THE SMART WAY TO FIGHT CORRUPTION (Part I) by @ayittey

George B.N. Ayittey, Ph.D.

There is serious looting going on in Africa. These are not the grand-daddy cases where a million here, a million there disappears. Rather, there are cases of kamikaze banditry, where entire treasuries are being carted away by unrepentant bandits with impunity. Quite often, the chief bandit directing the operations is the head of state himself.

Former Nigerian President Olusegun Obasanjo once charged that corrupt African leaders have stolen at least $140 billion (£95 billion) from their people in the decades since independence (London Independent, June 14, 2002). The fortunes of African presidents were published by French Weekly (May, 1997) and reprinted in the Nigerian newspaper, The News (Aug 17, 1998):

- General Sani Abacha of Nigeria 120 billion FF (or $20 billion)
- President H. Boigny of Ivory Coast 35 billion FF (or $6 billion)
- Gen. Ibrahim Babangida of Nigeria 30 billion FF (or $5 billion)
- President Mobutu of Zaire 22 billion FF (or $4 billion)
- President Mousa Traore of Mali 10.8 billion FF (or $2 billion)

In the decade since 1997, the problem has grown worse. The bandits have honed in the skills, resorting to new techniques and tricks to fleece their people. In August 2004, an African Union report claimed that corruption costs Africa an estimated $148 billion annually (Vanguard, Lagos, Aug 6, 2004. Web posted at www.allafrica.com). It has probably reached $200 billion today. When this is compared to the paltry $25-$30 billion Africa receives in foreign aid from all sources, it becomes apparent that Africa does not need foreign aid. Here are some of the big thieves:

- The late Muammar Khaddafi’s fortune exceeded $60 billion.
- Over his 23 years in power, “Mr. Ben Ali—who is being tried in absentia—and his relatives amassed a fortune in banks, telecommunications firms, real-estate companies and other businesses, giving them control over as much as one-third of Tunisia’s $44 billion economy, according to anticorruption group Transparency International. The family displayed its wealth by throwing extravagant parties and jet-setting among several mansions in Tunisia and overseas” (The Wall Street Journal, June 20, 2011).
- Mubarak was said to have amassed a £25 billion (or $40 billion) fortune for his family since grabbing power in 1981 (The Sun, UK, Jan 31, 2011).
Sudanese President Omar al-Bashir “has been accused of siphoning off up to $9 billion of his country’s funds and placing it in foreign accounts, according to leaked US diplomatic cables” (BBC News Africa, Dec 18, 2010).

To place this in perspective, the Atlantic Monthly (May 20, 2010) provided an analysis of the net worth of all 43 U.S. presidents – from Washington to Obama – and found the combined net worth to be $2.7 billion in 2010 dollars. Thus, Abacha, Babangida, al-Bashir, Ben Ali, Hosni Mubarak, Houphouet-Boigny, Khaddafi, and Mobutu each stole more than the net worth of all U.S. presidents combined! Said Kwame Toure (Stokely Carmichael), former founder of the Black Panther Party, “[Modern] African leaders are so corrupt that we are certain if we put dogs in uniforms and put guns on their shoulders, we’d be hard put to distinguish between them” (The Washington Post, April 8, 1998; p.D12).

Of course, there were Robber Barons in America’s history too: Rockefeller, Carnegie, Vanderbilt, Morgan, Astor, Jay Gould, James J. Hill. But they used the loot to build railroads, steel mills, banks, oil companies and their enterprise drove the American industrial age from 1861 to 1901. By contrast, Africa’s kleptocrats stash their loot overseas – a double whammy.

According to a March 26, 2010 report by Global Financial Integrity, Africa lost $854 billion in illicit financial outflows from 1970 through 2008 and the outflows from Africa may be as high as $1.8 trillion (http://www.gfip.org).

The worst cases of corruption have occurred in Angola, Cameroon, Congo DR, Ethiopia, Equatorial Guinea, Kenya, Nigeria and Tanzania, with Zimbabwe not far behind. Back in 1995, critics of the Moi government in Kenya claimed that “many of the people in government had the biggest accounts in foreign banks and that there was more money from Kenyans in foreign banks than the entire Kenyan foreign debt, which is about $8 billion” (The Washington Times, August 3, 1995; p.A18).

A 2011 report commissioned by the United Nations Development Fund estimated “that between 1990 and 2008, $34 billion disappeared from Angola’s public coffers” (The Wall Street Journal, Oct 15-16, 2011; p.A10). If that loot is divided by Angola’s 19 million people, each would get $1,789, which would make Angola a middle-income country – not the desperately poor where 70 percent live on less than $2 a day.

Nigeria is the classic African example of a vampire state. Between 1970 and 2004, more than $450 billion in oil revenue flowed into Nigerian government coffers. But much of it was looted by Nigeria’s kamikaze military bandits. According to David Blair of London Telegraph (June 25, 2005):

“Nigeria’s past rulers stole or misused £220 billion ($412 billion). That is as much as all the western aid given to Africa in almost four decades. The looting of Africa’s most populous country amounted to a sum equivalent to 300 years of British aid for the continent. Former leader Gen Sani Abacha stole between £1bn and £3bn. The figures were compiled by Nigeria’s anti-corruption commission.
Nigeria’s rulers have already pocketed the equivalent of six Marshall Plans. After that mass theft, two thirds of the country’s 130 million people – one in seven of the total African population – live in abject poverty, a third is illiterate and 40 per cent have no safe water supply. With more people and more natural resources than any other African country, Nigeria is the key to the continent’s success.”

Mallam NuhuRibadu, the chairman of the Economic and Financial Crimes Commission, set up in 2003, said that £220 billion ($412 billion) was “squandered” between independence from Britain in 1960 and the return of civilian rule in 1999. “We cannot be accurate down to the last figure but that is our projection,” Osita Nwajah, a commission spokesman (Telegraph, June 25, 2005).

The stolen fortune tallies almost exactly with the £220 billion of western aid given to Africa between 1960 and 1997. That amounted to six times the American help given to post-war Europe under the Marshall Plan. If one divides that loot by Nigeria’s 162 million people, each would get $2,543, which would also qualify as a middle-income country, not the poor one where 60 percent earn less than $2 a day.

And it gets better: President Obasanjo went after the loot the Abachas had stashed abroad. Much public fanfare was made of the sum of about $709 million and another 144 million pounds sterling recovered from the Abachas and his henchmen. But this recovered loot itself was quickly re-looted. The Senate Public Accounts Committee found only $6.8 million and 2.8 million pounds sterling of the recovered booty in the Central Bank of Nigeria (CBN) (The Post Express (July 10, 2000).

**DELETERIOUS CONSEQUENCES**

Bribery, embezzlement and theft — sometimes on a grand scale — divert enormous resources from public coffers into private hands. Unchecked, it eventually blossoms into a “culture of corruption.” Corruption has several deleterious effects on the ruling regime, the economy and the country. It:

- Seriously undermines the credibility of any despot and the effectiveness of his regime. His calls for “belt-tightening” are often greeted with cynicism or derision when he lives in opulent style. He rapidly loses popular appeal or support. In fact, it is often what triggers attempts to oust him from power as too many despots have been overthrown on charges of corruption.

- Breeds inefficiency and waste. Contractors and suppliers fail to deliver because they have bribed some official. Infrastructure has crumbled in many African countries because contractors failed to perform. The educational system has sharply deteriorated. Roads are pot-holed. Hospitals lack basic supplies because they have been stolen or diverted, and patients are often asked to bring their own bandages and blankets.

- Corruption tends to corrode popular confidence in public institutions. State institutions begin to decay and break-down. Nobody cares because tenure of office and promotions are based not on competence and merit but on personal loyalty to the president, ethnicity, and sycophancy.
Institutions such as the civil service, the judiciary, parliament, and the police disintegrate and fail to function since they have all been perverted.

- Corruption aggravates the budget deficit problem. Expenditure figures are padded. Ghost workers proliferate on government payrolls. Scores of ghost workers are added to the government payroll and their salaries collected by workers, defrauding the government of millions in funds. Revenue collectors are notoriously corrupt, pocketing part of tax proceeds, waiving taxes if they receive large enough bribes.

- Corruption drives away foreign investors: “Government contracts in Nigeria, say international businessmen, are among the most expensive in the world ‘mainly because of excessive margins built into such contracts for personal interests.’ Those personal interests can be seen attending expensive schools in Britain, or parked outside plush government villas: a Maserati or Lamborghini is quite normal for an army chief” (The Economist, 21 August 1993; Survey, 5).

- Corruption leads to economic contraction and collapse. Corruption and capital flight, which flourish under non-democratic systems, seriously stunt economic development. At an April 2000 press conference in London, U.N. Secretary-General Kofi Annan lamented that: “Billions of dollars of public funds continue to be stashed away by some African leaders – even while roads are crumbling, health systems have failed, schoolchildren have neither books nor desks nor teachers, and phones do not work” (The African-American Observer, April 25-May 1, 2000; p.10). While corruption and capital flight exist under all political systems, their incidence tends to be more pervasive when rulers are not held democratically accountable.