

The African Conundrum

What would God have us do?

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December 5, 2002

Africa puzzles the best of minds. “It is the richest of the seven continents in natural resources and yet her people are the poorest,” observed a leading African churchman.

The continent has extensive land areas with fertile soil, an abundant water supply to support farming and livestock and it has 40 percent of the world’s hydroelectric power potential. Africa has some of the world’s largest reserves of gold, diamonds, copper, bauxite, manganese, nickel, platinum, cobalt, radium and phosphates. Nigeria, Angola, Gabon and Sudan have large oil reserves. And Africa has ample human resources -- about 12 percent of the world’s population lives there.

Yet Africa has accumulated many of the world’s most serious problems. While world poverty has been decreasing, helped by rising incomes in China and India, poverty has worsened in Africa. Violence, hunger, disease, illiteracy, gender discrimination, religious rivalries, crises in leadership, and endemic corruption all add to the complexity of Africa’s problems. Why is Africa so far behind the rest of the world? What should outsiders do to help them catch up? And, for people whose religious belief includes a God who cares about the human condition, what would God have us do about the problems in Africa? Good answers are not easy to come by.

Three Fashionable – but Inadequate -- Answers

There has been much talk of debt relief for heavily indebted countries, strongly urged by church leaders and others. Yes, the unrealistic debt burden may be immoral as well as unpayable. It can be blamed on the lenders as well as the borrowers, and sooner or later the lenders must face the fact that a large portion of developing countries’ indebtedness will never be repaid. But is debt relief really the key to Africa’s problems? For the most part, debt service costs did not drain African budgets because multinational lenders simply lent additional money to cover debt service payments. Debt relief may be necessary and justifiable, but does not, in itself, seem to provide new funds for needed services.

Another common opinion is that developed nations, particularly the United States, must provide increased funding for foreign assistance. But is more aid money the answer? It is generally agreed, with the benefit of hindsight, that well-intentioned aid from Western nations, totaling billions of dollars over the past fifty years, has produced disappointing results, and sometimes has even been counter-productive. If more foreign assistance funds are to be provided, a radically new and different approach would seem to be required. Do we really know what works and what doesn’t work?

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Others say that increased trade, not aid, is what really matters, and that we in the developed nations must reduce our subsidies and trade barriers on agricultural and other products so that developing nations can earn their way out of poverty. They are right to make these claims. U.S., European and Japanese trade barriers are unconscionable in terms of their impact on poor countries. The developing nations are right to call us hypocrites. But is it realistic to expect that revenues from increased trade will do more to help the poor than revenues from increased foreign assistance? Who will capture most of the revenues from increased trade? What portion of funds from increased sales of farm products or textiles or steel, for example, will actually reach Third World farmers or factory workers? What portion of oil revenues in Nigeria or Angola (or Saudi Arabia, for that matter) has flowed through to the poor in those countries?

Even if governments do have more money to spend, will they spend it wisely? Does it make sense that, as noted by a prominent African educator, “Few African presidents would be alive today if they dared to reduce their military budgets.” Money is fungible. Should we thus be supporting large military budgets at the expense of needed health and education programs? Does it make sense that, according to a 1999 report from The National Bureau of Economic Research, Africa’s wealth owners have relocated 37 percent of their wealth outside the continent? Note that this compares to 17 percent in Latin America and only 3 percent in East Asia. If Africa reduced its capital flight to that of Asia, its capital stock would increase by half. Does it make sense to send new money into Africa when Africans spend heavily on their military establishments and send their money out of the country rather than invest at home?

If we must question the effectiveness of debt relief, or increased aid, or increased trade, what then is the answer to the problems Africa faces today? This is the African Conundrum. Although we should be wary of any who claim with great certainty that they know what God wants, we still might well ask ourselves what do we think God would have us do?

Finding the “Root Cause” of the African Problem

The first rule in problem solving is to define and get agreement on the problem. This requires moving beyond symptoms and effects to identify the underlying root cause of the problem.

We want to “do something” about the many African problems we see on television -- heart-rending stories of violence to women and children; hunger and famine; HIV/AIDS and other diseases; primitive schools and even more primitive sanitary conditions; stunting and often fatal poverty. These stories get our attention, but they divert our energies and resources away from understanding the root cause of the pervasive misery in Africa.

Many focus on poverty as the root cause of the inter-related complex of African problems. However, African misery, as measured in wars, rape, violence, crime, disease and other horrors, is often worst in countries such as Sierra Leone, Zimbabwe and Angola, which have great wealth in resources. Africa’s poverty appears to be an indicator of a deeper problem. Like the death of the canary in a poisoned mine, the death of indigenous economic activity and growth may actually be signaling a lack of some vital social oxygen, or the presence of a social poison.

I suggest that the systemic flaw at the heart of the African conundrum is concentration of power. Power is money and money is power. Those in power do not want to relinquish it. Power represents control over a nation’s resources, both natural and human resources. In his new book, The Mystery of Capital, Peruvian economist Hernando De Soto likens the power scenario to a

bell jar. The powerful elite who live under the bell jar live “high on the hog” while the rest of the people can only look in from outside, powerless, with envy and frustration.

The bell jar scenario has three possible outcomes. In one scenario, outside groups seeking power find the resources to lift the bell jar, and kill or push the elite group out. The new group takes their place and the bell jar then closes anew. Liberia, Sierra Leone, the Democratic Republic of Congo (formerly Zaire), Rwanda and Burundi offer examples, among others, where this condition prevails.

In the second scenario, the inside elite group uses its resources to strengthen its hold on the bell jar by diverting resources from productive to unproductive uses. To enhance their position and further marginalize those outside the bell jar, they strengthen the military while they manipulate the legal and economic system to enrich themselves. In some cases the elites may kill off or imprison outsiders who threaten their hold. Robert Mugabe’s policies and actions in Zimbabwe typify this second scenario.

A third scenario, however, suggests it is possible to effect genuine change in a country’s economic, political, and social systems. Members of the inside elite group muster the courage to lift the bell jar themselves and discover that they themselves benefit when they allow others equal rights under the law on a fair, equal and impartial basis. South Africa and Botswana are examples where the processes of power sharing and political compromise are at least partially underway.

The Foundations for a Just Society

Power sharing and willingness to compromise are the hallmarks of a civil society in which everyone can participate, not just the elite few. George Ayittey, an astute Ghanaian analyst of Africa’s problems, has suggested that there are three fundamental pillars needed to support a civil society:

- (1) *A just rule of law:* A just and peaceful society requires fair, understandable and predictable laws to protect person and property.

Titled property rights for every citizen, not just for the rich, are the key element within a just rule of law to assure all citizens, including the poor, that they can own and control the fruits of their labors and can look forward to a better future for their children. Harvard Business School Professor George Lodge illustrates how critical this is with a story from his own experience in a developing country, where a government seed specialist told a subsistence farmer to plant tomatoes: “The farmer did plant the tomatoes -- and they flourished so well that the landowner on the hill above decided to extend his fences to include the farmer's land, which the landowner had previously thought worthless. The farmer, who had no clear title, was unable to fight back.”

Hernando De Soto calculates that “the total value of real estate held but not legally owned by the poor of the Third World and former communist nations is at least \$9.3 trillion.” That is more than 20 times the total direct foreign investment into all Third World and former communist countries between 1989 and 1999 and 46 times as much as all the World Bank loans of the past three decades. “The poor are not the problem, but the solution,” he observes.

In short, the many benefits of capitalism in the developed world have not been repeated in Third World countries because capitalism and the rule of law have only worked for the elites. The capital of the poor has been locked up, kept dormant by an unfair legal system. A just rule of law will protect all citizens from those who would exert power over them, rather than expand the power of a few to exercise their will over the many.

(2) *An independent judiciary*: The rule of law can be effective only if there is an honest, independent, impartial judiciary to pass judgment and enforce the law equally for all when there are disputes and differences.

(3) *An independent press*: The best protection to ensure a just rule of law and an independent judiciary is transparency in the process. Transparency requires a free and independent press.

What Would God Have Us Do?

History tells us that power sharing and compromise are not innate traits for human beings. History also teaches us that, in the words of the great English historian, Lord Acton, "Power tends to corrupt and absolute power corrupts absolutely." More recently, in Centuries of Economic Endeavor, an outstanding review of the history of every major region in the world, University of Colorado professor John P. Powelson showed that countries have prospered where there was genuine diffusion of power and failed to prosper where power was concentrated in a small elite.

Power sharing and willingness to compromise involve value judgments by humans. These value judgments come from a culture. They come from the community. They come from two-parent families where children learn by example how adults resolve their differences. And they come from religious leaders, who have no power to tax or raise armies, but must teach by persuasion and by example.

This is where God comes in. History and tradition have given us many ways to think of God. The Bible presents God as an authority figure -- a father, a shepherd, a landowner, or a master of the manor. Systems of government in biblical times were highly authoritarian, and authority figures for God came naturally to biblical writers. When the Pharaoh wanted a pyramid, he called in his vice president in charge of slaves and said, "Build me a pyramid." And the slave drivers saw to it that a pyramid got built! Today, in contrast, command economies have been discredited and "best management practices" in business call for decentralizing decision-making and empowering workers.

I would like to offer a different image of God as all-powerful, but also all-empowering. I picture God as an entrepreneur. An entrepreneur is a risk taker. God had to be the biggest risk taker of all time when He created man with free will. That then leads us to ask, "Why would the Ultimate Being, the Absolute Power, give up power absolutely??"

God may have created us with free will because, in the final analysis, He knew that this was the best way to make this world work. Organizations work best when people do what they do because they want to do it, not because they are told to do it. God, the Entrepreneur/Risk Taker, is up there somewhere trying to manage His business here on Earth after empowering His em-

ployees -- us, you and me -- to exercise our own best judgments to make His business succeed. How frustrated God must be to see what is happening around the planet, particularly in Africa, where elite minorities have commandeered their economic and political systems to benefit themselves at the expense of the marginalized majorities.

But while creating man with free will, God also created us free to make mistakes. He has to rely on us to make the right choices and reach agreement on what is wrong and what is right. We do this through power sharing and compromise. We do it by passing laws. But we try to limit the power of law-makers by writing constitutions to protect ourselves from those who strive for power and control over us in an over-powerful state.

Different religions have different answers on the laws we should use to control and correct man's mistakes. For the Hebrews, Moses came down from the mountain with Ten Commandments. Jesus then simplified the law to two: "Love your God and love your neighbor." Jesus made another important distinction to separate church law from state law when he said: "Render unto Caesar that which is Caesar's and render unto God that which is God's." It was Caesar who had the power to tax and the power to raise and pay armies. Jesus did not claim those powers. He relied on individual people – on you and me. The U.S. constitution is a remarkable achievement in drawing a line between that which is Caesar's (power, control over others) and that which is God's (the God-given freedom to choose).

Over the centuries, we in the West have learned to shift the responsibility for taxes and law-making away from the emperor and elites to a system of laws of the people, by the people and for the people. God, after all, can work only through us, the people, which says that there is some of God in each of us, not just in those who may claim exclusive access to God and God's intentions. That understanding dictates that if we are each created in the image of God, we must move away from top-down management. We must be willing to give up power over others. We must work towards a system that empowers every individual, not just the elites. Learning to do this is an ongoing process. African elites need to become part of this learning process.

Making Change Happen in Africa

Historical views of God and the rule of law help us to see what now needs to be done to bring about systemic change in Africa, which has a long tradition of top-down management. In pre-colonial times, power lay in the hands of tribal chiefs and the elite tribal elders; then it shifted to colonial rulers, and later to post-colonial rulers who, with their cronies, captured power in fledgling democracies. People in Africa have been living under a Rule of Men, rather than a Rule of Law. If we are all created in God's image, then the ruling elites in Africa must be willing to compromise and give up power. Other groups must be able to develop and earn their share of power in deciding what is best for all the people.

Political democracy is not enough, by itself. A democratic constitution can even be counter-productive if it concentrates too much power in the state. A good constitution must draw a clear line between defined powers of the state over individuals to protect their person and their property and to prevent wrong doing, and the equally important requirement to protect their freedom to choose what is best for them and their children.

Systemic change in Africa cannot be forced from outside, but must come from within. They must write and believe in their own constitutions. Short-term help from outsiders may be

necessary to help reverse the cycle of violence and to alleviate hunger and disease, but this short-term help does not address the underlying systemic problem. A long-term solution will require improved governance within each African nation to allow economic freedom, with a new willingness to compromise and to share power. This process does not start with building new hospitals, schools, roads, dams or irrigation systems. These costly infrastructure projects, because they were government financed and government controlled, often served to concentrate even more power in the hands of the elites.

It is encouraging to see that President Bush has proposed a new approach to foreign aid in his Millennium Challenge Account, which will provide significant new money over and above existing programs to combat violence, hunger and disease. These new funds are intended to be disbursed only to countries that:

- *Rule justly*, by fairly enforcing law and contracts, respecting human rights and property rights, and fighting corruption.
- *Encourage economic freedom*, by removing internal and external barriers to trade, allowing companies to compete without excessive interference, and pursuing sound fiscal and monetary policies, including government divestment of business operations.
- *Invest in their people*, by providing the best possible systems for education and health care.

These proposed new criteria finally recognize that, to paraphrase management expert Peter Drucker, it is more important to select the right countries than to select the right projects. For the first time, foreign aid allocations can be decided based on a country's actions rather than its promises, on its results rather than its "assessed needs." This new approach may well begin to reverse the centralization of power in Third World countries, which US and other aid programs have encouraged for 50 years.

"If you can't measure it, you can't improve it"

As Lord Kelvin said many years ago, "If you can't measure it, you can't improve it." Past assistance programs measured their over-all progress in terms of increases in average per capita income and other macro-economic data. Now we are focusing on poverty. We are measuring numbers of persons living on less than \$2 per day and less than \$1 per day. This new focus on individuals living in poverty forces us to recognize that improving these critical numbers requires systemic change towards free, just and multi-powered societies. It is not enough simply to give a man a fish so he can eat for a day or to teach a man to fish so he can eat for a lifetime; there must also be fair and impartial rules of the game for fishers to market their products and keep what they earn. We must measure our progress in bringing economic freedom and fair and effective governance to countries where these institutions have been sorely lacking in the past.

Fortunately, excellent systems are now available to measure economic freedom and governance. The World Bank now compiles data on government accountability, political instability and violence, rule of law, corruption, and other indicators of effective country governance. The Heritage Foundation (with help from the *Wall Street Journal*) and the Fraser Institute (with help from Milton Friedman) have each developed world indexes of "Economic Freedom," country by country. Transparency International has developed effective tools to compare levels of corruption and bribery, country by country. Freedom House measures democracy by looking at electoral rights and civil liberties. And there are private political risk

rating services used by banks and investors. Armed with this information, we now have far better tools to measure the impact of our efforts to solve the African conundrum.

Attacking the African Conundrum

Ending the cycles of violence and hunger in Africa will depend on solving the systemic problem that has made economic growth and development difficult for most African nations. We know that massive government expenditures have not solved Africa's problems and that "conditional aid" tends to produce promises rather than results. We know that the poor already possess massive resources, but their resources are locked up by bad systems of law that take power away from the people; the poor lack economic freedom under systems of governance which allow manipulation of the "rules of the game" to benefit and enrich elite groups. We know what to measure in order to make aid decisions based on a country's performance rather than its promises.

Let's approach the problem in much the same way a medical doctor must deal with an accident case, or a doctor of sick businesses must deal with a failing business; let's start by dividing the big problem into smaller parts:

- First, we must stop the bleeding (i.e., for a business, stop the losses).
- Second, we must nurse the casualty back to health (i.e., make the business profitable).
- Third, after the patient is back on his feet again, we can start training to win the marathon (i.e., develop a business vision and plan for future growth).

If we take the above approach in Africa, we must:

- First, deal with the violence in order to stop the bloodshed and create a safe environment in which citizens can live and work together in safety. This requires an effective police establishment which the people can trust, and probably will require outside help. There must also be tangible demonstration of systemic change under way to give hope to the powerless for a better future.
- Second, deal with disasters and starvation through direct temporary humanitarian aid in the form of food and medicine (while trying not to distort local markets and displace local suppliers).
- Third, and most important, begin the long-term process of economic development and "nation building," based on just governance, economic freedom and investing in people. Success here is critical. Without this, violence and hunger will keep returning.

We have every reason to hope that US programs to aid developing nations, particularly those in Africa, may now be moving into a new era focused on empowerment of all the people, where God the Entrepreneur will be well pleased with efforts to make the world a better place for all to live in peace together. It will not happen overnight, but we do seem to be moving in the right direction.

Additional Resources:

De Soto, Hernando. *The Mystery of Capital*. Basic Books, 2000.

Dulles, Rev. Avery. "Centesimus Annus and the Renewal of Culture," *Journal of Markets and Morality*, Acton Institute for The Study of Religion and Liberty, Spring 1999.

Powelson, John P. *Centuries of Economic Endeavor*. University of Michigan Press, 1994.

Sugden, Belshaw and Calderisi, Editors. *Faith in Development: Partnership between the World Bank and the Churches of Africa*. Regnum Press, 2001.

Internet Links:

De Soto: <http://www.ild.org.pe/f-nutshell.htm>

Dulles: http://www.acton.org/publicat/m_and_m/1999_spr/dulles.html

Powelson: http://www.cipe.org/whats_new/events/webevents/powelson.htm

Fraser Institute Index: <http://www.freetheworld.com/>

Heritage Index: <http://www.heritage.org/research/features/index/2002/>

Transparency International: <http://www.transparency.org/>

Freedom House: <http://www.freedomhouse.org/ratings/index.htm>