



Written by [Michael Tennant](#) on December 23, 2010

Dirty Deals on the “Dark Continent” Perpetuate Poverty

Why has Africa, a continent rich in human and natural resources, remained mired in poverty while the rest of the world has generally become more prosperous? As a December 21 New York Times report indicates, one of the biggest reasons is the lack of property rights. Poor Africans who have worked tracts of land for generations “are discovering that African governments typically own their land and have been leasing it, often at bargain prices, to private investors and foreign governments for decades to come,” according to the newspaper:



These arrangements are not, of course, for the benefit of the displaced villagers but for the enrichment of their governments and the leaseholders. The governments collect the rent — although the government of Mali, which has leased 250,000 acres to Libya, merely required Col. Muammar el-Qaddafi’s government to develop the land in exchange for a 50-year lease — and the leaseholders reap the rewards of developing the land. Abou Sow, a Malian official, “acknowledged that outside investors like the Libyans ... are expected to ship their rice, beef and other agricultural products home,” writes the *Times*. Similarly, Mamadou Goita, director of a nonprofit research organization in Mali, told the paper, “The Libyans want to produce rice for Libyans, not for Malians.”

Food is, in fact, the biggest driver of the land deals. The 2008 food crisis led to an enormous increase in such agreements, from fewer than 10 million acres per year prior to 2008 to over 110 million acres in just the first 11 months of 2009, according to a [World Bank study](#). “More than 70 percent of those deals were for land in Africa,” says the *Times*, “with Sudan, Mozambique and Ethiopia among those nations transferring millions of acres to investors.”

In addition to the vast tracts of land being leased in Mali — at least 600,000 acres, according to Sow, with others claiming the leases cover over 1.5 million acres — the paper describes other dubious deals what was once known as the Dark Continent:

The breathtaking scope of some deals galvanizes opponents. In Madagascar, a deal that would have handed over almost half the country’s arable land to a South Korean conglomerate helped crystallize opposition to an already unpopular president and contributed to his overthrow in 2009.

People have been pushed off land in countries like Ethiopia, Uganda, the Democratic Republic of Congo, Liberia and Zambia. It is not even uncommon for investors to arrive on land that was supposedly empty [and find people living there]. In Mozambique, one investment company discovered an entire village with its own post office on what had been described as vacant land, said Olivier De Schutter, the United Nations food rapporteur.

In the developed world some people, believing too much land has been developed, are fighting to prevent further development. Why, then, does Africa face the opposite problem? Why has the land not been developed?



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The answer lies largely in the socialist, if not communist, nature of most African governments. In Mali, for example, “about three million acres along the Niger River and its inland delta are controlled by a state-run trust called the Office du Niger,” the *Times* reports. Government ownership of land is a huge impediment to its productive development, which explains why, according to the newspaper, “in nearly 80 years, only 200,000 acres of the land have been irrigated.”

African governments’ attempts to develop the land by means of leases have not exactly been pictures of success, observes the Gray Lady:

But many investments appear to be pure speculation that leaves land fallow, the [World Bank] report found. Farmers have been displaced without compensation, land has been leased well below value, those evicted end up encroaching on parkland and the new ventures have created far fewer jobs than promised, it said.

This should not surprise anyone possessing even a passing familiarity with such public-private partnerships. The development of the transcontinental railroad in the United States is a classic example. The famous government-funded railroad that met at Promontory Point, Utah — and then had to be rebuilt after the photo op was over — was a model of waste, fraud, and corruption, while James J. Hill’s privately funded Great Northern Railroad was enormously successful — so successful, in fact, that it was the only transcontinental railroad that never went bankrupt. Public-*public* partnerships (i.e., those where one government leases land from another) are likely to be even more disastrous.

Farmers in Mali have not stood idly by while their land is being stolen from them. The *Times* writes: “In a rally last month, hundreds of farmers demanded that the government halt such deals until they get a voice. Several said that they had been beaten and jailed by soldiers, but that they were ready to die to keep their land.”

What was the government’s response to the farmers’ complaints? Kassoum Denon, the regional head for the Office du Niger, told the paper, “We are responsible for developing Mali. If the civil society does not agree with the way we are doing it, they can go jump in a lake.” Give Denon credit for straight talk; American politicians would couch their similar attitudes in soothing phraseology. But the problem is precisely that the government is in charge of development and that it does not respect the opinions, let alone the property rights, of its subjects. As long as this is the case, Mali — and other African nations in like circumstances — can never expect to prosper.

The U.S. government, which has nearly as much contempt for its citizens’ property rights (witness the Supreme Court’s *Kelo* decision), is, oddly enough, actually doing something to protect Malians’ property via a \$224 million project that the *Times* says “will help about 800 Malian farmers each acquire title to 12 acres of newly cleared land, protecting them against being kicked off.” Yes, foreign aid is unconstitutional and usually counterproductive, but this program at least has the potential to achieve some good, though critics, the paper explains, “have said villagers will still be displaced.” Jon C. Anderson, the project director, told the *Times*, “We want a revolutionized relationship between the farmer and the state, one where the farmer is more in charge.” Let’s recall this guy from Mali to D.C. We could use that kind of a relationship between the citizen and the state here.

The World Bank report points to other, more successful development approaches than those being taken in Africa:

Along the Pacific coast of Peru, the government auctioned off public land with relatively low yields through a transparent process, which required investors to pay a hefty deposit and spell out how



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many jobs they would create and how to protect the interests of existing landholders. In Mexico, registration of land rights helped communities bargain with investors and improve governance and accountability in rural areas. In Argentina and Brazil, some big producers often lease land through competition, pay landowners for the lease, but earn enough to make a profit by improving yields.

In other words, says the report, “respecting existing land rights is key to legitimate and economically viable projects.” Or, as columnist [Bill Walker put it](#), “There is no human progress without property.”

Until African governments abandon their collectivist ways, their people have little hope of escaping poverty.



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