

## The Looting Machine: Warlords, Oligarchs, Corporations, Smugglers, and the Theft of Africa's Wealth

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### **Reviewed by Nkemjika E. Kalu**

In the *Looting Machine*, Financial Times reporter Tom Burgis attempts to trace the transactions, linkages and individuals that have played a significant role in the persistent and chronic underdevelopment of African states. The author aims at defining, naming, and shaming the beast called corruption as it marauds through Africa leaving in its wake thousands of corpses and malnourished innocents. In many ways the book reads like a modern day thriller with accounts of espionage, corporate maneuverings, wiretaps, assassinations, and hypocrisy, made all the more repugnant because these are true accounts backed by eyewitness statements, and copious other evidence.

Burgis uses particular case studies and incidents to drive home his message of the manipulation of political relationships, “guanxi” (关系), especially by outside agents/corporations and local actors to gain access to Africa's resources often at very little cost and with no benefit to the populace. The book makes reference to a number of non-Chinese international actors in Africa, including Beny Steinmetz, an Israeli national recognized as “one of the most formidable figures in the African diamond trade” (p.106); Willbros; Halliburton; Eni; Kellog, Brown, and Root (KBR) (pp.190-191); and names many powerful local strongmen. There is, however, a sinister thread that runs through the book in the form of the China International Fund and the Queensway Group.

The Queensway Group is a little-known corporate pirate whose main man, Sam Pa, is ostentatiously monetizing years of connections and contacts garnered from his previous position as a spy for the Communist Party of the People's Republic of China (p.87). Burgis makes two major assertions regarding Chinese engagement in Africa.

First, do not be afraid of the Chinese trader and their cheap wares in your marketplace or the Chinese Government at your door or even the Chinese construction companies setting up shop everywhere. Instead, be afraid of the Chinese

man you have never heard of, Sam Pa, and his companies the Queensway Group and China Sonagol and the billions of dollars that they are squirreling out of Africa often through shell companies and ill-gotten resource rights. One such case involved China Sonagol's acquisition of Oil Prospecting Licence 256 in Nigeria, for which a tender was never issued, the records remain unclear, and millions of dollars moved as revealed by a legal dispute between members of the Queensway Group (pp.192-193).

Second, and more significantly, this ruthless capitalistic agenda of Sam Pa and the Queensway Group – whose dealings and projects are not formally associated with the Chinese Government (p.98), though individuals within the Chinese Government have wittingly and unwittingly lent support to Pa's agenda (pp.88,92-93) – is in no way different to the methods employed by many Westerners who came before them and remain very influential on the continent (pp.138, 244). The author notes that through multi-layered contracts and shrewd loophole-exploiting accounting, these huge corporations are able to skirt taxes and earn more annually than the countries in which they operate, all the while brandishing reports of corporate social responsibility that serve as little more than propaganda.

Investigations of BSGR and Beny Steinmetz's allegedly corrupt dealings in Guinea through "complex layers of trusts and offshore companies" spanned across three continents: Africa, North America and Europe (pp.126-127). Scathing in tone, Burgis emphasizes the irresponsible financial support these multinational corporations receive from international monetary agencies, particularly the World Bank, the International Monetary Fund and their subsidiaries (pp.151-174). For example, despite reports that mining did not improve the lives of Ghanaians, Newmont, an American group received funding from the World Bank's International Finance Corporation for a new gold mine whose process poisoned local water sources destroying the livelihood of the local fishermen (pp.151-153).

The construction of this book is neither academically or politically inclined as the author does not seek to provide theories or policy solutions to address the circumstances under review. Instead there is a strong normative theme in this recounting of events that juxtaposes the suffering of the Africans, especially those who reside in the environs surrounding the various raw materials in question, against the lengths that the corporations, oligarchies, warlords, smugglers, and their cronies would go to to increase their profit margins and accrue wealth and power, African and foreigner alike.

The resource transactions the author describes – that bankroll the shadow state

and keep money and wealth away from the populace – differ from the commonly espoused theories of underdevelopment in Africa. Instead, Burgis posits that underdevelopment is the effect of actions and decisions of influential African elites and their cronies, made often before the ink on the contracts dry. This in many ways resonates with the line of logic that displaced dependency theory as a major framework for understanding chronic underdevelopment in the Third World. In particular, Smith's contention that underdevelopment was a consequence of the decisions of local elite is brought home in Burgis' *Looting Machine* (Smith, 1979; Smith, 1981).

The logic of dependency theory essentially postulated that peripheral (developing) states sold raw materials and natural resources to center (developed) states whose technological and industrial superiority ensured that they accrued a bigger allotment of the net benefit of trade because they sold back to peripheral states value-added finished products that cost more (Prebisch, 1950; Ferraro, 1996). This, at the end of the day, peripheral states were left in a constant economic deficit regardless of the increases in the volume of trade. Dependency theory, though rational and promising conceptually, required theoretical cohesion, refinement, and redefinition; it also failed to appropriately take into consideration the influences of political, social, and cultural factors (Harding, 1976; Chilcote, 1978).

When a powerful Head of State/Strongman needs cash to rig elections or placate the masses and his allegiants, sells off national resources at a pittance, and reroutes most of the money elsewhere to the shadow state, as argued by scholars and detailed across multiple chapters of the *Looting Machine*, these decisions go beyond the logic of dependency theory and have a more deleterious impact on social and economic development in Africa's cash-poor resource-rich states. Case in point, Dan Gertler, close friend of Joseph Kabila, procured a number of sweetheart deals that provided funds for Kabila and his father before him to buy support, rig elections, and arm troops (pp.48-49). Between 2010 and 2012 alone, the Africa Progress Panel estimates that just five deals orchestrated by Gertler cost \$1.36 billion in losses to the Congolese state (p.52), which had received approximately \$1.29 billion in humanitarian aid over the same period (p.261). Another example is the Queensway Group's support of the junta in Guinea (p.119).

A major contribution of this book to understanding China-Africa relations lies in the fact that it deals with the persistent influence of dependency theory on the current debate, particularly speaking to the scholars and pundits who accuse China of neo-colonial behavior in Africa. Though the book does not take sides

in this debate, and cannot because it addresses individual actors at the micro level and not aggregate state behavior, it provides a different perspective on current China-Africa relations, one that is not comparative, or pits China against Western interests, but instead is equally damning.

The uniqueness of this book and its investigative journalistic approach make it stand apart from other current literature on Sino-African engagement. While it does address the increasingly popular theme of sometimes murky Chinese-African elite networks, its extensive study of complex business behavior by multiple actors in the extractives industry to avoid taxation and shield beneficiaries while accruing billions of dollars is backed by strong evidence. On every page, this is a thought-provoking book that leaves the reader wondering what might be done to address this looting machine and who takes responsibility for the havoc it has wreaked across the continent. At the very minimum, it is a rather fascinating read.

### About the Reviewer

**Nkemjika E. Kalu, PhD** is an alumna of the University of Nebraska-Lincoln. She studied African motivations in increasing engagement with China, specializing in Nigeria-China relations. She is currently based in Abuja, Nigeria working in political communications and business development after a year-long engagement as a Strategic Analyst in the Federal Ministry of Industry, Trade & Investment as part of the National Youth Service Corps Scheme.

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