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Andrew Cooper
& Eric Ogbogbo:

LINE IN THE SAND.

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The Great African Robbery¹

Africa is an extremely resource rich continent, yet, despite its natural wealth, Sub-Saharan Africa is at the bottom of the Human Development Index, with 50% of people living in extreme poverty. The Overseas Development Institute estimates that \$30bn of aid goes into the continent each year, but huge parts of the African population remain in poverty. A report by 15 charities, Honest Accounts? The true story of Africa's billion dollar losses* sheds light on why this might be.

Africa has been bled dry over centuries by slavery, colonisation and imperialism, at an incalculable economic and human cost. Today this takes the form not of physical chains, but huge debts, debilitating theft of income and imposed policies that prevent the independence of nations. As Honest Accounts? explains:

'While \$134bn flows into the continent each year, predominantly in the form of loans, foreign investment and aid; \$192bn is taken out, mainly in profits made by foreign companies, tax dodging and the costs of adapting to climate change. The result is that Africa suffers a net loss of \$58bn a year.'

Rather than a net recipient of international aid, the continent is really a net creditor to the world. Less than \$30bn is given in aid to Africa each year. The African countries are losing nearly six and a half times what they are receiving in aid each year – £640 lost for every £100 given in aid.

The report sets out the different ways that Africa is looted including loans and debt, and the use of tax havens, before going on to analyse the imperialist use of development aid.

Loans

Africa spends \$21bn on debt repayments every year. The UK counts loans to Africa which have a lower than 7% interest rate as 'aid'. The purpose of these loans is to generate profit via interest, or to create favourable conditions for multinational corporations (MNCs). Honest Accounts? explains how imperialist nations such as Britain, Germany, Japan, and France, borrow money from other imperialist nations and banks at low interest rates and then loan it to African nations at extortionately high rates. Britain often guarantees loans only if they are spent on products produced by companies they back.

When the International Monetary Fund and the World Bank deliver loans, they cripple the ability of a country to make money by introducing policies such as selling off industries and public services to MNCs, enforcing government cuts in essential services and deregulating the economy. Davison L Budhoo, a whistleblower from the IMF, lifted the lid on their intentions in 1988: 'The IMF was never designed to help the Third World or end poverty. It was established by the Bretton Woods conference of 1944 to restore economic and financial order to the Western world. There was no element of compassion for humanity in its formulation. The Fund's aim is first and foremost to secure the interests of developed countries.' Since the global crash of 2008, lending to African governments has drastically increased from \$9.9bn in 2006 to \$23.4bn in 2012, as imperialists seek higher rates of return on their investments.

Tax havens

Honest Accounts? reveals that half of Britain's aid investments go through 'secrecy jurisdictions' – or tax havens. It estimates that \$35.3bn is looted from Africa through tax havens every year. One technique they use is trade mispricing. This is when an African subsidiary of a MNC sells a product to another subsidiary of the same parent company based in a tax haven – for considerably lower than its value. The subsidiary based in the tax haven can then sell on the product for the real value paying minimal tax. The subsidiary will often charge their African counterpart extraordinary fees for services such as 'management services'. In 2013 ActionAid found that only two of the 100 companies listed on the London Stock Exchange did not use tax havens, with the banking sector being the most significant users. Global Financial Integrity estimates that the percentage of money being stolen from Africa due to tax evasion is 60-65% of the total – whereas corruption is only 3%.

1 Eric Ogbogbo 2015
<https://www.revolutionarycommunist.org/africa/africa/4087-tg200815>

2 Honest Accounts? The true story of Africa's billion dollar losses, July 2014
www.healthpovertyaction.org/speaking-out/honest-accounts

In 2013 the African Progress Panel found that the Democratic Republic of Congo (DRC) lost \$1.4bn in two years from under-pricing mining assets sold to companies based in tax havens. This is almost double the country's combined annual budget for health and education.

Aid?

In 2012 the UK invested £600m in aid to ten African countries in a G8 sponsored scheme in partnership with MNCs to improve investment in agriculture. According to Honest Accounts?, since then these ten countries have made over 200 policy changes that will make it easier for companies to do business in Africa. This includes setting aside thousands of hectares of farm land for corporations and relaxing rules on long-term land leases. Donor nations retain the power to withdraw aid if the country rejects policies forced upon them. The revolutionary leader of Burkina Faso, Thomas Sankara, refused to take aid, stating: 'He who feeds you, controls you'. In a profit-driven system there is no such thing as 'aid,' only investment.

Break the chains!

There are various other ways wealth is robbed from Africa. Illegal transactions, fishing and logging, payment fees and foreign currency reserves account for a further estimated \$45bn. Africa is purposely being prevented from developing through legal financial measures introduced by imperialists and through plunder. Colonisation never stopped, and for capitalism to continue capital must exploit the resources of the world. Racism is a tool used by imperialism to justify and sustain its plunder. What African nations need is self-determination, self-sufficiency and to refuse to pay their debts. However, this threatens the domination of imperialism and is the reason countries like Libya (2011), Burkina Faso (1987) and Congo (1961), which tried to become self-sufficient, were attacked. We must stand in solidarity with all countries resisting the neo-colonialism of the IMF, World Bank and imperialist states, and stand and fight imperialism here.

Benefit sanctions: criminalising the unemployed ³

No criminal court in Britain is allowed to make you starve as a punishment, yet people can be left unable to feed themselves or even maintain shelter over their heads for being five minutes late for an appointment at a jobcentre. Unlike in court, you will not be present when the decision is made; there is no requirement for a hearing. The 'crime' is not knowing or playing by rules which are subject to arbitrary and sometimes ridiculous interpretations. The narrative developed by successive Labour, Coalition and Tory governments is one of individual 'rights' and 'responsibilities' enforced by increasingly harsh sanctions. 'We are ending the something for nothing culture' says the DWP. In reality the driving force is the need for capitalism to constantly cut the cost of maintaining the reserve army of labour.

Since 2012 claimants have faced losing their benefits for up to three years through sanctions. Two million people have had their benefits stopped within the last two years. The number of sanctions on Jobseeker's Allowance (JSA) has almost tripled from 2.5 sanctions per 100 claimants per month in 2001 to 7 per 100 claimants per month in 2014. Behind these figures are brutal effects on people's lives. During 2014 there was a 19% increase in the number of people hospitalised with malnutrition in England and Wales. Commenting on this rise, the Vice President of the Faculty of Public Health, John Middleton, said: 'people can't afford good quality food ... Malnutrition, rickets and other manifestations of extreme poor diet are becoming apparent'. On top of this, claimants may find themselves homeless if they cannot meet housing costs such as service charges, or fail to renew housing benefit applications on time.

The rules for sanctioning can be applied in the most arbitrary ways. There are whole websites listing the stupidest reasons given for sanctioning people which include not looking for work on Christmas Day. Poor and confusing communication has been cited as a major cause of benefit sanctions. So much for 'the clear and fair rules' that Iain Duncan Smith said should apply to benefits! Playing by the rules is not how the DWP operates, as shown by its recent leaflets. These showed pictures of people with quotes claiming to have benefited from being sanctioned. The response to a Freedom of Information request by Welfare Weekly showed that these photographs were actually from stock images, and the quotes were manufactured. Non-existent 'Sarah' was shown explaining how being left with no money for two weeks helped her to write her CV!

3 Andrew Cooper FRFI 247 October/November 2015
<https://revolutionarycommunist.org/campaigns/fight-the-cuts-campaign/britain/housing-and-welfare/4138-bs231115>

According to the Samaritans, the poorest people are already ten times more likely to commit suicide than the affluent. The psychological warfare of the sanctions regime just adds to this. 'I didn't know what a benefit sanction actually was until money was just taken away like that.' Sam Clement, a real JSA claimant, told Vice magazine. 'It shocked me how quickly I fell to pieces. The whole thing destroyed my mental health.' The reason for the sanction was that Sam attended a course in self-employment approved by one job centre advisor, and then when he had completed it another advisor told him that it was not an approved course. Later he would be driven to a failed suicide attempt after being threatened with a further sanction if he didn't take part in a 'voluntary' work programme to learn a 'work ethic'.

Employment Support Allowance (ESA) replaced Incapacity Benefit in 2008 to support people with long-term illness or disability. Everyone who claims it must undergo periodic Work Capability Assessment (WCA). There has been a threefold increase in ESA sanctions from 1,400 per month in 2013 to 5,400 per month in 2014. Despite a landmark decision in court in 2013, which ruled that WCAs were not fit for purpose, they have continued regardless. New statistics given by the DWP in August 2015 due to a Freedom of Information request show that 2,380 people have died shortly after being declared fit for work over a period of less than three years, from December 2011 to February 2014. The DWP says we should not draw any conclusions from this!

The DWP says 'sanctions are critical in incentivising benefits'. However, the thinking behind benefit sanctions amounts to that of beating an animal with a stick to change its behaviour. It is a way of transferring the blame for a crisis-ridden social and economic system onto working class individuals. The main causes of unemployment are blamed on individual behaviour, to the point of threatening people to undertake treatment for 'mental health issues' or face sanctions. The Conservatives have proposed an on-screen cognitive behaviour therapy treatment, under threat of sanctions, for 40,000 claimants. Hundreds of psychologists have condemned this, in an open letter, in which they describe such therapy as professionally unethical and damaging. Even on its own terms the benefit sanction system does not work. Evidence from the University of Oxford found no link between sanctioning rates and employment rates. Leaving someone with no money to buy clothes and travel and facing possible malnutrition is hardly likely to help them find work.

Waging war on the unemployed is at the sharp end of the class struggle and, while it takes different forms, it is one of the forces of capitalist coercion. The class relation whereby the capitalist is able to buy labour power on the market as cheap as possible and maximise the rate of exploitation is what oils the capitalist system. The more desperate people are, with no means of supporting themselves other than selling their ability to work – their labour power – for a wage, the better for capitalism. In 1734 Jacob Vanderlint, an ancestor of our present day governing moralists of capital, quoted by Marx in *Capital*, said, 'An ideal workhouse must be a house of terror and not an asylum for the poor.'





