]. South Africa is, thus, a more complicated and perhaps extreme example of so many other African countries where the private sector was stagnant and in need of privatisation opportunities, yet in spite of the fire-sale character of privatisation, did not subsequently succeed in turning their acquisition investments into sustained productive investments.

Another query is also worth raising: to what extent do the foreign investors cover their own initial equity stake? The case of the partially-privatised Airports Company of South Africa is instructive, for Aeroporti Di Roma earned a vast profit - R785 million - on its initial 1998 investment of R890 million for 20% of the company. In September 2005, the South African state's investment arm bought back the stake for R1.67 billion. Adding R180 million in dividends paid since 1998, the Italian firm took home more than a 108% rate of return over seven years, exceptionally high by any measure.[33] At the same time, the repurchase of the company by a state agency demonstrated that there was no particular reason to have a foreign investor in the first place. Although 'technical expertise' is sometimes considered a valid reason for inviting foreign investment, the South African air transport industry's operations management and logistics operations were always sufficiently sophisticated to handle the expansion of airports.

These experiences are not uncommon, according to Transparency International's Lawrence Cockcroft:

> The privatisation process has proved a disappointment in many African countries. Whilst the expectations raised in the mid-1990s in this respect may have been unreasonable it is also the case that the potential benefits have been seriously undermined by corruption. The most common and important form of corruption has been one in which, in spite of a conventional bidding process, an award has been made to a company which has committed itself to specific additional investment often amounting to large sums. The real, but very untransparent arrangement, has been that a key figure in the privatisation panel has taken a bribe for the award of the contract and will ensure that no further investment need be made, and even that the initial downpayment should be very modest. This is certain to have disastrous consequences for the long term viability of the operation in question.[34]

Contemporary FDI in Africa: Tax fraud and transfer pricing

There are many other modes of surplus extraction through FDI involving swindling, especially in relation to corporate failure to pay taxes and state failure to collect them. As Cockcroft explains,

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33 Faniso, M. (2005), 'PIC Purchases One-Fifth of Acsa for R1.67bn', *Business Report*, 22 September 2005.
34 Cockcroft, L. (2001), 'Corruption as a Threat to Corporate Behaviour and the Rule of Law', London, Transparency International UK, p.2.

> Most African countries operate some form of tax break for new investors, with varying degrees of generosity. In fact such incentive schemes are frequently deceptive in that the real deal is being done in spite of them and alongside them, with a key cabinet minister or official coming to an alternative arrangement which may well guarantee an offshore payment for the individual in question as well as a 'tax holiday' for the company concerned…
>
> One of the most common instruments of state sponsored corruption is the award of import permits to well placed individuals which undermine this legitimate protection. The Kenyan sugar industry and the Nigerian feedmilling and poultry industry have been ruined for several years at a stretch through this process.
>
> As access to prime land becomes more and more competitive in African countries where there is a formal market in land the corruption surrounding the award of title has become more and more severe. A recurrent problem is one in which a title, once awarded, is re-awarded to a competitor by the Registrar of Lands or the senior politician who controls the Registrar.
>
> Facilitation payments, also known as grease payments, may be usefully defined as payments designed to ensure that a standard service is performed more quickly than would be the case without the payment. The clearance of customs and the installation of a telephone are illustrations of such cases. Obviously payments of this kind are regarded as standard practice in many countries of the world, and Africa is no exception to this. They have been permitted under the US Foreign Corrupt Act since its revision in 1988, and in a guarded form are permitted under the 1997 OECD AntiBribery Convention.

Official statistics have never properly picked up the durable problem of transfer pricing, whereby foreign investors misinvoice inputs drawn from abroad. Companies cheat Third World countries on tax revenues by artificially inflating their imported input prices so as to claim lower net income. It is only possible to guess the vast scale of the problem on the basis of case studies. For instance, the Oxford Institute of Energy Studies estimated that in 1994, 14% of the total value of exported oil 'was not accounted for in national trade figures as a result of various forms of transfer pricing and smuggling'.[35] According to a 1999 United Nations Conference on Trade and Development survey on income shifting as part of transfer pricing [figs. 50-51], 'Of the developing countries with sufficient evidence to make an assessment, 61% estimated that their own national transnational corporations (TNCs) were engaging in income shifting, and 70% deemed it a significant problem. The income-shifting behaviour of foreign-based TNCs was also appraised. 84% of the developing countries felt that the affiliates they hosted shifted income to their parent companies to avoid tax liabilities, and 87% viewed the problem as significant.'[36]

Tellingly, corporations involved in these activities have not deigned to take seriously recommendations made by Cockcroft:

> 1) publish and disseminate their international or specifically local code of conduct (for local companies) which would have an explicit anti bribery provision;
> 2) announce that any one of them, if approached for a bribe at either a senior or a junior level, would publicise the approach;

35 Cockcroft,, 'Corruption as a Threat to Corporate Behaviour and the Rule of Law', p.2.
36 UN Conference on Trade and Development (1999), 'Transfer Pricing', Geneva, p.167.

> 3) publish the value of fees paid to, and the nature of services rendered by 'agents' normally associated with large scale contracts;
> 4) ensure that the value of fees paid to, and the nature of services rendered by 'agents' normally associated with large scale contracts;
> 5) ensure that parties to a joint venture are fully aware of a company's overall anti-corruption strategy and will not behave in a way which is inconsistent with it (e.g. cycling income or profits to a third party);
> 6) fully disclose all contributions to political parties ;
> 7) include in annual reports a statement of all payments made to government in the form of taxes and fees, on a comparable basis to payments of this kind reported in, for instance, the annual accounts of UK based companies.[37]

A crucial subset of intercorporate transfers aimed at exploiting weak African countries includes patent and copyright fees on technology agreements. These are, Yash Tandon argues, 'often arbitrarily determined in terms of intra-enterprise agreements between affiliates of TNCs operating in developing countries.' Tandon identifies, in addition, several other vehicles of corporate and trade-related income transfers:

> management and consultancy fees [through 'aid' contracts];… loss of export revenue on account of protectionism in industrialised countries amounting to $35 billion for the developing countries annually ($24 billion due to the Multifibre Agreement, $5 billion due to primary goods and $6 billion due to other goods)… loss of revenue on account of blockage on the free movement of people [which Tandon and the UNDP estimate at $25 billion annually during the 1980s]… and loss of capital through biopiracy... According to Vandana Shiva, wild seed varieties have contributed some $66 billion annually to the US economy.[38]

And it is here that the idea of ecological debt applies more generally.

Production, transport and the ecological debt

The systems of unequal exchange have been identified, although the ecological implications have not been. Moreover, in an indirect manner, such that victims are not aware of the process, another crucial system through which Northern investors exploit Africa is in their consumption of the global commons, particularly the earth's clean air. During the early 1990s, the idea of the North's ecological debt to the South began gaining currency in Latin America thanks to NGOs, environmentalists and politicians (including Fidel Castro of Cuba and Virgilio Barco of Colombia). According to Joan Martinez-Alier,

> The notion of an ecological debt is not particularly radical. Think of the environmental liabilities incurred by firms (under the United States Superfund legislation), or of the engineering field called 'restoration ecology', or the proposals by the Swedish government in the early 1990s to calculate the country's environmental debt. Ecologically unequal exchange is one of the reasons for the claim

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37 Cockcroft,, 'Corruption as a Threat to Corporate Behaviour and the Rule of Law', p.8.
38 http://www.globalpolicy.org/socecon/develop/devthry/well-being/2000/tandon.htm

of the Ecological Debt. The second reason for this claim is the disproportionate use of Environmental Space by the rich countries.[39]

In the first category, Martinez-Alier lists:

- Unpaid costs of reproduction or maintenance or sustainable management of the renewable resources that have been exported;
- actualised costs of the future lack of availability of destroyed natural resources;
- compensation for, or the costs of reparation (unpaid) of the local damages produced by exports (for example, the sulphur dioxide of copper smelters, the mine tailings, the harms to health from flower exports, the pollution of water by mining), or the actualised value of irreversible damage;
- (unpaid) amount corresponding to the commercial use of information and knowledge on genetic resources, when they have been appropriated gratis ('biopiracy'). For agricultural genetic resources, the basis for such a claim already exists under the FAO's Farmers' Rights.

In the second, he cites 'lack of payment for environmental services or for the disproportionate use of Environmental Space':

- (unpaid) reparation costs or compensation for the impacts caused by imports of solid or liquid toxic waste;
- (unpaid) costs of free disposal of gas residues (carbon dioxide, CFCs, etc), assuming equal rights to sinks and reservoirs.

These aspects of ecological debt defy easy measurement. Each part of the ecological balance sheet is highly contested, and information is imperfect. As Martinez-Alier shows in other work, tropical rainforests used for wood exports have an extraordinary past we will never know and ongoing biodiversity whose destruction we cannot begin to value. However, he acknowledges, 'although it is not possible to make an exact accounting, it is necessary to establish the principal categories [of ecological debt] and certain orders of magnitude in order to stimulate discussion.'[40] The sums involved are potentially vast. Just to take the case of C02 emissions, according to Martinez-Alier,

> Jyoti Parikh (a member of the UN International Panel on Climate Change) [argues that] if we take the present human-made emissions of carbon, the average is about one tonne per person per year. Industrialised countries produce three-fourths of these emissions, instead of the one-fourth that would correspond to them on the basis of population. The difference is 50% of total emissions, some 3000 million tons. Here

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39 Martinez-Alier, J. (2003), 'Marxism, Social Metabolism and Ecologically Unequal Exchange', Paper presented at Lund University Conference on World Systems Theory and the Environment, 19-22 September. Martinez-Alier elaborates with examples of ecological debt that are never factored into standard trade and investment regimes: 'nutrients in exports including virtual water… the oil and minerals no longer available, the biodiversity destroyed. This is a difficult figure to compute, for several reasons. Figures on the reserves, estimation of the technological obsolence because of substitution, and a decision on the rate of discount are needed in the case of minerals or oil. For biodiversity, knowledge of what is being destroyed would be needed.' Some of these cases are considered in the discussion earlier concerning depletion of natural capital. See also www.deudaecologica.org

40 Martinez-Alier, J. (1998) 'Ecological Debt - External Debt', Quito, Acción Ecológica.

> the increasing marginal cost of reduction is contemplated: the first 1000 million tons could be reduced at a cost of, say, $15 per ton, but then the cost increases very much. Let us take an average of $25: then a total annual subsidy of $75 billion is forthcoming from South to North.[41]

Excess use of the planet's C02 absorption capacity is merely one of the many ways that the South is being exploited by the North on the ecological front. Africans are most exploited in this regard because non-industrialised economics have not begun to utilise more than a small fraction of what should be due under any fair framework of global resource allocation. The amounts involved would easily cover debt repayments.

Another basis for exploitation is by the amplified way patriarchy is being applied in the South, in political economic and human-environmental ways to allow assure the systems above - debt/finance, trade and investment – to maintain high rates of exploitation.

Gendered economic oppression

A final word must be added to clarify how the processes discussed above are gendered. Women are the main victims, whether in productive circuits of capital (increasingly subject to sweatshop conditions) or in the sphere of reproduction, where much primitive accumulation occurs through unequal gender power relations. This is especially evident in areas such as Southern Africa which are characterised by migrant labour flows, largely through the superexploitation of rural women in childrearing, healthcare and eldercare.

More broadly, this is part of what Isabella Bakker and Stephen Gill term 'the reprivatisation of social reproduction.'[42] For Africans, the denial of access to food, medicines, energy and even water is the most extreme result; people who are surplus to capitalism's labour requirements find that they must fend for themselves or die. The scrapping of safety nets in structural adjustment programmes worsens the vulnerability of women, children, the elderly and disabled people. They are expected to survive with less social subsidy and greater pressure on the fabric of the family during economic crisis, which makes women more vulnerable to sexual pressures and, therefore, HIV/AIDS.[43] Even in wealthy South Africa an early death for millions was the outcome of state and employer AIDS policy, with cost-benefit analyses demonstrating conclusively that keeping most of the country's five million HIV-positive people alive through patented medicines cost more than these people were 'worth'.[44]

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41 Martinez-Alier cites Parikh, J.K. (1995), 'Joint Implementation and the North and South Cooperation for Climate Change, *International Environmental Affairs*, 7, 1.

42 Bakker, I. and S. Gill (2003), 'Ontology, Method and Hypotheses,' in I.Bakker and S.Gill (Eds), *Power, Production and Social Reprodution,* Basingstoke, Palgrave Macmillan, p.36.

43 See, e.g., Elson, D. (1991), 'The Impact of Structural Adjustment on Women: Concepts and Issues,' in B.Onimode (Ed), *The IMF, the World Bank and the African Debt,* London, Zed Books; and Longwe, S. (1991), 'The Evaporation of Policies for Women's Advancement,' in N.Heyzer et al (Eds), *A Commitment to the Worlds Women*, New York: UNIFEM, 1991.

44 In the case of the vast Johannesburg/London conglomerate Anglo American Corporation, the cut-off for saving workers in 2001 was 12% - the lowest-paid 88% of employees were more cheaply dismissed once unable to work, with replacements found amongst South Africa's 42% unemployed reserve army of labour. For more, see Bond, P. (2005), *Elite Transition: From Apartheid to Neoliberalism in South Africa,* Pietermaritzburg, University of KwaZulu-Natal Press, Afterword.

A comprehensive African literature review by Dzodzi Tsikata and Joanna Kerr shows that 'mainstream economic policymaking fails to recognise the contributions of women's unpaid labour - in the home, in the fields, or in the informal market where the majority of working people in African societies function. It has been argued that these biases have affected the perception of economic activities and have affected economic policies in ways that perpetuate women's subordination.'[45] It is impossible to put a money value on the lass of wealth to Africa that is due to persistent patriarchal repression.

Compradors and public policy

Is bad public policy to blame for these biases and the overall state of African exploitation? That is certainly possible, given the basis of many African state elites towards parasitical, consumptive, unproductive activities. It may be, too, that the complaints made by the Bretton Woods Institutions, of African elites who go off course because they cannot stand the pressures of reform, has a grain of truth – if instead of elites alone, the perspective also includes their grassroots and shopfloor opponents. As Rodney put it,

> The question as to who and what is responsible for African underdevelopment can be answered at two levels. Firstly, the answer is that the operation of the imperialist system bears major responsibility for African economic retardation by draining African wealth and by making it impossible to develop more rapidly the resources of the continent. Secondly, one has to deal with those who manipulate the system and those who are either agents or unwitting accomplices of the said system.[46]

Compradorism according to critics

Initially, according to the fiercest critics of African compradorism, such as Rodney, Frantz Fanon or Amilcar Cabral, there emerged a post-independence cadreship of leaders amenable to Northern objectives. In the first phase of class-formation, the new state-based ruling elites were compelled to issue statements about the need for national developmental projects. However, as we will see through the observations of Fanon, those elites failed to substantively challenge the North-South order.

A second phase of elite formation during the 1980s allowed a 'homegrown' technocratic neoliberalism to prosper, typically within finance ministries and central banks in African capitals, as well as allied thinktanks. As Jimi Adesina explains,

> Amilcar Cabral's injunction was that for the African petit bourgeois class to become one with the people, it must *commit class suicide*. In other words, it must turn its back on its natural instinct to realise its class potential of becoming a bourgeois class and share in the aspiration of the people - not only in nation building, widening of social access, but in the area of resource accumulation and control… [Instead there emerged] a *petty bourgeoisie with bourgeois aspirations.* This shift has been at the level of the state and the civil society (or societies), voluntary and compelled. The sociological effect was to (a) shift the balance of forces within the state itself in favour of neoliberal fellow-travellers, and (b) to establish neoliberal principles as the underlining framework of policy

45 Tskikata, D. and J. Kerr (2002), *Demanding Dignity: Women Confronting Economic Reforms in Africa*, Ottawa, The North-South Institute and Accra, Third World Network-Africa.
46 Rodney, *How Europe Underdeveloped Africa.*

> discussions. In many cases this involved personnel changes. In other cases, it was a matter of a dominant ideology becoming hegemonic. Government unites with economic mandates: Ministries of Finance, central banks, bureaux with oversight mandate for privatisation and commercialisation, often became the first line soldiers for the emergent neoliberal orthodoxy. 'Capacity building' projects by the Bretton Woods Institutions and similarly oriented western agencies focused on reinforcing this ideological commitment.[47]

One key vehicle for this process was the World Bank, whose functionary Geoffrey Lamb – a former member of the SA Communist Party and then dean at the Sussex Institute for Development Studies – argued cleverly in 1987 that 'Building an independent technocratic policy capacity within member countries is therefore important to encourage domestic political accountability for policy decisions over the longer run and for improving the credibility of economic advice to countries' political leaderships - provided that support for technocratic "policy elites" does not too drastically compromise the recipients' influence.'[48]

Several decades earlier, Fanon was already aware of these dangers. However, in *The Wretched of the Earth,* he more explicitly started his argument with class analysis:

> The national middle class which takes over power at the end of the colonial regime is an under-developed middle class. It has practically no economic power, and in any case it is in no way commensurate with the bourgeoisie of the mother country which it hopes to replace. In its wilful narcissism, the national middle class is easily convinced that it can advantageously replace the middle class of the mother country. But that same independence which literally drives it into a comer will give rise within its ranks to catastrophic reactions, and will oblige it to send out frenzied appeals for help to the former mother country... It is only too true that the greed of the settlers and the system of embargoes set up by colonialism has hardly left them any other choice.

As a result, the 'policy elites', who Lamb intended to protect from criticism through a kind of plausible deniability, are often exposed as comprador allies of those exploiting Africa, according to Fanon:

> Seen through its eyes, [the new bourgeoisie's] mission has nothing to do with transforming the nation; it consists, prosaically, of being the transmission line between the nation and a capitalism, rampant though camouflaged, which today puts on the masque of neocolonialism. The national bourgeoisie will be quite content with the role of the Western bourgeoisie's business agent, and it will play its part without any complexes in a most dignified manner. But this same lucrative role, this cheap-jack's function, this meanness of outlook and this absence of all ambition symbolise the incapability of the national middle class to fulfil its historic role of bourgeoisie... In its beginnings, the national bourgeoisie of the colonial countries identifies itself with the decadence of the bourgeoisie of the West. We need not think that it is

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47 Adesina, J. (2002), 'NEPAD and the Challenge of Africa's Development: Towards the Political Economy of a Discourse,' Unpublished paper, Rhodes University Department of Sociology, Grahamstown.

48 Lamb, G. (1987), 'Managing Economic Policy Change: Institutional Dimensions,' Washington, World Bank, p.10.

> jumping ahead; it is in fact beginning at the end. It is already senile before it has come to know the petulance, the fearlessness or the will to succeed of youth.

This function is not merely based upon national sites of power, Fanon warns, but extends into regions and locales as well:

> We know that colonial domination has marked certain regions out for privilege. The colony's economy is not integrated into that of the nation as a whole. It is still organised in order to complete the economy of the different mother countries. Colonialism hardly ever exploits the whole of a country. It contents itself with bringing to light the natural resources, which it extracts, and exports to meet the needs of the mother country's industries, thereby allowing certain sectors of the colony to become relatively rich. But the rest of the colony follows its path of under-development and poverty, or at all events sinks into it more deeply.

In attempting to disguise their role in amplifying uneven development within Africa, projects such as NEPAD which pose a unified African partnership with the North also suffer from a psychological sense of grandeur and collaboration, rather than the tougher mentality of struggle and material analysis, which won liberation in the first place, according to Fanon:

> African unity, that vague formula, yet one to which the men and women of Africa were passionately attached, and whose operative value served to bring immense pressure to bear on colonialism, African unity takes off the mask, and crumbles into regionalism inside the hollow shell of nationality itself. The national bourgeoisie, since it is strung up to defend its immediate interests, and sees no farther than the end of its nose, reveals itself incapable of simply bringing national unity into being, or of building up the nation on a stable and productive basis. The national front which has forced colonialism to withdraw cracks up, and wastes the victory it has gained.

This viewpoint of Fanon corresponds to arguments made by a variety of progressive African civil society organisations in relation to NEPAD, the WTO and trade, the Bretton Woods Institutions and debt, transnational corporations and ecological imperialism. However, what of the viewpoint from the North's major institutions, especially the IMF and World Bank?

African neoliberalism derailed

The IMF takes a different view, naturally. From the early 2000s, it began publishing lists of good African countries that stayed the structural adjustment course, and those that were, as the Fund put it, 'off track'. There were 23 African countries under IMF advice during the early 1980s, rising to 29 during the late 1980s [fig. 52]. By the early 1990s, however, only 20 African countries were performing on track, while 11 were off track. The ratio worsened during the late 1990s, according to the IMF, with 16 on track and 14 off track [fig. 53].

This kind of country breakdown, however, is easy in retrospect. If we go to perhaps the most extreme case of anti-IMF dirigisme in Africa, Zimbabwe, the picture becomes more complex. Indeed, Zimbabwe's 1991-95 'Economic Structural Adjustment Programme' (ESAP) was judged not 'off track' by the World Bank, but on the contrary, was given the

highest possible score in the Bank's *Project Completion Report*: 'highly satisfactory.'[49] Because of the satisfactory liberalisation of trade and finance, mass deindustrialisation occurred during the early 1990s, and the share of manufacturing in GDP dropped from a peak of 32% in 1992 to 17% in 1998.

The power of the IMF over Africa was also witnessed in the shrinkage of state spending in relation to national income nearly everywhere. On average, Africa recorded a decline of early 1990s deficit/GDP statistics around 6% to just under 4% a decade later; ironically, the fastest growing African economies actually increased their deficits by a full percentage point between the two periods [fig. 54]. Likewise, monetary policy was tightened and central banks were discouraged from printing money to fuel inflation, in tune with the standard neoliberal menu. Hence sub-Saharan African inflation was reduced from double-digit rates prior to 2004, to on average 9% more recently [fig. 55]. But higher poverty levels (using $1/day)[fig. 56] and extreme inequality [fig. 57] were the logical corrolaries of persistent structural adjustment.

The World Bank has also begun to highlight the idea of 'leadership' in Africa, with Paul Wolfowitz hosting Nelson Mandela at the September 2005 Annual Meetings, stressing African elite power. As a preparatory document to that meeting explained,

> African leaders are taking several actions at the regional level to resolve conflicts, improve governance and foster competitiveness. The NEPAD peer review process, through the Africa Peer Review Mechanism, for example, creates incentives for African countries to take on 'ownership' and assume leadership and accountability for their development programs. Peer reviews help improve the reputation of the region through certification of good practices in governance… Recent progress is encouraging. Africa appears to be at a turning point. This is occurring on several fronts. Perhaps most important, African leaders are spearheading the development effort.[50]

In reality, according to a *Business Day* report on a September 2004 African Investment Forum meeting, South African finance minister Trevor Manuel conceded that 'it was shameful that a year after the African peer-review mechanism was launched, less than half of African countries had signed up to be independently reviewed' because they had 'misbehaving governments'.[51]

The Bank, nevertheless, gives lip service to ownership of – and indeed to civil society participation in – structural adjustment programmes:

> There is an increase in 'country ownership' of development support. Development partners are relying more on the African countries' national poverty reduction strategies—most often embodied in their Poverty Reduction Strategy Papers—as the instrument around which to align assistance. The recent Paris Declaration binds both multilateral and bilateral development partners to accelerated progress on harmonisation and alignment to national outcome objectives. Although progress is uneven, there are growing numbers of cases of effective harmonisation in investment lending; multi-sector programs policy lending; and joint analytical work. Within the

49. World Bank (1995), *Project Completion Report: Zimbabwe: Structural Adjustment Program*, Country Operations Division, Washington, DC, p.23.
50 World Bank, 'Meeting the Challenge of Africa's Development', p.2.
51 SAPA (2004), 'Response to Peer Review Dismal,' *Business Day,* 16 September.

> World Bank Group, the Africa Region has the highest percentage of harmonised lending of all the Bank's regions.[52]

The Bank elides the fact that its role in donor coordination - with respect not only to financing but also to concrete conditionality – is a role that progressive African civil society groups like Jubilee Africa strenuously objects to.

However, in considering the way in which African governments have performed in reality, it was impossible for the World Bank to deny their extreme illegimacy (with the exception of the South African government):

> Recent *Afrobarometer* surveys and the *World Values Survey* show that Africans believe democracy is good for the economy and prefer democratic political systems to authoritarian alternatives. The African public expects democracy to deliver access to the basic necessities of life, like food, water, shelter and education. The value surveys also show that Africans care about equity and public action to reduce poverty. They are less comfortable with wide wealth differentials, and have a strong commitment to political equality. About 75% of the respondents agree that African governments are doing too little for people trapped in poverty.[53]

The Bank's 'help' in these regards is not generally appreciated. In the most famous case of African malgovernance which was tabled at the Bank – systemic corruption in the Lesotho Highlands Water Project – the financier of the apartheid-era (sanctions-busting) dam project first defended Masupha Sole, the man ultimately found guilty of bribery receipts (hence keeping him in his job for four years longer than he should have been, until 1998), and then dithered for years before finally debarring a major Canadian firm (Acres International) guilty of paying the official. It was only because the US Senate Foreign Relations Committee intervened and put pressure on the Bank that the debarment went forward in 2003.

Even the Bank's high-profile intervention in the Chad-Cameroon Pipeline allegedly aimed at halting oil-related malgovernance apparently failed in 2005, according to Amnesty International:

> The $4.2 billion Chad-Cameroon oil pipeline risks freezing human rights protection for decades to come for the thousands of people who live in its path… The ExxonMobil-led consortium that operates the pipeline is effectively side-stepping human rights law in Chad and in Cameroon… [along with] ExxonMobil, Chevron and Malaysian oil company Petronas, supported by the World Bank, export credit agencies and private banks.[54]

In between flattering words of the Bretton Woods Institutions and donors on the one hand, and the angry cries of an unserved citizenry on the other, lies the African elite. How do they see their adherence to the Washington Consensus? Thabo Mbeki adopted a martyred complex during a May 2000 US tour:

> Notwithstanding some specific problems in some developing countries and especially African countries, there are many among these countries that have and continue to

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52 World Bank, 'Meeting the Challenge of Africa's Development', p.3.
53 World Bank, 'Meeting the Challenge of Africa's Development', p.5.
54 Amnesty International (2005), 'Press Release', 7 September.

> have stability and are at peace with themselves, countries that have responded positively, even under very difficult circumstances, to the prescriptions of both the prospective investors as well as the multi-lateral institutions. Many of these countries have created the necessary climate conducive to investment, for example by liberalising their trade, privatising state-owned enterprises, reforming their tax system and generally adhering to the prescribed injunctions, all done in an attempt to attract the necessary investments. The response from the developed countries, to these attempts by especially many African countries to stay within the confines of the rules, has been to treat the African continent as one country, and therefore, to punish a country on the one end of the continent for the deeds of another on the other end.
>
> In our own country, we have been assured that our economic fundamentals are correct and sound. We have developed a stable and effective financial and fiscal system. We have reduced tariffs to levels that are comparable to the advanced industrial countries. We have reformed agriculture to make it the least subsidised of all the major agricultural trading nations. We have restructured our public sector through privatisation, strategic partners and regulation. We have an equitable and sophisticated system of labour relations that is continually adjusting to new developments. We play an active role in all multilateral agencies in the world. Yet, the flow of investment into South Africa has not met our expectations while the levels of poverty and unemployment remain high.[55]

Mbeki also spoke of

> the many heroic efforts the governments and peoples of Africa have made and are making to correct past wrongs, encompassing... the sustained effort in many countries to introduce new economic and social policies consistent with many elements of the so-called Washington Consensus.[56]

Hence it is reasonable to ask whether institutions and agents supporting the Washington Consensus – including local elites - can play a constructive role in African economic development or political governance. Given that all evidence is negative, it is useful for us to consider a series of bottom-up activist and African state strategies, in the event that pressure can be mobilised from below to either force state policy change, or ultimately to see regime change resulting in a progressive state. First, however, a recapping of recent top-down failures sets the stage.

The failure of recent global reforms

What were the merits of the Blair Africa Commission (February 2005), the G7 Finance Ministers debt relief deal (June 2005), G8 Gleneagles summit (July 2005), the UN heads of state summit reviewing the Millennium Development Goals (September 2005), and the IMF/World Bank Annual Meetings (September 2005). All were terribly disappointing to NGOs and social movements which had invested advocacy time and effort.

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55 Mbeki, T. (2000), 'Address to the Commonwealth Club, World Affairs Council and US/SA Business Council Conference,' San Francisco, 24 May.
56 Mbeki, T. (2000), 'Lecture at Georgetown University,' Washington, DC, 23 May.

To illustrate, the relief package for up to 38 countries[57] announced by the G7 finance ministers prior to the Gleneagles G8 summit meant very little, according to *GreenLeft Weekly*:

> The huge figures most often quoted by the press, $50-55 billion, include IMF, World Bank and African Development Bank debts owed by around 20 of the other poorest Third World countries, which may become eligible for debt cancellation in the future; possibly nine more in 12-18 months, and another 10 or so at some undetermined date. While the $1.5 billion a year made available will certainly be of use for the 18 poverty-stricken countries, it will only boost their collective budget by about 6.5% per annum. The modest sum illustrates that the Western media's backslapping over their governments' 'generosity' is more than a little exaggerated and somewhat premature. Those 18 countries account for only 5% of the population of the Third World, and if all 38 countries become eligible in the future, it will still only affect around 11%...
>
> Washington will need only find between $130 million and $175 million a year, which is almost three times less than it spends each year just to run its Baghdad embassy. The total 10-year cost for the US is around what Washington will spend to build a new embassy in the Iraqi capital. Washington alone spends $2 billion a month to wage war in Iraq. If those figures call into question the 'historic' scale of the West's benevolence towards Africa and the Third World, compare them to the US annual defense budget, which will be more than $441 billion in 2006 alone…
>
> It should be also noted that debts owed to the Inter-American Development Bank and the Asian Development Bank are not included in the deal, nor are the Third World countries' huge bilateral debt burden (that is, debt owed to individual rich countries). Even if all 38 nominated countries eventually have their multilateral debts wiped, it will still represent just 18% of Africa's total external debt of $300 billion, and a tiny part of the Third World's total debt, which is estimated at a staggering $2.4 trillion.
>
> But surely, it's a step forward? Not according to African anti-debt campaigners. African Jubilee South (AJS) pointed out on June 14 that to qualify for the G8 scheme, the initial 18 countries have had to pass what is known as the Highly Indebted Poor Country initiative's 'completion point'. The 1996 HIPC was the rich-country governments' last much-hyped, now largely forgotten, 'debt forgiveness' scheme. The 1999 G8 summit in Cologne promised that it would lead to the cancellation of $100 billion in bilateral debt. Just a quarter of that was actually delivered and the HIPC countries are now poorer than when they began the program.[58]

African justice advocates were even harsher in their condemnation:[59]

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57 The 18 countries are Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Guyana, Honduras, Madagascar, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, Senegal, Tanzania, Uganda, and Zamiba. The other ten are Burundi, Cameroon, Chad, Congo-Kinshasa, Gambia, Guinea-Conakry, Guinea-Bissau, Malawi, Sierra Leone, and São Tomé & Principe. There are another ten waiting to enter HIPC: Central African Republic, Comoros, Congo-Brazzaville, Côte d'Ivoire, Laos, Liberia, Myanmar/Burma, Somalia, Sudan, and Togo.

58 *GreenLeft Weekly,* 'Africa needs Justice not Charity', 29 June 2005, http://www.greenleft.org.au/back/2005/631/631p28.htm.

59 Ambrose, S. (2005), 'Assessing the G8 Debt Proposal and its Implications', *Focus on Trade,* 25 September 2005.

> Jubilee South: 'The multilateral debt cancellation being proposed is still clearly tied to compliance with conditionalities which exacerbate poverty, open our countries further for exploitation and plunder, and perpetuate the domination of the South… Even if the debt cancellation were without conditionalities, the proposal falls far too short in terms of coverage and amounts to demonstrate a bold step towards justice by any standard.'
>
> Demba Moussa Dembele, director of Forum for African Alternatives (Senegal): 'At the moment this is nothing but a promise… Therefore we will wait to see how this decision is put into action and with what conditions. Caution is necessary also because the "creditor" countries are longtime masters of the arts of duplicity, manipuliation, and concealment.'
>
> Collective statement of 19 major African NGOs, also endorsed by nine international NGOs: 'The debt package provides only 10% of the relief required and affects only one-third of the countries that need it… both packages [debt and aid] are still attached to harmful policy conditionality.'
>
> African Network & Forum on Debt & Development (AFRODAD, based in Zimbabwe): 'The recent solutions offered by the G8 for the Debt crisis in poor countries are nothing short of the continuation of the chains of slavery and bondage for the citizens in those countries… they are just raising people's hopes unnecessarily as the world waits to see the devil in the details… The deal only represents one eighth of what Africa needs in terms of debt cancellation, as this means canceling only US $40 billion out of Africa's burgeoning debt stock of over US$330 billion. The agreement does not address the real global power imbalances but rather reinforces global apartheid.'

An unrelated but similar reform process was underway in trade, in the run-up to the December 2005 WTO ministerial summit in Hong Kong. The central issue was whether the North would make good on repeated promises to cut agricultural subsidies. According to Bloomberg News columnist Andy Mukherjee in mid-October,

> The promise by rich countries to cut their perverse farm subsidies is an elaborate charade that wouldn't fool a 10-year-old…. Seemingly generous offers have raised expectations that negotiations this week in Geneva just might produce a plan that satisfies developing nations. Scratch the surface of magnanimity, and this is what the proposals boil down to: Billions of dollars are to be taken out of the 'amber box,' which is the World Trade Organisation's jargon for subsidies that are seen as heavily price-distorting, only to be given a backdoor entry through the 'blue box,' a name for handouts that are presumably less harmful. And in exchange for this chicanery, which will do precious little to improve market access for their poor farmers, fast-growing Asian economies -- China, India and Vietnam -- must allow global financial institutions, such as Citigroup Inc. and Allianz AG, a free run of their growing middle classes.[60]

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60 Mukherjee, A. (2005), 'Farm Subsidy Cuts Need Less Skill, More Honesty,' Bloomberg, 18 October.

In short, there is very little on offer from the 2005 reforms that would change the course of the trajectory of underdevelopment.

Conclusion: Bottom-up African demands for change

The third strategy is to use existing civil society declarations and campaigns as the basis for skeletal programmatic development, based on discourses and analyses that have flowed from progressive movements. We turn to these latter struggles as offering more hopeful policy options than those being handed down on a silver platter from the G8, and generated by well-meaning policy advocates.

There are many examples of organic activism to this end across the Global South, such as - in no particular order - labour strikes, popular mobilisations for AIDS-treatment and other health services, reconnections of water/electricity, land and housing occupations, anti-GMO and pro-food security campaigns, women's organising, municipal budget campaigns, student and youth movements, community resistance to displacements caused by dam construction and the like, anti-debt and reparations movements, environmental justice struggles, immigrants' rights campaigns, political movements to take state power, etc. In sites like Bolivia, Argentina and Venezuela, popular initiatives have changed governments. The formidable recent upsurge of popular unrest include 1980s-90s IMF Riots, high-profile indigenous people's protests since Zapatismo in 1994, global justice activism since Geneva in 1998 and Seattle in 1999, the Social Forum movement since 2001, anti-war demonstrations since 2001, autonomist protests and the Latin American left's revival. Serious activists are crossing borders, races, classes and political traditions in sector after sector: land (Via Campesino), healthcare (International Peoples Health Council), free schooling (Global Campaign for Education), water (the People's World Water Forum), energy/climate change (the Durban Declaration), debt (Jubilee South), democratic development finance (IFIs-Out! and World Bank Bonds Boycott), trade (Our World is Not for Sale) and so on. Of course, it is not at all easy to interlock the already overlapping grassroots and shopfloor justice campaigns.

However, the issues of African resource drain and perverse subsidies may be appropriate to unite these kinds of networks. To take one example of a cross-cutting issue – Poverty Reduction Strategy Papers – it was clear to civil society organisations already by the early 2000s that the World Bank and IMF would have to be strenuously opposed. Their declaration at a Kampala meeting sponsored by Jubilee South included these demands:

> On the basis of the long, deep and painful experiences of SAPs in our countries, we reject:
> • SAPs in any form or with any cosmetic 'adjustments';
> • PRSPs as the latest version of structural adjustment;
> • HIPC initiative as debt 'relief';
> • all SAP-HIPC-PRSP conditionalities in order to be granted debt 'relief';
> • 'relief' of only a portion of debt and continued repayment of the remaining debt which will simply ensure continued control and domination;
> • any attempt to use our organisations to legitimise structural adjustment, HIPCs, PRSPs or debt 'relief';
> • any further role or interference of the World Bank or IMF in our countries; and
> • any further loans to finance HIV-Aids programmes which only serve to further indebt our countries, which increase our dependence on the institutional finance

institutions, while millions of our people continue to suffer and die in the pandemic in our countries…

The lesson we have learnt is that we need to return to our own agendas and reinvigorate and further strengthen our engagement and work with people at the grassroots. We as African civil society organisations need to:

• intensify our efforts to expose to the people in our countries, and the world, the inter-linked aims and effects of SAPs, HIPCs and PRSPs, and the strategic purposes of the World Bank and the IMF;

• mobilise our people and link up with our allies in the South, and partners in the North, for immediate and total cancellation of our external debts without external conditionalities;

• proactively engage with our governments on issues as determined by our agendas and on the basis of genuine participation and popular empowerment within our own societies, communities and cultures;

• mobilise to encourage and push our governments to stand together and repudiate the debt;

• mobilise our people to challenge and change the global economic system through campaigns and actions to shut down the World Bank and IMF and to stand up to other forces, including the WTO, Northern governments such as the EU (through the Cotonou Agreement) and the US (through AGOA), as well as their TNCs;

• mobilise our peoples to oppose the ruling elites who are implementing structural adjustment programmes and further entrenching neo-liberal policies in our countries.[61]

A similar meeting of Africans found free trade within a given region also problematic. The Southern African Peoples Solidarity Network resolved 'that the governments of our countries'

- have for long mainly engaged in rhetorical declarations about national development, and development cooperation and regional integration, with few effective achievements;
- are mainly concerned with preserving and promoting their own individual and group status, power and privileges, and their personal and aspirant-class appropriation of our nations' resources; and, for these reasons, are frequently engaged in divisive competition and even dangerous conflicts amongst themselves at the expense of the interests of the people at national and regional levels;

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61 Jubilee South (2001), 'Pan-African Declaration on Poverty Reduction Strategy Papers', Kampala, May. Participants included the African Organisation on Debt and Development, African Women's Economic Policy Network, Africa Trade Network (Southern Africa), Alternative Information and Development Center (South Africa), Associacao para Desenvolvimento Rural de Angola (Angola), Asapsu (Cote d'Ivoire), BEACON (Nairobi), Botswana Council of Churches, Catholic Commission for Justice & Peace (Malawi), Center for International Studies (Nicaragua), Civil Society for Poverty Reduction (Zambia), CMID (Ghana), CONGAD (Senegal), Divida (Mozambique Debt Group), Ecumenical Support Services for Economic Transformation (South Africa), Gender and Trade Network (Southern Africa), Peace Humanius (Cameroon), International South Group Network (Southern Africa), Jubilee 2000 Angola, Jubilee 2000 Cameroon, Jubilee 2000 Nigeria, Jubilee 2000 Senegal, Jubilee 2000 Zambia, Jubilee South Africa, Jubilee South (Africa), Karios EUROPA, Kenya Debt Relief Network, Ledikasyon pu Travayer (Mauritius), Malawi Economic Justice Network, Mwelekeo wa NGO (MWENGO, Southern Africa), Southern African Peoples Solidarity Network, Southern and Eastern African Trade, Information and Negotiation Initiative, Tanzania Coalition on Debt and Development, Tanzania Gender Networking Programme, T.E.I.A Mozambique, ActionAid (Uganda), World Council of Churches, Zimbabwe Coalition on Debt and Development, YWCA Kenya.

- are, at the same time, committed to supporting and defending each other whenever the interests and power of the ruling elites come into conflict with the human rights, and the democratic and development aspirations of their own populations; and are using SADC as a self-serving 'old boys' club' for such mutual support; and
- are increasingly responsive and subordinate to external inducements and pressures from governmental agencies in the richest industrialised countries, and their global corporations, banks and other financial organisations, and the 'multilateral' institutions dominated and used by them.[62]

There followed a series of demands in favour of inward-oriented, basic-needs development strategies that promote regional integration rather than disintegration (as is happening through free trade under South Africa's domination). Hence in relation to finance, investment, trade and neoliberal macroeconomic policies, African civil society organisations are concluding that PRSPs and free trade agreements are fruitless. Under existing conditions, most Africans who request democracy and basic socio-economic services from their regimes will be frustrated. Progress will be forged not from battling over ideas, from technicist interventions and from insider persuasion tactics, but instead from movement campaigns from the grassroots and shopfloors.

Across Africa, there is increasing evidence to allow us to move from inspiring historical examples to a diverse set of ecological, community, feminist and labour struggles. Africa was and remains, after all, the world's leading example of accumulation by appropriation and dispossession. There have been waves of resistance that correspond to more general international struggles. The anti-slavery and anti-colonial tribal-based uprisings of the 18th and 19th centuries were suppressed by the Europeans' brute military superiority. Twentieth century settler-capitalism could only take hold through coercive mechanisms that dragged Africans out of traditional modes of production into mines, fields and factories. Many rural women had the added burden of subsidising capitalism with their own migrant-labour survival system, since schools, medical schemes and pensions for urban families were largely nonexistent. The nexus of racial patriarchy and capitalism was an ingenious way to reproduce cheap black labour. Aspects of superexploitative migrant labour systems remain important to this day in many of Africa's extractive and settler economies.

In opposition, Africa's interrelated radical traditions grew and intermingled. They included vibrant nationalist liberation insurgencies, political parties that claimed one or another variant of socialism, mass movements (sometimes peasant-based, sometimes emerging from degraded urban ghettoes), and powerful unions. Religious protesters, womens groups, students and youth played catalytic roles that changed history in given locales. If Rosa Luxemburg's critique of imperialism, as noted at the outset, was based upon pressures building up throughout the world system, then these were some of the most important anti-capitalist campaigns ever. For example, the 1885 meeting in Berlin that carved up Africa between the main colonial powers reflected pressures directly related to capitalist crises during the 1870s-90s emanating from the financial centres of London and Paris. Soon, stock markets would react as badly to news of, for example, Ndebele raids on

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62 Southern African Peoples Solidarity Network (2000), 'Making Southern African Development Cooperation and Integration a People-Centered and People-Driven Regional Challenge to Globalization: Declaration to the Governmental Summit of the Southern African Development Community, Windhoek, Namibia, 1-7 August, available at http://aidc.org.za.

Cecil John Rhodes' mine surveyors in Zimbabwe, as modern brokers did to the Zapatista uprising and the failure of WTO negotiations in Seattle a century later.

What kinds of globalised resistance can be retraced? Anti-slavery was one of the most important international solidarity movements ever. A century later, African nationalist movements established panAfricanism and ties with northern critics of colonialism, apartheid and racism. Actions against colonialism in Africa, in particular, from the 1950s to the liberation of South Africa in 1994, inspired leftists and anti-racists, from militants like Malcolm X and Stokely Carmichael to church-basement activists. Although as Che Guevara found out during 1965, organising and occasionally fighting in what was then Mobutu's Congo, not all peasant societies proved ripe for the struggle.

To update to contemporary times, we must first note the continent's increasingly desperate and militant labour movement.[63] Labour, and much of African civil society, was, by the turn of the 21st century largely civilised, tamed and channeled into serving neoliberalism. The potentially anti-capitalist remnants of traditional left parties and trade unions prevaricated about the new movements, when not actively trying to discredit, demobilise and repress their left challengers. But resistance to malgovernance and to accumulation by dispossession was never stamped out or entirely co-opted. In recent years, Egypt, Ghana, Kenya, Mauritius, Nigeria, Senegal, South Africa, Zambia and Zimbabwe have been among the most intense sites of conflicts between anti-capitalists and ruling parties (some of which played out over differential resistance to the Iraq war). In addition, micro-developmental and ecological damage done through neoliberal policies is also widely recognised. Some of the most impressive recent upsurges of protest have been in areas of 'environmental justice.' In mid-2002, as an example, women in the oil rich Nigerian Delta conducted sit-ins at the local offices of multinationals prior to the World Summit on Sustainable Development. Subsequently, oil workers protesting at several Delta platforms over wages and broader community demands took multinational corporate managers hostage for a time.

As capital globalised, these kinds of struggles found increasing international support. South Africans in the Environmental Justice Networking Forum and far-sighted NGOs like Durban-based groundWork began working closely with counterparts elsewhere around environmental racism, dumping of toxics, compensation for asbestos, anti-incinerator campaigns and air pollution. Movements against privatisation of Africa's basic services - mainly water and electricity, but also municipal waste, health and education - began in Accra and Johannesburg in 2000 and quickly attracted global solidarity. Their influence is spawning similar campaigns across Southern and West Africa. The Soweto Electricity Crisis Committee's Operation Khanyisa ('Switch On') illegally reconnects people whose supplies were cut because of poverty and rising prices associated with services commercialisation. Similar community-based protests in Durban and Cape Town against disconnections, evictions and landlessness have won recognition from across the world.

The question arises, can such specific protests and campaigns graduate to a more generalised programme and mature anti-capitalist ideology? If so, it is possible that the African Social Forum will be the site. In January 2002, dozens of African social movements met in Bamako, Mali, in preparation for the Porto Alegre World Social Forum. It was one of the first substantial conferences since the era of African liberation began, to combine progressive NGOs and social movements from all parts of the continent. It was followed by

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63 Fisher, J. (2002), 'Africa,' in E.Bircham and J.Charlton (Eds)(2002), *Anti-Capitalism: A Guide to the Movement*, London, Bookmarks; Zeilig, L. (Ed)(2002), *Class Struggle and Resistance in Africa*, Cheltenham, New Clarion.

African Social Forum sessions in Johannesburg (August 2002), Addis Ababa (January 2003) and Maputo (December 2003). The Bamako Declaration included the following paragraphs:

> A strong consensus emerged at the Bamako Forum that the values, practices, structures and institutions of the currently dominant neoliberal order are inimical to and incompatible with the realisation of Africa's dignity, values and aspirations.
>
> The Forum rejected neo-liberal globalisation and further integration of Africa into an unjust system as a basis for its growth and development. In this context, there was a strong consensus that initiatives such as NEPAD that are inspired by the IMF-WB strategies of Structural Adjustment Programmes, trade liberalisation that continues to subject Africa to an unequal exchange, and strictures on governance borrowed from the practices of Western countries and not rooted in the culture and history of the peoples of Africa.[64]

To be sure, ideas too will be important as the embryonic anti-capitalist movement expands and deepens. A reemerging interest in *praxis*, i.e., theoretically-grounded explanation and political-strategic guidance grounded in concrete struggles for justice, was evident at the April 2002 Accra meeting of the Council for Development and Social Research in Africa and Third World Network-Africa. Codesria/TWN-Africa called upon 'Africa's scholars and activist intellectuals within African and in the Diaspora, to join forces with social groups whose interests and needs are central to the development of Africa.'[65]

To that end, Africa's greatest political economist, Samir Amin argues for a 'delinking' strategy that 'is not synonymous with autarky, but rather with the subordination of external relations to the logic of internal development... permeated with the multiplicity of divergent interests.'[66] The challenge here is to establish, from existing struggles for social justice, the difference between 'reformist reforms' and change that advances a 'non-reformist' agenda. The latter would include generous social policies stressing decommodification, capital controls and inward-oriented industrialisation strategies allowing democratic control of finance and production. These would strengthen democratic movements, empower producers (especially rural women), and open the door to contesting capitalism as a more general system of multiple oppressions.

A first step toward such objectives is an effective form of deglobalisation. It should not require pointint out, that by use of this word, no one intends to recreate the autarchic experiences of Albania, Burma or North Korea, or the corrupt chaos of contemporary Zimbabwe, or the authoritarianism associated with a Malaysia. The strategic formula which the South African independent left has broadly adopted - internationalism combined with rigorous demands upon the national state - could begin by removing the boot of the World Bank from Third World necks, as an example of what must be done. The World Bank Bonds Boycott (http://www.worldbankboycott.org) is having remarkable success in defunding the institution that is most often at the coalface of neoliberal repression across the Third World. In addition, South Africans and other activists have won dramatic victories in deglobalising the Trade Related Intellectual Property Rights regime, by demanding and

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64 Cited in Bond, P. (Ed)(2005), *Fanon's Warning: A Civil Society Reader on the New Partnership for Africa's Development*, Trenton, Africa World Press, p.48.
65 Report of the Codesria/TWN Conference on Africa and the Challenge of the 21st Century, Accra, 23-26 April, excerpted from Bond, *Fanon's Warning*.
66 Amin, S. (1985), *Delinking: Towards a Polycentric World*, London, Zed Books.

winning generic anti-retroviral medicines instead of branded, monopoly-patented drugs. Similar struggles are underway to deglobalise food, especially transnational corporate GMOs, to halt biopiracy, and to kick out the water and energy privatisers. These are typically 'nonreformist reforms' insofar as they achieve concrete goals and simultaneously link movements, enhance consciousness, develop the issues, and build democratic organisational forms and momentum.

As for the scale of the non-reformist reform struggles, the most important problem is 'subsidiarity': determining whether local community, subnational, national or regional strategies can best mitigate and reverse global economic tyranny for particular issues. The main reason to deglobalise is to gain space to fight neoliberal commodification. To illustrate, the South African decommodification agenda entails struggles to turn basic needs into genuine human rights including: free anti-retroviral medicines to fight AIDS (hence disempowering Big Pharma); 50 litres of free water per person per day (hence ridding Africa of Suez and other water privatisers); 1 kiloWatt hour of free electricity for each individual every day (hence reorienting energy resources from export-oriented mining and smelting, to basic-needs consumption); extensive land reform (hence de-emphasising cash cropping and export-oriented plantations); prohibitions on service disconnections and evictions; free education (hence halting the General Agreement on Trade in Services); and the like. A free 'Basic Income Grant' allowance of $15/month is even advocated by churches, NGOs and trade unions. All such services should be universal (open to all, no matter income levels), and to the extent feasible, financed through higher prices that penalise luxury consumption, in the manner that Gosta Esping-Andersen has discussed with respect to Scandinavian social policy.[67] Alongside innovative strategies in the northern court system – ranging from reparations lawsuits to ecological debt claims (as are being filed by the Inuit against the US government) - this potentially unifying agenda is far superior to other options such as MDG advocacy.

The agenda reflects real, durable grassroots struggles across the world. It could serve as a basis for widescale social change, and for reversing the resource flows and perverse subsidies which have made life so miserable for Africa's people and environment.

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67 Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism*, Princeton, Princeton University Press, 1991.