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THE WORLD IS PLUNDERING BILLIONS FROM AFRICA EACH YEAR

An analysis of inequality in Africa, published in May 2017 by a Coalition of campaigners for equality and development in the United Kingdom (UK) and Africa, claims that the rest of the world is profiting more from the continent's wealth than most African citizens. The Report said that African countries received US\$162 billion¹ in 2015, mainly in loans, aid and personal remittances. But in the same year, \$203 billion was taken from the continent, either directly by multinationals' repatriating profits and illegally moving money into tax havens, or indirectly by the costs of climate change adaptation and mitigation imposed by the rest of the world. The result is an annual deficit of \$41.3 billion from the 47 African countries where people remain trapped in poverty (*Honest Accounts*, 2017).

Illicit financial flows, defined as the illegal movement of cash between countries, account for \$68 billion a year, three times as much as the \$19 billion Africa receives in aid. Tim Jones from *Jubilee Debt Campaign* said, 'The key message we want to get across is that more money flows out of Africa than goes in, and if we are to address poverty and income inequality we have to help to get it back. The key factors contributing to this inequality include unjust debt payments and multinational companies' hiding proceeds through tax avoidance and corruption'. African countries received \$32 billion in loans in 2015 but paid \$18 billion in debt interest, with the level of debt rising rapidly.

The prevailing narrative of rich countries that their foreign aid is helping Africa is 'a distraction and misleading', the Coalition said. Aisha Dodwell, a campaigner for *Global Justice Now*, said: 'There's such a powerful narrative in western societies that Africa is poor and that it needs our help. This research shows that what African countries really need is for the rest of the world to stop systematically looting them. While the form of colonial plunder may have changed over time, its basic nature remains unchanged'.

The Report points out that Africa has considerable riches. South Africa's potential mineral wealth is estimated to be around \$2.5 trillion, while mineral reserves of the Democratic Republic of the Congo are thought to be worth \$24 trillion. The problem is that the continent's natural resources are owned and exploited by foreign, private corporations.

Bernard Adaba, policy analyst with *ISODEC (Integrated Social Development Centre)* in Ghana said: 'Development is a lost cause in Africa while we are haemorrhaging billions every year to extraction industries, western tax havens and illegal logging and fishing. Some serious structural changes need to be made to promote economic policies that enable African countries to best serve the needs of their people, rather than simply be cash cows for western corporations and governments. The bleeding of Africa must stop!'.

¹ All amounts of money in this article are in US dollars.

The coalition of campaigners, including *Jubilee Debt Campaign*, *Health Poverty Action*, and *Uganda Debt Network*, said that those claiming to help Africa ‘need to rethink their role’. They singled out the British government as bearing special responsibility because of its position as the head of a network of overseas tax havens. Dr Jason Hickel, an economic anthropologist at the London School of Economics agreed that the prevailing view of foreign aid was skewed. Hickel said: ‘One of the many problems with the aid narrative is that it leads the public to believe that rich countries are helping developing countries, but that narrative skews the often extractive relationship that exists between rich and poor countries’. A key issue, he said, was illicit financial flows via multinational corporations to overseas tax havens. ‘Britain has a

direct responsibility to fix the problem if it wants to claim to care about international poverty at all’.

The Report makes serious recommendations including:

- preventing companies with subsidiaries based in tax havens from operating in African countries;
- transforming aid into a process that genuinely benefits the continent; and
- reconfiguring aid from a system of voluntary donations to one of repatriation for damage caused.

Source: Karen McVeigh, ‘The World is plundering Africa’s wealth of billions of dollars’, Guardian, May 24, 2017, slightly edited by Mary Boyd.

THE WORLD ECONOMIC FORUM, DAVOS - INEQUALITY IN 2018

It is worth pondering the sobering realities surrounding the World Economic Forum (WEF). This Summit, founded by German economist, Klaus Schwab, in 1972, was formerly known as the European Management Forum. It changed its name to the WEF in 1987 and now involves about 2,500 participants – heads of states, the super-rich and some non-government organisations. The cost of participation per delegate is estimated at Canadian \$40,000. (A hamburger costs \$70.00!)

Thanks to Oxfam’s briefing paper, *Reward Work, Not Wealth*, released on January 22 as the WEF began, we know that a handful of people own most of the world’s wealth and they continue to grow richer. According to the paper, last year saw the biggest increase in billionaires in history – a new one every 2 days bringing the total to 1,810, 82% of whom are men. Their income increased over the past year by \$762 billion, a sum that could wipe out extreme poverty in the world 7 times over.

Eight men now own the same amount of wealth as the poorest half of the world. Many super-rich attend the WEF. Winnie Byanyima of Oxfam² claims they are not listening to anybody. She told Al Jazeera, ‘I’m afraid my message is almost mainstream, that I sound like I am part of a choir. I bet nearly every politician and industry leader I meet in Davos this week will talk the talk about the evils of inequality and be very eloquent and sound believable too.’ According to Byanyima ‘they can’t deny, minimize or justify 2018 levels of global inequality’.

The super-rich live in arrogance and wealth, aware and knowledgeable of the analysis of the problems of neo-liberalism. They simply don’t pay attention. Why should they? Heads of state come to Davos to ‘talk shop’, to invite the super-rich and their corporations to invest in their countries. It doesn’t seem to matter that corporations, because they increasingly work for the rich, squeeze their workers and producers, pay as little tax as possible, put their money in offshore tax havens and return

² Winnie Byanyina, Al Jazeera Opinion/Poverty & Development, *How Can We Bridge the Widening Global Inequality Gap?* January 23, 2018.

as much profit as possible to their shareholders. The lowest paid workers in the most precarious situations are typically women and girls. Kenya loses US\$1.1 billion every year in tax exemptions to corporations – nearly twice its health budget. Like the super-rich, few heads of state listen to the voices of those calling for a restructured economy that would better serve humankind.³

Reward Work, Not Wealth is all about the inequality gap. It contains more revealing and startling information than ever, thanks to new technologies that make it easier to dig out the facts. The statistics are staggering. The Report notes that there has been no improvement in the inequality gap over the past year. People are losing their lands and livelihoods as fast as ever, and people are still working for poverty wages in increasingly exploitative and abusive jobs. For example, there are women working in factory lines and having to wear ‘nappies’ because they aren’t allowed toilet breaks. These practices enable the top 1% to pocket

82% of the wealth the world creates, while the bottom half of humanity gets none of the new wealth. The market economy assures this.

Winnie Byanyima explains that none of this moves the elite because ‘they don’t feel their cozy system is threatened enough’. Over the next 20 years, 500 of these people will hand over US\$2.1 trillion to their heirs – a sum larger than the GDP of India, a country of 1.3 billion people. Between 1988 and 2011, the incomes of the richest 1% increased 182 times, while the income of the poorest 10% of people increased by less than \$3 a year. The Chief Executive Officers (CEOs) in the Forbes top 100⁴ earn as much in a year as 20,000 people working in garment factories in Bangladesh. Thomas Piketty’s research reveals that, in the USA over the last 30 years, the growth in the incomes of the bottom 50% has been zero, whereas incomes of the top 1% have grown 300%.

Sources: Mary Boyd based on sources cited in the footnotes.

WORLD TRADE ORGANISATION MEETING, BUENOS AIRES, DECEMBER 2017 GLOBAL CIVIL SOCIETY REACTIONS

In the last GJOP Bulletin (Nov. 2017) we alerted you to this World Trade Organisation (WTO) meeting and to the fact that wealthy countries and corporations wanted to introduce into the Organisation’s future operations some new rules that would be highly beneficial to them. Here are some reactions to the meeting from NGO networks around the world. The International Grail through the Justice and Trade Agreements Network and Grail groups and individuals at the national and local level are active in various such civil society movements and organisations. **Here we have further evidence of how so-called ‘free trade’ agreements contribute to the vast inequalities in our world.**

The WTO 11th formal meeting of Trade Ministers in Buenos Aires concluded without a formal statement. This demonstrates the deep divide between poorer countries, who have been demanding for several years that WTO members deliver on their promises to address outstanding development issues, and richer economies, that want to leave those promises behind and move on with negotiating rules of commercial interest to them.

Nick Dearden (*Global Justice Now*, United Kingdom) commented: ‘The collapse of the WTO Ministerial was the best outcome possible, given the position of rich countries at this week’s summit. We criticise the continued intransigence of rich countries who

³ Deborah Hardoon, Sophia Ayele and Ricardo Fuentes, Oxfam International, *An Economy for the 1%*, January 18, 2016.

⁴ *The World’s Billionaires* is an annual ranking by documented net worth of the world’s wealthiest billionaires, compiled and published each March

by the American business magazine, *Forbes*. The total net worth is cited in US dollars, based on their documented assets and accounting for debt. Royalty and dictators whose wealth comes from their positions are excluded from these lists.

have no interest in solving the fundamental injustice of current WTO rules and, instead, want to turn the whole world into a corporate play-ground'. Sylvester Bagooro (*Third World Network – Africa*, Ghana) puts it this way: 'The outcome of the 11th Ministerial from Africa's perspective could be viewed in two ways: Africa has not accepted any further onerous obligations; but also has not gotten anything from this Ministerial. So, Africa returns home empty-handed. It is time for Africa to look within for solutions to the continent's problems judging from the posturing of developed countries over the years'.

Forty-two countries and the European Union supported new rules for e-commerce that would lock in profit-making opportunities into the future for themselves and a small group of global corporations, such as Google, Amazon, Facebook and Apple. They failed at this meeting, but this will not be the end of their efforts to win what they want. Unhappily and unjustly, proposals of the so-called 'less developed' countries also failed. Tony Salvador (*SENTRO Labour Union*, Philippines) writes: 'It is disappointing that rich countries continue to block the pro-poor, development-oriented agenda under the Doha Development Round,⁵ including those on agriculture, the principles of which were agreed upon as early as 2001. At the same time, these rich countries are trying to push for self-serving negotiations on new issues such as e-commerce and investment facilitation. Ironically, the rich are calling these issues

“developmental, shamelessly telling the world that they are meant to benefit the developing and least developed countries’. And Prerna Bomzan (*Third World Network*, Nepal) commented: ‘We are once again disappointed that the concerns of least developed countries (LDCs) have been ignored’.

Nabil Abdo (*Arab NGO Network for Development*, active in 12 Arab countries) sums up the meeting as follows: ‘The WTO failed again to deliver on development and to put the needs of farmers, workers and vulnerable people at the centre of its concerns. The 11th Ministerial failed because some powerful developed countries insisted on prioritising corporate profit and tech giants over food security and sovereignty, the ability to design national policies and, most importantly, the interests of people’.

Jane Kelsey (*Law Professor, Auckland University*, New Zealand) has this prediction: ‘Powerful countries that became used to dominating the WTO have discovered that they can no longer control the outcomes of Ministerial conferences. Rather than accept that the majority of the world's countries and people want the WTO to address their urgent development realities, a self-selected group of mainly rich countries have together set up their own process. Doubtless they plan to bully developing countries back in Geneva and at the next Ministerial meeting. Doing so will only deepen the WTO's crisis of legitimacy’.

Source: Our World is Not For Sale (OWINFS) network. Compiled by Alison Healey.

**Sometimes I lie awake at night, and I ask, 'Where have I gone wrong?'
Then a voice says to me, 'This is going to take more than one night'.**

Charles M. Schulz (creator of *Peanuts*)

Contributions to Bulletin and responses to its content are welcomed.

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⁵ The Ministerial meeting held in Doha in 2001 launched a round of negotiations supposed to promote genuine development in participant

countries, for which the majority poorer countries are still waiting.

