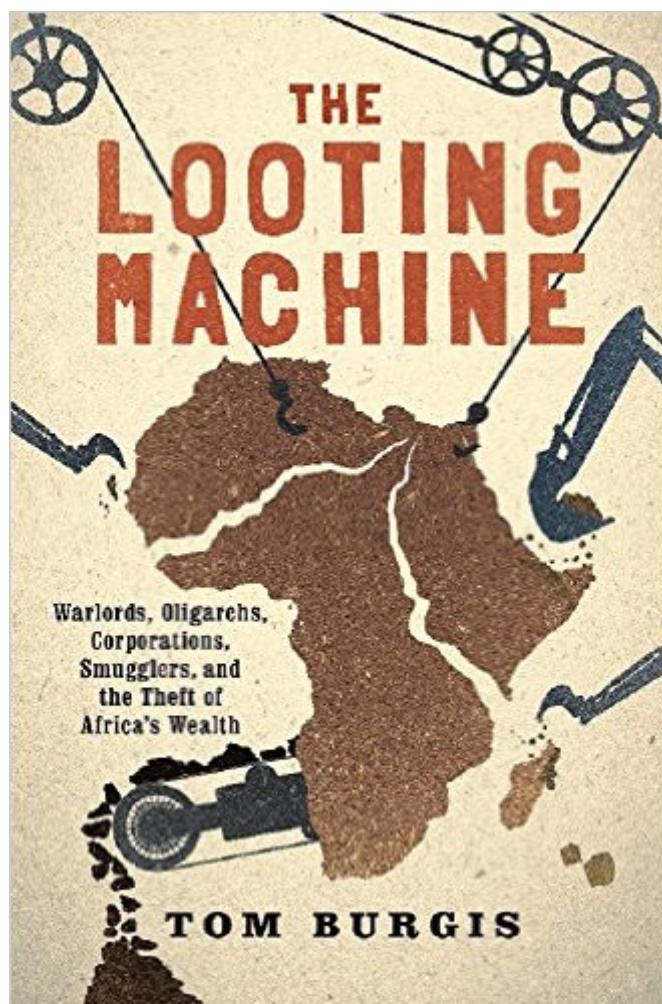


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# The Looting Machine: Warlords, Oligarchs, Corporations, Smugglers, And The Theft Of Africa's Wealth



## Synopsis

The trade in oil, gas, gems, metals and rare earth minerals wreaks havoc in Africa. During the years when Brazil, India, China and the other emerging markets have transformed their economies, Africa's resource states remained tethered to the bottom of the industrial supply chain. While Africa accounts for about 30 per cent of the world's reserves of hydrocarbons and minerals and 14 per cent of the world's population, its share of global manufacturing stood in 2011 exactly where it stood in 2000: at 1 percent. In his first book, *The Looting Machine*, Tom Burgis exposes the truth about the African development miracle: for the resource states, it's a mirage. The oil, copper, diamonds, gold and coltan deposits attract a global network of traders, bankers, corporate extractors and investors who combine with venal political cabals to loot the states' value. And the vagaries of resource-dependent economies could pitch Africa's new middle class back into destitution just as quickly as they climbed out of it. The ground beneath their feet is as precarious as a Congolese mine shaft; their prosperity could spill away like crude from a busted pipeline. This catastrophic social disintegration is not merely a continuation of Africa's past as a colonial victim. The looting now is accelerating as never before. As global demand for Africa's resources rises, a handful of Africans are becoming legitimately rich but the vast majority, like the continent as a whole, is being fleeced. Outsiders tend to think of Africa as a great drain of philanthropy. But look more closely at the resource industry and the relationship between Africa and the rest of the world looks rather different. In 2010, fuel and mineral exports from Africa were worth \$333 billion, more than seven times the value of the aid that went in the opposite direction. But who received the money? For every Frenchwoman who dies in childbirth, 100 die in Niger alone, the former French colony whose uranium fuels France's nuclear reactors. In petro-states like Angola three-quarters of government revenue comes from oil. The government is not funded by the people, and as result it is not beholden to them. A score of African countries whose economies depend on resources are rentier states; their people are largely serfs. The resource curse is not merely some unfortunate economic phenomenon, the product of an intangible force. What is happening in Africa's resource states is systematic looting. Like its victims, its beneficiaries have names.

## Book Information

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## Customer Reviews

Misconceptions abound in the public perception of corruption in Africa. Tom Burgis's incisive new analysis of corruption on the continent, *The Looting Machine*, dispels these dangerous myths. For starters, corruption is mistakenly believed to reign supreme in every country on the African continent. (There are 48 nations in Sub-Saharan Africa, with a combined population of more than 800 million.) Of course, it's true that some African countries rank very low on Transparency International's *Corruption Perceptions Index* (CPI). After all, Somalia merits the very lowest score, with Sudan and South Sudan not far above it but only Eritrea and Guinea-Bissau rank at all close to them. In between them are many other countries: Middle Eastern, Central Asian, Caribbean, South Asian. And three Sub-Saharan African nations rank in the top third of the 175 countries in the CPI: Lesotho, Namibia, and Rwanda, with Ghana close behind. Ghana scores better than Greece, Italy, and several other European nations. Second, corruption in Africa is viewed as intractable. It's widely believed that nothing can be done about it. Nonsense! One of the largest and most potent sources of the cash that fuels corruption is foreign aid. Institutions like the World Bank, USAID, and other national and international agencies direct most, if not all, their support to governments. This, despite the obvious evidence on the ground that a huge proportion of this aid goes straight into the pockets of the ruling elites. If foreign aid were doled out more selectively to community-based organizations, local agencies, and NGOs with grassroots operations, the picture might be very different. As things stand, only a trickle of foreign aid gets to the people who need it most: the poor. Lastly, and most significantly, too many observers characterize African corruption as a uniquely African phenomenon that grows out of ethnic rivalries and the failure of European colonists to establish stable native governments. Those factors, while present, are only part of the story. Equally, if not more,

consequential is the role of foreign investment — principally from China, the US, and Western Europe — in exploiting the continent's abundant resources, often paying through the nose for the privilege. Corruption is a two-way street: briber and bribee need each other. And those Western investors include some of the world's biggest US- and European-based multinational corporations — most prominently, Big Oil and the major mining companies. Chinese companies are even worse because they're not constrained by legal restrictions at home. Prominent foreign aid cheerleaders like Jeffrey Sachs of Columbia University do the African people no favors by advocating huge increases in official aid, rationalizing that some of it will actually do good. Just ask the first ten Africans you meet on the street in Lagos or Nairobi or Luanda. Unless you happen to run into a member of the privileged elite, you'll get an earful about Western-enabled corruption. The Looting Machine spotlights this two-way street, with an emphasis on commerce. The role of foreign aid receives little attention. The principal source of corruption in Africa, Burgis contends again and again, is its wealth of natural resources: oil, gas, gold, diamonds, copper, iron, and many other materials essential to the rich nations' consumer economies. Citing an analysis by McKinsey, he reports that 69 percent of people in extreme poverty live in countries where oil, gas, and minerals play a dominant role in the economy and that average incomes in those countries are overwhelmingly below the global average. This is one of the most tragic consequences of what economists refer to as the "resource curse." Burgis asserts that "An economy based on a central pot of resource revenue is a recipe for big man politics." It's no accident that the resource curse finds its fullest expression in Africa: the continent accounts for 13 percent of the world's population and just 2 percent of its cumulative gross domestic product, but it is the repository of 15 percent of the planet's crude oil reserves, 40 percent of its gold, and 80 percent of its platinum — and that is probably an underestimate. The scope of the corruption this cornucopia of resources makes possible is difficult to comprehend. For example, "When the International Monetary Fund examined Angola's national accounts in 2011, it found that between 2007 and 2010 \$32 billion had gone missing." That's billion with a B. And this, in a country of just 21 million people — a population roughly equivalent to that of Sao Paulo, Seoul, or Mumbai. If you want to gain perspective on poverty, war, and corruption in Africa, read this book. The emphasis in The Looting Machine is on those countries Burgis knows well: Angola, Nigeria, Congo, with less intensive reporting from several other nations. Tom Burgis has worked for the Financial Times in Africa since 2006, covering business, politics, corruption, and conflict. On his LinkedIn page, he describes his reporting as

encompassing Oil, mining, terrorism, the arms trade, corporate misconduct, intelligence, money-laundering, the underbelly of the global economy, forgotten warzones, tales of the human soul. He is currently the Investigations Correspondent for the Financial Times, no longer limited to Africa.

Many people wonder why African countries have stayed poor, after the rest of the world has become more economically viable. The answer is that Western and now Chinese companies are looting Africa of their natural resources. The looting takes place with African allies in the countries. Nigerian and Angolan authorities help the West and the Chinese with their oil needs for huge kickbacks that disappear into far away banks, while the average Nigerian and Angolan subsist on less and less money. To make matters worse, the Chinese steal the clothing market away from Nigerians with their clothing smuggled into Nigeria, destroying a market where the local population made a living. In Ghana, an American company pays a fraction of the profits to the local government after mining gold. The company poisons the environment and the local population gets no benefits except poisoned fish. In the DRC, the Kabila dynasty replaced Mobutu, and now mines lots of materials (bauxite, tantalum) but the local population gets guns to settle ethnic rivalries. The ethnic rivalries are just gangs wanting a piece of the action so that they can make their money. Western and Chinese companies loot the continent and the West wonders why Africans are so poor. Africans get a tiny portion of aid that these multinationals rip off from the Africans. Burgis tells the story of why things must change in Africa. This is a great book about the inequalities in Western and Chinese business in Africa. If you need to understand the continent, this is a nice book to start with.

This is, quite simply, a fascinating read. Burgis does a thorough & intense job of following the money like a relentless bloodhound. His ability to tie it all together, to document & illustrate the impact upon people of the massive fraud perpetrated by greedy corporations is impressive. Highly readable - - like a detective story, if you will. And what, what, is with Goldmans Sachs having its grotesque paws on just about everything on our planet?? They truly are "the vampire squid upon the face of humanity." (quote by Matt Taibbi)

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