Topical Essay Nr 1 to the Research Project “Tax Justice & Poverty”

# African intergenerational and international issues in the light of Catholic Social Teaching: Demographic transition & Social Security – Environment & Resource Exploitation – Aid, Debt and Public dependency on external financing

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# Abstract

Intergenerational and international issues are very broad and multifaceted. For that reason, an exemplary discussion shall be conducted in reference to Africa and it is choosing the following three areas: First, the continent is gripped by issues of demographic transition that have significant social and economic implications for the people, governments and the environment, even up to the future generations. Second: concomitant with these is the problem of overutilization of natural resources by the growing population (e.g. firewood, farming) and resource exploitation by Transnational Corporations. All this happening in the backdrop of widespread poverty in the continent is – third – pushing the governments to constant borrowing and overdependence on external financing, which also has ramifications for the current and future generations. The guiding questions behind this essay are: Why can the continent not take advantage of its resources? How can Africa recover from this situation of quagmire? This paper argues that taxation would be a more sustainable solution. However, instead of the orthodox economic arguments, this paper leans on the Catholic Social Teaching (CST) for a foundation. This is because of the hypothesis that part of earlier failures of the proper use of resources have been more due to moral failure than economic and political shortcomings, that have ever been advanced and yet not satisfactorily addressed.

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# 1 Introduction

## 1.1 Intergenerational and International Issues and Catholic Social Teaching (CST)

Today more than ever, individuals, communities, national governments and the global society are caught up with issues that are now commonly referred to as 'intergenerational'. According to the definition in the Wikipedia what is taken as intergenerational, considers the interaction between members of different generations or age groups. Sociological studies on intergenerational issues cover equity, conflict, and mobility[1], among others. A quick glance at the context of intergenerationality in the various discussions today would reveal combinations like 'intergenerational-altruism, -transfers, -inequality, -equity, -fairness, -justice, -peace, -poverty, -relationships, -contract, -solidarity, -reciprocity, -balance, -redistribution, etc. These terms mostly have a connotation of the relationship and interactions between the different generations and how the dynamics play in these relationships in terms of the tangible and intangible things changing hands.

This essay is intended to treat the intergenerational and international challenges and responsibilities in regard to the growing problems of inequality and dependency both nationally and internationally, with specific focus on Africa, with ramifications for the individual person.

Broad as these may be, the focus shall be on how these issues are viewed from the perspective of CST. Since this essay is part of the research project "Tax Justice & Poverty",[2] there is particular interest on taxation, justice and poverty. The interrelationship of these terms reveals itself in the reverse order: poverty is an indicator of inequality, in this case wealth; justice is an overarching tool to assess the inequalities and the consequences; and taxation is considered here as part of the envisaged solution. Singling out justice for further comment, it is another broad concept. But applied in this context of taxation and poverty, two aspects come out clearly: social justice in the context of the growing problems of poverty due to the wealth gap and inequality, leading todependency; and distributive justice, that offers a solution through fair sharing of the benefits of the resources available; and this is where taxation comes in. The discussion on the topic of tax justice and poverty and the link with intergenerational and international issues is based on 'social analysis' as 'a tool' (Opongo & Orobator, 2007, S. 11), seeking answers and the need of action from the people. One may question what connections the intergenerational and international issues and responsibilities have with taxation, justice and poverty. As I will show, linkages certainly exist.

The CST methodology of SEE-JUDGE-ACT is adopted in the paper. This is structured as follows: SEE - identifies and presents pertinent intergenerational issues in Africa, as illustrations; JUDGE - looks the issues in the light of the CST; ACT - considers the various policy options suggested. The methodology adopted indicates the social justice issues in regard to the discussion that call for action. According to Opongo and Orobator (2007, S. 43-44), social justice is 'an active concept' that 'is about people' (Opongo & Orobator, 2007, S. 43-44) and aims at promoting equal human dignity for all through solidarity to serve people and fulfil their needs. In addition, the CST provides the moral and ethical basis, and the concrete perspective in which the critical problems shall be identified and solutions examined. It is thus important to reiterate here that the focus is on social justice rather than the general virtues of justice. (Opongo & Orobator, 2007, S. 43). The choice of the CST is thus worthwhile, orienting the discussion in concrete terms.

[1] See http://en.wikipedia.org/wiki/Intergenerationality
[2] See http://www.taxjustice-and-poverty.org/

## 1.2 Africa and the Intergenerational and International Issues

Africa and especially Sub-Saharan Africa is not any stranger to the intergenerational issues and is therefore very suitable for an exemplary examination of the issues. As a continent viewed as the cradle-land of human beings, one can argue that it is the place where the intergenerational issues began. However, this discussion should be reserved for another forum, except it is important to bring up some facts about Africa here. It is the second-largest continental land mass and also the second most populous continent on earth by 2013. It has an estimated population of 1.033 billion people living in 54 recognized sovereign states and countries, 9 territories and 2 de facto independent states with very little recognition. In retrospect, the United Nations (UN) Population Fund stated in 2009 that the population of Africa had hit the one billion mark, doubling in size over the course of 27 years. The British Broadcasting Corporation (BBC) in 2009 quoted Thoraya Obeid the Director of the UN Population Fund, saying that 'it's an African phenomenon of a large growing population and a large percentage of young people in the population'. The population in Africa has grown rapidly over the last 40 years, with more than half of it under 25 in some states[3]. It is appropriate to emphasize population issues here since the discussion is about intergenerational issues and thus about people.

Secondly, being a discussion about people and their relationships, entangled in poverty, inequality and dependency; and looking for solutions of such relational problems through fair and just ways of distribution and redistribution, it is important to talk about Africa's natural resources. Africa is blessed with a variety of natural renewable resources like the lakes and rivers, good fauna and flora covering large parts, and the land; and non-renewable resources like oil, gold, copper, diamonds, among others. There is also the good tropical climate that covers most of the continent and can be harnessed to the advantage of the people. There are the man-made resources of infrastructure, being developed and available for use. John Page (Page, 2008, S. 1) observes that though countries with the resources are making some progress in economic growth, the African countries dependent on oil, gas, and mining have tended to have weaker long-run growth, higher rates of poverty, and higher inequality than non mineral-dependent economies at similar levels of income. This gives more credibility to this discussion, considering such anomalies.

As another international issue with intergenerational implications is Africa's dependence on external financing and the ever present debt problems that come with it. Recent estimates show that the overall foreign debts of Sub-Saharan Africa total to 'roughly US$175 billion amounts to more than US$200 per person, a large burden in a region where the average annual incomes are under one thousand dollars. In some countries, including Burundi and the Democratic Republic of Congo, the foreign debt exceeds the nation's total income' (Boyce J. K., 2011).

This paper takes full cognisance of the fact that any debate about Africa can be very controversial, whichever angle one looks from. There are many 'Africas' to speak about. However, here is still the temptation of lumping together peoples and countries based on the common characteristics they have exhibited on the issues in focus for this discussion. As such, reference shall be made to Africa, but particularly pointing to Sub-Saharan Africa. This discussion does not claim to make a completely new and in-depth analysis of the theme of intergenerational issues; that will be left for the sociologists. It is not also a new interpretation of the problems of poverty, inequality and dependence. Instead, it views the connections existing between Africa's intergenerational issues in the contemporary human generations and

[3] http://worldpopulationreview.com/africa-population-2013/

those beyond, and the problems of poverty, inequality, and unceasing dependence on external financing. In the light of the CST, and from a particular developing world perspective of Africa, the essay looks at the question of how the resources could be more fairly and justly shared among the different people, so that the problems mentioned above can be addressed. It also considers if taxation can be employed as a fair and just way of redistribution, to address the increasing wealth gaps, poverty and inequality as individual and national problems, leading to dependency.

# 2 Emerging issues related to intergenerational and international responsibilities

## 2.1 The Demography of Africa in the Context of Intergenerational Issues

The growing population in Africa is increasingly being viewed in controversial terms and is becoming the centre of debate as there can be both advantages and disadvantages to it. Traditionally most African societies viewed people as the first resource and activities of wealth creation oscillated around people. The motion of time and the socio-economic changes that have occurred with it, have given another outlook about population. There is a mixture of appreciation, leaning on the old traditions and condemnation, blaming the increasing population for the shortages of resources, poverty and the failure of development. Issues of demographic changes, especially in the way Africa's population is transforming, shall also be discussed.

### 2.1.1 The Demographic Transition in Africa and the Implications

The demography of Africa is undergoing a fast transition. This affects it in making strides in economic growth and development because it puts pressure on the public and private investible resources. Global trends in the demographic transition have shown declining fertility rates but Africa still has a high age dependency which currently creates fiscal and household pressure to care for the overwhelming number of the young while working to achieve the Millennium Development Goals. By 2000, Africa's ratio of the young dependants to the working age population was overwhelming and growing steadily, even to the point of exceeding developing country norms of 1970. This is contrary to the expectations that by mid 1980's, general fertility rates would fall and lead to the final phase of the demographic transition. The HIV/AIDS scourge also entered the scene and altered the demographic dynamics especially by taking away a good number of the middle age group (Ndulu, 2007, S. 106). Even if the Malthusians and Neo-Malthusians would call this a positive check, it does little to alleviate the escalating problem of dependency created for elderly people to look after young orphans and the chronically sick; one intergenerational issue.

There is a positive side to this demographic transition, though. The baby boom that has characterized the population of Africa is expected to metamorphose into a work force that is readily available to the development needs of the continent. Even the trends in declining fertility mean that more women are freed for the work force, some of the positive side of the demographic transformation in Africa (Ndulu, 2007, S. 107). In this sense, population is viewed favourably as a driver for development rather than as a problem. This, however, creates the urgent need to improve the labour quality of this category of people and engage them in gainful employment if the benefit of such a population structure as labour force is to be realized.

The World Youth Report (2003) projects that by 2050, the proportion of the old and the young will be equal in the world's population, as the proportion of those aged 60 years and over is expected to rise from 10 to 21 per cent between 2000 and 2050. The proportion of children is expected to decline by a third, from 30 to 21 per cent. The same trend is expected in developing countries, including those in Africa. However Africa is still expected to experience the lowest shift, with almost three children under 15 for every person aged 60 years and over (United Nations, 2004, S. 398). This implies two things: planning for a population with a higher dependency ratio of the old and young; and planning for the increased work force of over 50 per cent ratio.

The gravity of the matter is evident when Africa's present demographic transition issues are juxtaposed with the poverty issues, though poverty in Africa is not an entirely population issue. Africa is one continent that cuts a bad figure and defies the World Bank mission of the dream to make a poverty free world, literally carved on stone. The new World Bank analysis in 2013 showed that despite recent impressive progress made in poverty reduction, Africa still accounts for more than one-third of the world's extreme poor. It is the only region in the world for which the number of extremely poor individuals has risen steadily and dramatically by more than twice, between 1981 and 2010 from 205 million to 414 million. The extreme poor in Africa represented only 11 per cent of the world's total in 1981, they now account for more than a third of the world's extreme poor. Concomitant to this, despite the rise in the average income of the extremely poor in the developing world from 74 cents in 1981 to 87 cents in 2010 (in 2005 Purchasing Power Parity dollars), steadily converging on the $1.25 per day poverty line, this is unfortunately not seen in Africa (World Bank, 2013). The demographic trends in Africa and the problems of poverty have interestingly grown at the same time and seem to have inter-linkages, raising concerns of 'intergenerational transmission of poverty' (United Nations, 2004, S. 399). As this happens, a small proportion of Africans are racing to the top of the table in national and global wealth indicators.

There is need for both immediate and long term sustainable solutions. With a young population, which will eventually turn into Africa's workforce, planning and policies should be oriented in the direction of supporting the children's needs of education and health care and also gainful employment opportunities for the upcoming labour force. Improvements in the traditional subsistence agriculture and investments formal and informal sectors have to be made. At the other end of demographic transitions spectrum are the old. Their number is expected to grow bigger with time. Their needs of health, old age support and social security have to be considered, an issue dealt with in sub-section No. 2.1.2 below. Therefore, deliberate policies and planning are becoming urgent. However, I am pessimistically tempted to view the demographic transition in Africa as occurring at a very fast rate. This has the repercussion that the necessary infrastructure and policies will not be in place to deal with the consequences (United Nations, 2004, S. 398).

Currently, there is a growing need for health and education programmes for all. According to the World Youth Report, policies adopted for community care and support to alleviate poverty, for instance, need to have an intergenerational outlook. They should incorporate issues of all ages for the sake of cohesion between generations in terms of intergenerational solidarity and reciprocity, which simply means 'paying for the past and providing for the future' (United Nations, 2004, S. 405-406) while also taking care of the present needs.

All the preceding issues are central in the recommendations by the Madrid Plan of Action for governments on policies of employment, health and education, among others, with a view that policy decisions benefit all groups. The Madrid Plan of Action, adopted at the United Nations Second World Assembly on Ageing, held in Madrid in 2002 looked at the demographic transition towards the aging as a “development” problem, and urged for focusing on “people-centred development” with a vision of “a society for all” (United Nations, 2004, S. 398-399).

From this perspective, it certainly gets the issue right – but what about money to implement these recommendations?

Conferences and declarations, such as the above, have agreed that in further search for solutions to the demographic situation as in Africa, it is important that costs and energies must be directed towards developing opportunities for the social and economic participation of multigenerational households, strengthening patterns of exchange and reciprocity and maintaining mutual support structures (Grieco, 2001, S. 13-37). According to the World Youth Report, policies that are adopted should also reflect a new form of intergenerational contract in which resource distribution takes care of the present intergenerational population structures while ensuring ‘future reciprocation for future recipients’. This creates a form of intergenerational interdependence and reciprocity imbued with the ‘notion of the “common good”’. It is expected that the benefits from investments in education, health care and other social welfare services accrue not just the immediate recipients but the entire society, making it to be ‘more engaged, more competitive and healthier’. It makes all members of the society to make contributions and fulfil needs but they need resources for this. These resources can be obtained through formal mechanisms provided by the State or informal kinship and community networks, (United Nations, 2004, S. 406-407).

It is clear that funds are needed to translate these policy recommendations into tangible activities so that the programmes needed by the countries in Africa to address the intergenerational poverty and needs arising due to the demographic transition. This money needs to come from somewhere. External financing has been part of the sources of funds but 50 years of ODA did not kick off the kind of development sketched above. Borrowing has resulted into unbearable burdens coming up as another intergenerational problem, discussed later. Alternatively, Africa’s trade as another means for possible savings and funding has performed dismally. Could taxation then fill the void of the funding gaps? I would argue that it can, if properly reformed.

### 2.1.2 Social Security as a Demographic Intergenerational issue

This sections deals with the social security systems in Africa. The concept of social security can be subject to several definitions with several implications for different societies, each attempting to derive a system that would take care of its vulnerable members. In modern times, social security implies a government programme providing mainly financial assistance to people who are unemployed, disabled and aged. For the purposes of the discussion here, it refers to a system of protection for the more vulnerable like the aged and disabled. Schmidt Sonke defines social security as ‘the sum of all regulations within a society which aim to guarantee the individual or a group not only physical survival but also general protection against unforeseeable risks which would entail deterioration of the situation and consequences which can be borne by the individual or group without external assistance’ (Schmidt, 1995). Therefore social security is a form of support system for a category of the population unable to do this entirely on its own.

The social security system for most countries in Africa, based on government funding or support, is still weak and only caters for few who have been employed in the public service. For the vast majority of Africa's old people, it has revolved around intergenerational connections between the older generation and the young. In this system, children have been seen as a source of security for more elderly people. 'Parents were expected to get economic, social and psychological support from their children and other kinsmen when they grew older. This expectation was embedded into the entire socio-cultural fabric of the traditional African social system of kinship. Children were socialised in such a way that care of ageing parents was their responsibility.' (Mwami, 2001, S. 186) The traditional African people were very much concerned about social security in an intergenerational context, especially for the aged, the disabled, the sick, dependent widows and children, future generations and even the victims of natural disasters (fire outbreak, floods and war). Therefore, the extended family has always been seen as a social security system that provides protection to its members. It is based on the principles of solidarity and reciprocity, involving obligations on members to support each other in times of need. The elderly were respected and revered for their knowledge and wisdom. This guaranteed social protection for them. While children were seen as a source of social protection against the contingency of old age, explaining why African families have been usually large (Boon, 2007, S. 63-64).

The inheritance system among kinship groups was another form of traditional social security. People in the middle generation, capable of doing something, worked hard to accumulate wealth in anticipation of what future members of the group are entitled to inherit (Boon, 2007, S. 64). On the other hand, the bride-wealth system through which the daughters earned animals for their parents, was another system that catered for the elderly (Mwami, 2001). Either way, female and male children had a contribution to make in the lives of their parents in old age, as a form of security for the elderly. From this establishment, the extremes of poverty and inequalities and therefore increasing wealth gaps were minimized while resources were ensured to care for the old and vulnerable.

This form of social security system in Africa is being challenged now due to the influence of globalisation fuelling individualisation, modernisation, mobility, urbanisation, changing employment pattern and resulting internal migration which is affecting the extended family system, the bedrock of African social security (Boon, 2007, S. 64). This is despite the fact that the Madrid Plan of Action emphasises the importance of kinship relations and the need to strengthen them by promoting dialogue and boosting solidarity (United Nations, 2002). The care systems for the elderly and the young are collapsing in many ways. One aspect is the migration of the able bodied people of the middle generation to urban areas in such of paid employment, with the hope of earning income and sharing it in this intergenerational kinship relationship. The proceeds are usually inadequate to sustain them and their elderly people (Mwami, 2001).

Daughters are also increasingly declining to marry or getting divorced. Sometimes others prefer to have children outside marriage. In the case of those who marry, fewer animals are paid for bride-wealth. All these now render the traditional social security system ineffective. These conditions are further worsened by the fact that many elderly persons have been conditioned to take care of the children whose parents died of AIDS, or of daughters who cannot cope with marriage and bringing up the children (Mwami, 2001). Such changes in life pattern and decisions of the middle-phase population lead to a new phenomenon of poverty and inequality in Africa today, the poverty of the old. Thus, the intergenerational issue takes on a dimension that requires serious economic and political attention. The question is: what can governments, communities and even inter-governmental organizations do in a situation that requires investments to support the old in these changing circumstances?

There are suggestions from a number of authors and agencies that there should be instituted government programmes for modern social security systems. For instance, the Vienna International Plan of Action on Aging adopted in 1982 at the first World Assembly on Aging, espoused this “welfare” approach to older persons (United Nations, 2004). In Africa, a number of countries such as Botswana, Senegal, South Africa[4] (International Social Security Association, 2011, S. 17-18), have been credited for having systems in place for the old. The results for this process seem promising since a number of the elderly people are turning to be resourceful again through the support they offer for other family members (Legido-Quigley, 2003, S. 1-41). The United Nations General Assembly Special Session on HIV/AIDS, held in 2001, called for financial support for grandparents bringing up grandchildren when research showed that as adults succumbed to HIV-related illnesses, their orphaned children were cared for by their older parents (HelpAge International, 2002, S. 27).

One of the prominent solutions requires looking into the future and planning for the children and the younger generation, since their contributions in form of taxes or other forms of payment will eventually help to finance such a system. The demographic transition, coupled with globalization, has set in motion a process of socio-economic change that cannot be reversed. To change the social security system in Africa also entail that there is need to invest in the children through formal education and provision of other opportunities beyond the traditional subsistence systems. ‘Education is seen as a stepping-stone to wealth, power and wisdom’ (United Nations, 2004, S. 401). However, individual families and communities are unable to do alone and require the international community and national governments to invest massively in education that improves the skills and knowledge of the young generation and create jobs and resources for them. This is one of the aims of the MDGs, but it requires funding. African countries have largely relied on aid for the funding of these programmes, which, at the same time, advanced a negative side effect of reliance on external financing, dealt with further down: The need for monies to keep the programmes going after the MDG funds stopped, increased the debt problem through loans borrowed and these have to be repaid and with interest. If the idea is to avoid dependency on aid and with the state of the economies of most of these countries, fair and just taxation has the merits of being an acceptable home-grown solution.

## 2.2 Resource availability and use as an intergenerational issue

The discussion on Africa’s resources is another intergenerational issue now more than ever. The use and redistribution of the proceeds of the resources of Africa has become a question of justice when equity is factored in. The resources and their exploitation questions can be discussed in several approaches, depending on the interest. This essay divides the topic into: the use of the resources by the common people for their daily survival needs, and the use of these resources by business interest groups like the private companies that may be indigenous or foreign or transnational. It is more focused to treat each category separately so as to isolate the consequences of their actions specific to each category.

Prior to delving into any of the intended discussion trends suggested above, it is important to note that Africa’s natural resources have a wealth potential to lift millions of its population out of poverty. Again if the benefits obtained are distributed properly and invested with a target of ‘front-loaded expenditure’ – in infrastructure and basic services now, it has

[4] Botswana has old age and orphans support; Senegal has old age and survivor benefits and South Africa has old age, survivor, unemployment benefits

the potential of establishing a 'shared prosperity for the future' (Africa Progress Report, 2013, S. 92) of all. This therefore means policies of the various African governments managing these resources have to adopt this focus. The following discussion is a brief attempt to assess (see) the situation as it is now.

### 2.2.1 Resource Use in Africa by the Common People

As an introduction, it is important to pose the question of whether these resources are available and adequate to the common people. This arises due to the fact that this refers to the day to day survival; a livelihood issue and peoples coping mechanisms. Africa's increasing population and the demographic transition also implies shocks in terms of resources for common people and how they use the available resources.

Livelihood is about people's capabilities and means of living including food, incomes and assets both tangible (like land and the accompanying resources on it for daily use) and intangible assets (the opportunity people have to make claims and have access to, when in need). Implicit in this view is the availability of resources for all the people at all the times when needed, thus indicating the issue of sustainability; environmental and social. Environmental sustainability dwells on the preservation and enhancement of the resource base taking care about the future generation, while social sustainability refers to the ability of the people to recover from stresses and shocks in their livelihoods and be able to provide for future generations too (Chambers, 1991, S. 12).

A growing challenge in resource use in Africa is the problem of the use and sharing of the resources available to sustain the livelihoods of the people. The majority of the people in Africa are conditioned to livelihoods that have been largely determined by their birth and the environments they find themselves in and its resource endowments. As such, many people variously survive in their locations on activities like: cultivating, herding, hunting, gathering, reciprocal wage labour, trading and hawking, artisanal work of weaving and carving, fetching and carrying, begging and theft (which would not of course be recommended here on moral grounds). These provide the people's basic needs of food, cash, clothing and other goods for both the immediate consumption and investments for future (Chambers, 1991, S. 5-8). It is expected that the resources people need for survival and income must be available and easily obtained with minimum effort.

With Africa's increasing population, there are resultant stresses on the resources arising from the very livelihood activities as their negative impact on the resources and the environment. The growing population pressure has led to increased desertification, deforestation, soil erosion, declining water tables, salination. All regions of Africa are awash with examples to illustrate the different aspects of the problem of resource depletion due to the livelihood practices. The situation of deforestation in Malawi -one of Africa's smallest countries - comes to mind. With 13 million people, of which 53 per cent live below poverty line, 95 per cent still rely on wood generated energy source for cooking (United Nations Foundation, 2013), the situation is acute. Wood fuel is also used for curing tobacco, bricks, smoking fish and meat. These, coupled with the people's traditional practice of clearing the land for agriculture by cutting more trees and converting to other uses like fuel, and shelter construction (French, 1986) aggravates the situation. Hidden impacts also include soil erosion, the changing micro-climate and the capacity of this area to act as a carbon sink, which has been greatly reduced. Now, it is increasingly becoming difficult to get wood fuel since many have to go far for it while others are beginning to buy. There is the pollution of the rivers and lakes by the run-off.

Having such a livelihood is an unsustainable venture, which certainly does not have to wait for the unborn generation to see the impacts. For instance, a government reforestation programme for an estimated 800,000 hectares by 1986, required US$360 million. The government's annual budget for its forest department was US$5 million, depicting that huge deficits and lack of funds for the undertaking (French, 1986, S. 533). Even alternatives for farmer reforestation initiatives would require funding and support from the government. The Malawi case is a miniature of the many issues of unsustainable resource use in Africa. The problems are made more complex as the people have no easily accessible or cheap alternatives and have these resources for their only survival needs. Solutions are needed and funding is needed too to turn the ideas into tangible solutions.

### 2.2.2 Resource Use by Business Interest Groups

The resource use by Africa's governments and business interests especially in the name of development is another matter. Private individuals, companies both indigenous and transnational are exploiting the natural resources of Africa massively. They exploit Africa's oil, gas, minerals and also timber, farmland, fish and other resources – resulting into massive resource depletion, contamination, etc. The consequences of this resource exploitation are not only a matter of future predictions and concerns but already detrimental to the people that also live on these resources now.

There are still gaps in how the resources for the common good are extracted and for whose benefit. According to Fr. Peter Henriot 'as countries move from conditions of underdevelopment and poverty to new levels of economic sustainability and prosperity, the question of who benefits from the distribution of wealth remains crucial. Too often, the rich benefit at the expense of the poor' (Henriot, 2013, S. 353) – and, a minority at the expense of the majority. This has been promoted through the phenomenon of globalisation which has been largely espoused as one of the trends in human interaction bringing the world close together. It is 'the process of international integration arising from the interchange of world views, products, ideas, and other aspects of culture… generating further interdependence of economic and cultural activities' (Henriot, 2013, S. 353). The neoliberal economic aspect of globalization is having huge repercussions for Africa and other developing regions, more so in the context of resource exploitation. In Africa, globalisation 'is a reality of gross imbalances at the national, regional and global levels' (Henriot, 2013, S. 354).

Resource exploitation in Africa by people coming from outside has been long in history, but more recent trends have been more massive, especially enhanced by the current advances in technology. Over the centuries till now, Africa has continued to lose resources like minerals, oil, timber, land for farming, resources from water, among many of her endowments. Today, resource exploitation in Africa involves largely transnational corporations (TNCs) which either trample upon weak government institutions or collude with Africa's corrupt sons (there are few daughters at the helm) to exploit these resources. For instance, it is difficult to explain why Equatorial Guinea, a country now classed as a high income country with an average income of US$ 27,478 (by 2011) (Africa Progress Report, 2013, S. 17) and a population of 736,296[5] still faces poverty now with Human Development Index (HDI) ranking 91 places below the average rank (Africa Progress Report, 2013, S. 23), if the sons at the helm are not colluding with the TNCs in corrupt deals or failing manage properly. The TNCs that benefit from the resources of the different African countries are not accountable to the people and do not fairly share the proceeds of the resources (Koenig-Archibugi, 2004). On the contrary, many are protected through tax holidays and other

[5] World Bank (2012), Population (Total). http://data.worldbank.org/indicator/SP.POP.TOTL

exemptions with the argument of attracting foreign investment to enhance economic progress and create jobs. This results into loss of revenue and other benefits due to the people.

The years after the Cold War era have seen a new twist in the exploitation of continent's resources; in the form of commercialised armed conflicts. In the assessment of some authors, many of Africa's recent conflicts have been linked the exploitation of natural resources (Le Billon, 2001). This new trend of resource exploitation through violence and aggression is becoming more the norm than the exception. In the process, many lives have been lost as the interest groups have continued to fight. These wars seem to be orchestrated with the intention of keeping some governments weak or non-existent through political subversion so that resources become exploited more easily and cheaply, as the assessments about wars in the Democratic Republic of Congo, Sierra Leone, Angola, etc., have revealed. Unfortunately the sons of Africa, in government or dissident groups are part of this plot.

The TNCs actions have not only led to resource depletion but also the problem of pollution and damage through industrial activities or the deliberate act of waste dumping. The case involving Trafigura in the dumping waste near Abidjan in Ivory Coast (Harvey, 2012) readily comes to mind. Somalia is another case that combines issues of natural resource exploitation by TNCs with the full connivance of the local authorities. Ships of many TNCs bring toxic industrial waste of nuclear power plants and hospitals to be dumped in Somalia, while also bringing arms for fighting groups. They are then turned into fishing trawlers for tuna and other sea resources. It is estimated that about 35 million tonnes of such waste that has been dumped in Somalia – one of the largest in the world. The impact of this on the future generations is still shrouded under a veil of mystery, whereas the effects on the lives of the people now in form of chronic and acute illnesses, birth defects and cancers, and other long term impacts have been observed already. Trying to address the waste dumping as a current problem or a possible future disaster for the coming generations requires funding. A UN and World Bank assessment estimates the cost of US$42.1 million for clearing such dangerous wastes from Somalia (Milton, 2009). A World Bank donation for such a programme is not manna from heaven, but the Somalis now and in future have to pay.

The above cases are but a tip of the iceberg in the problems of resource exploitation in Africa that is having undesirable consequences. The need for taking action to ensure fair distribution of the benefits and the availability of the resources for the generations now and in future is urgent. The quality of these resources and the environment requires some sort of "the polluter pays" policy. Fr. Peter Henriot argues that there should be "active policies" to assure a proper balance between the production and distribution of wealth. Policies of development should take care of the poor and acknowledge a principle of basic decency. 'The explicit inclusion of the poor in economic planning can assure greater equity in opportunity and outcome' (Henriot, 2013, S. 358-359).

## 2.3 Development Assistance, Aid and Debts in Africa

It is particularly appropriate to discuss now issues of development assistance and aid in Africa in an essay based on CST. Aid is one of the human activities that reflect altruism to the extent that the gospels have sections and anecdotes that portray this, the most famous being the Good Samaritan story, reappearing later in a modern interpretation. This does not however remove the controversies on the effectiveness of foreign aid and development assistance in academic and global forums, with many raising arguments for and against foreign aid. Steven Radelet introduces this academic and political controversy by referring to the then World Bank President James Wolfensohn[6] (2002) and United States Senator Jesse Helms[7] (2001) being for and against aid respectively. He identifies Jeffrey Sachs, Joseph Stiglitz and Nicholas Stern as those in support of aid, while Milton Friedman, Peter Bauer and William Easterly as critics (Radelet, 2006, S. 3). I would also like to add here African voices like Dambisa Moyo[8] and Leonce Ndikumana,[9] partnering with James K. Boyce, who have highlighted the plight of Africa in terms of aid and debts.

Though at first sight, the campaigners against of aid or external financing appear to be inhuman, analysis of the situation proves them right to some extent. There is need to acknowledge that in spite of the many controversies surrounding aid, it has served as a means of redistribution of resources in all human societies for generations, the epitome of this being the Marshall Plan for Post War Europe of 1947. Therefore Africa, like any other developing region, is not an exception in using development aid to solve its problems of poverty and increasing inequality.

However, according to Adam and O'Connell (1999, S. 1), Africa, and in particular, Sub-Saharan Africa is (now for decades) the poorest and most aid dependent region in the world. And yet contrary to expectation and given the substantial aid in-flows it receives, the rate of economic growth in the continent has generally been the slowest. His conclusion has been that the overall contribution of aid to African economic development has generally been low. This notwithstanding, the needs of Africa have led to a donor-recipient relationship that Buchanan (1975) and (Adam and O'Connell, 1998), among others, have termed as 'the Samaritan's Dilemma'. The aid action has simply kept Africa in poverty; sometimes by the very way it is done (Sirico, 1994). It then raises again the questions about the effectiveness of aid for Africa's attempts to reduce inequality and poverty, and disengage from overdependence on external financing.

The story of development aid in Africa is truly one of the biggest dilemmas discussed by many. An analysis in the recent past argued that 'helping Africa is a noble cause, but the campaign (through foreign aid) has become a theatre of the absurd – the blind leading the clueless. ... The record of … aid to Africa is one of abysmal failure. More than US$ 500 billion in foreign aid – the equivalent of four Marshall Aid Plans – was pumped into Africa between 1960 and 1997. Instead of increasing development, aid has created dependence. The budgets of Ghana and Uganda ... are more than 50 percent aid dependent' (Ayodele, 2005). 'At the dawn of this century, more than fifty percent of sub-Saharan African budgets and seventy percent of their public investment came from foreign aid' (Akonor, 2007, S. 1077) and in Ethiopia, it constitutes more than 90 percent of the government budget (Moyo, 2009). Aboulaye Wade[10] said: 'I've never seen a country develop itself through aid or credit' (Ayodele, 2005), though this could be contrasted by the Asian Tigers' story.

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[6] James Wolfensohn, "A Partnership for Development and Peace", in World Bank (2002), *A Case for Aid*, p. 11. He is quoted here as saying: "Rich countries must recognize that even with action on trade or agricultural subsidies, there is still a fundamental need to boost resources for developing countries. We estimate that it will take on the order of an additional $40 to $60 billion a year to reach the Millennium Development Goals--roughly a doubling of current aid flows--to roughly 0.5 percent of GNP, still well below the 0.7 target agreed to by global leaders years ago. ... Does anybody really believe that the goal of halving absolute poverty by 2015 is not worth this investment?" World Bank President James Wolfensohn, 2002.

[7] Jesse Helms, "Towards a Compassionate Conservative Foreign Policy." Remarks delivered at the American Enterprise Institute January 11, 2001. www.aei.org/news/newsID.17927/news_detail.asp. Quoted here: "I have long opposed foreign aid programs that have lined the pockets of corrupt dictators, while funding the salaries of a growing, bloated bureaucracy." U.S. Senator Jesse Helms, January 11, 2001.

[8] Dambisa Moyo argues in her 'Dead Aid' that 50 years of development aid to countries in Africa have not improved the lives of the Africans.

[9] Leonce Ndikumana with his partner James K. Boyce indicates that the rate of capital flight from Africa is more than what it gets in form of loans and there seems to be an intimate link between the two.

[10] Abdoulaye Wade was the President of Senegal from 2000 to 2012

The standard definition of aid from the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) refers to it as the 'financial flows, technical assistance, and commodities that are designed to promote economic development and welfare as their main objective; and are provided as either grants or subsidized loans'. The grants and loans are referred to as concessional financing, and the loans carry market or near-market terms of interest rate. According to OECD reports, aid flows to Africa in 2009 were the highest, compared to other regions[11]. Since 2010, donors have pledged to continue to increase aid to Africa, by doubling it and later tripling it by 2015. In Monterrey, the rich countries committed themselves to effectively bring public aid to development up to 0.7 per cent of their Gross National Product (GNP). However, here too, it is necessary to note that not only has this percentage not been reached effectively, but that this is not all directed to Africa and also straightaway to the elimination of poverty[12]. With growing budget tensions in donor countries which may undermine these pledges (Radelet, 2006, S. 4), the fruits are yet to be seen.

The main concern about aid in Africa takes several forms. The emphasis in the discussion is largely reflecting on the level of dependency it has created and what impact this has for the continent now and in future. One immediate point is whether the greater portion of aid to Africa is a grant or a loan, since a loan has to be repaid. Noteworthy is the fact that apart from the concessional financing which has grant elements, the African governments are wont to borrow in form of Other Official Flows (OOF)[13] for their budgetary needs. Such borrowing carries with it the full conditions of loans borrowed on the terms of the market conditions and have to be repaid, leading to a debt crisis that has for long become unmanageable for many African countries.

Worse still Africa's history of doing development with external funding has seen more mistakes than achievements. To do justice to those responsible, I consider that some of the mistakes were made in the process of good intentions and planning failure which did not assess the long term impact. Other failures, however, have been due to deliberate motives by those responsible for governing the countries. Five areas of analysis are identified , such as: wasted aid, wrong spending, corrupted aid, spending on debt servicing and Aid Failure. There is an inclination to the argument that 'post-independence foreign aid in Africa has largely been wasted, mismanaged, or misdirected' (Akonor, 2007, S. 1076). Below is a brief analysis of these mistakes.

### 2.3.1 Wasted Aid

In Africa, development through external financing for poverty alleviation and reducing inequality, has failed to give positive results due to the fact that some well-intentioned projects do not address the real needs of the common people. Africa is dotted with white elephant projects for which money has been sourced from outside but with little to show for the people who have to eventually pay back anyway. Here are some anecdotal cases of evidence from parts of the continent to illustrate this.

A visitor to Arua in north-western Uganda will be greeted with a site of one of Africa's tallest cable television (CATV) antenna's, meant to be a gift of the son of the place, Iddi Amin who was in power from 1971 to 1979. The CATV antenna was built by American

[11] http://en.wikipedia.org/wiki/Official_development_assistance#cite_note-OECDSTATS09-4
[12] Mons. Giampaolo Crepaldi. (2005), Address at the 43rd Session of the United Nations Commission for Social Development, New York, 11 February 2005 http://www.vatican.va/roman_curia/secretariat_state/2005/documents/rc_seg-st_20050211_crepaldi-new-york_en.html
[13] Transactions by the official sector with countries on the DAC List of ODA Recipients which do not meet the conditions for eligibility as Official Development Assistance, either because they are not primarily aimed at development, or because they have a grant element of less than 25 per cent. http://www.oecd.org/development/stats/dacglossaryofkeytermsandconcepts.htm#OOF

engineers in the mid 1970’s, certainly at a substantial cost. Right now, it is not fully functional, except for some few parts that have been harnessed for use by some local radio stations. The ridiculous part of it was that this antenna was built when less than 1 percent of the Ugandan population had television sets and basic necessities like soap and salt were rationed with people queuing for them. To provide power for it, huge diesel generators were installed to run the equipment. Judging by the level of the economy that time, it is clear that this was part of Uganda’s aid money which was invested in the project, taking into account that the country had other needs to attend to. Whether it served the people that time would be another debate. However from the look of the situation, this is a real white elephant case[14].

Related to the above case are old and recent projects in parts of Africa which the Ethiopian News and Opinion Forum (2013) has termed as ‘Disastrous African Ivory Tower Projects’. These include Mobutu’s space programme that cost the country over US$10 billion[15] in a space station and useless rockets which never took off to space but only landed a few kilometres away from the base. There is also Felix Houphouet Boigny’s ‘Our Lady of Peace’ Basilica built in Yamousoukro at the cost of US$300 million where only 13.11% of the population covered by the Diocese of Yamousoukro were Catholic[16]. Then there was the Akosombo Dam built in Ghana with 50 per cent of the cost born by Ghanaian tax payers who had to pay the other percentage later to an American aluminium company that later used 80 per cent of the power produced and exploited the country’s aluminium. Till this day, Ghana has severe electricity shortages. Right now, Ethiopia is planning the Grand Renaissance Dam which is supposed to be the biggest in Africa. The danger is that the planning involves a lot of secrecy and 100 per cent of the cost is supposed to be borne by the Ethiopians, even if funding is being sourced from outside right now[17].

With the state of the countries, it is very certain that the costs of these programmes are financed with money borrowed and in most cases these are loans that have to be paid back, adding to the debt burden. Though the intentions for having infrastructure is a good idea, what is chosen for a development project, how big it is developed, the impact on the people’s lives and livelihoods, etc. always end up putting an extra burden on the tax payers now and in the future, especially when the projects are not serving the people.

### 2.3.2 Wrong Spending

Closely related to the above cases of wasted aid are situations of spending aid funds on programmes that are basically meant to satisfy the interests of those in power. They make choices of projects or programmes that have nothing to do with the people, not mentioning the national interests that could, at least be a source of pride, even if on empty stomach. These are cases of aid money spent, where benefits are not seen by the common people in terms of poverty alleviation.

South Africa is a nation racked by poverty, where 13 million people survive on less than £1 a day, and two million have no access to a toilet. It depends on aid for which the Government of the United Kingdom, one of the donors, has been giving about £19 million annually. Yet President Zuma had an outrageous budget of £17.5 million to upgrade his rural family home in 2012. The project included the construction of 31 new houses, an underground bunker accessed by lifts and a helipad, Astroturf sports fields and tennis courts, a gymnasium and state-of-the art security systems, including fingerprint-controlled access pads. And nearby roads have benefited from a further £40 million of improvements. Seeing the

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[14] Part of the author’s experience with paradox of development and poverty in an African country.
[15] http://www.conservapedia.com/Joseph_Mobutu
[16] Catholic Hierarchy (2005), Statistics. http://www.catholic-hierarchy.org/country/scci3.html
[17] The Ethiopian News Forum (2013). The Disastrous African Ivory Tower Projects. http://ethiopianewsforum.com/viewtopic.php?f=2&t=56004#p339833

budget of the upgrading, it is almost as much as the £19 million aid the British taxpayers send to South Africa in annual aid. Additionally, Zuma, a polygamist with four wives and at least 20 children, also receives a controversial £1.2 million in 'spousal support' for his wives. Although he is said to be contributing £700,000 of his own money for the project out his annual £185,000 salary, the greater proportion of the cost rests on the taxpayers (Jones, 2012). In 2011 it also emerged that British aid money was used by Ugandan president Yoweri Museveni to buy a £30million private jet[18].

To confirm the choice of spending as wrong, James Peron argues that, '... (W)hile hungry faces are used on posters and in media reports to sell the virtues of foreign aid, it is the hungry who rarely see any of the funds. Poverty may be used to justify the programs, but the aid is almost always given in the form of government-to-government transfers. And once the aid is in the hands of the state it is used for purposes conducive to the ruling regime's own purposes' (Peron, 2001) or worse, for personal interests of the leader.

### 2.3.3 Aid Funds Lost due to Corruption

The case of aid lost through corruption in Africa is perhaps the best achieved results of African politicians, charged with the responsibility of taking their own countries out of poverty. Many African countries have lost through corruption, portions of aid funds that have cumulatively amounted to fortunes that could address the continent's debt and poverty problems adequately.

According to James Peron again, 'President Mobutu of Zaire managed to build a fortune in his Swiss bank account that was estimated as high as US$10 billion' (Peron, 2001), though Transparency International puts it to at least US$5 billion and he had full support of donors. Malawi's former President Bakili Muluzi was charged with embezzling aid money worth US$12 million. Zambia's former President Frederick Chiluba (a development darling during his 1991 to 2001 tenure) was later embroiled in a court case that revealed millions of dollars frittered away from health, education and infrastructure toward his personal cash dispenser. In 2002, the African Union, 'estimated that corruption was costing the continent US$150 billion a year' (Moyo, 2009)

It is clear that much of the aid received in Africa is simply looted, with little or nothing to show for the current or future generation and thus pay for. According to Lynda Chalker, 40 percent of the wealth created in Africa is invested outside the continent and that includes the aid funds[19]. And this is done by the Africans themselves. The economies of African countries would be much better than what they are today if the Africans could bring the funds back and invest them in infrastructure at home. 'Indeed, the amount of capital leaving Africa is staggering and could be as much as US$700 billion to US$800 billion ... nearly 40 percent of Africa's aggregate wealth has fled to foreign bank accounts ' (Ayodele, 2005). This indicates that with little or no corruption and a proper system of customs, tax or levies for redistribution for the common good, there would not even be the need to borrow in the first place.

According to Boyce and Ndikumana, what sub-Saharan Africa has lost (more than US$700 billion) in capital flight since 1970, surpasses the region's total external debts, which amount to roughly US$175 billion. Africa's capital flight has been driven by the aim of hiding illicitly acquired wealth in safe havens abroad. Africa qualifies as a net creditor to the rest of the world, instead of a debtor. Africa's 'assets privately held by a small stratum of about

[18] Read more: http://www.dailymail.co.uk/news/article-2441580/Wasted-millions-Britain-poured-aid-Congo-Damning-report-reveals-EU-projects-failed-deliver-results.html#ixzz2l0TpuGkm

[19] Baroness Linda Chalker, the British Minister for Overseas Development and Africa, in office from 1989 to 1997, made the remarks in a meeting for the New Partnership for African Development (NEPAD), in Abuja, Nigeria in December 2003.

100,000 “high net worth individuals” is about $1.2 trillion. The debts, on the other hand, are owed by the African people as a whole through their governments. ‘Every dollar that leaves Africa lands somewhere else in favoured destinations with bank secrecy jurisdictions – euphemistically called “tax havens” where a cloak of anonymity protects wealth holders from the taxman and the rule of law. Such favoured destinations are the United States, the famous Switzerland, France, among others. For every dollar of foreign borrowing in Sub-Saharan Africa, more than 50 cents leaves the borrower country in the same year. Africa’s public external debts and private external assets are connected by a financial revolving door operating through inflated procurement contracts for goods and services, kickbacks to government officials, and direct deposits of public funds into the bank accounts of politically influential individuals (Boyce, 2012).

To hear it from the younger generation perhaps makes the intergenerational impact look more urgent. Youngsters from Africa, at the United Nations Children’s Summit held in May 2002 in New York, castigated their leaders for failing to improve their education and health and yet leaving them with a future burden. ‘You get loans that will be paid in 20 to 30 years and we have nothing to pay them with, because when you get the money, you embezzle it, you eat it,’ said 12-year-old Joseph Tamale from Uganda (Ayodele, 2005). Such is the pitiful picture of doing poverty reduction and fighting inequalities with aid in Africa; they are creating more inequalities with far reaching effects for the future generations.

### 2.3.4 Aid Lost through Debt Servicing and Recycling

Many African governments are also trying their best to use the aid purposefully in debt servicing and recycling. As a result, the impact cannot be positively realized in changing the lives of the people through poverty reduction and increasing the incomes of the people. This kind of aid is therefore blocked from the public since the trickledown effect is not realized.

It is estimated that by 2009 roughly US$50 billion of international assistance was already going to Africa each year. On the other hand, ‘African countries still lost close to US$20 billion in debt repayments per annum, a stark reminder that aid is not free. In order to keep the system going, the debt has to be repaid at the expense of African education and health care. Well-meaning calls to cancel debt mean little when the cancellation is met with the fresh infusion of aid, and the vicious cycle starts up once again... Yet Africa’s poor are becoming poorer, and the growth slower. … The insidious aid culture has left African countries more debt-laden. … Aid is an unmitigated political, economic and humanitarian disaster’ (Moyo, 2009).

According to Tax Justice Network, ‘debt repayments and tax avoidance are the main reasons that cause financial deficits for Africa. As such, even genuine donations Aid Agencies, International donors and individuals are putting into Africa only makes up part of the deficit. Both Africans and donors are losing out - both are using up their limited resources and wealth is pouring out of Africa. For every dollar Africa receives in Aid, five dollars flow out in debt servicing and tax evasion. In this scenario the only beneficiaries are those who extract profits from Africa’s debt and through tax avoidance. They are, in effect, taking money from the pockets of both Africans and donors alike. This is an unjust, wasteful and illogical situation that sustains a cycle of dependence, underdevelopment and poverty.’ (Africa Europe Faith and Justice Network). The impact of official development aid in terms of debt servicing deserves some special attention here as it is really a drain on Africa’s finances as Martin Griffiths, quoted by Action Aid points out:

> Between 1982 and 1990 $927bn was advanced to debtor states, but $1,345bn were remitted in debt service alone. The debtor states began the 1990's 60% more in debt than they were in 1982. Sub-Saharan Africa's debt more than doubled in this period. When the issue of debt forgiveness is raised, Western banks have argued that it would create what economists call 'moral hazard' – failing to honour debts would simply encourage poor states to keep borrowing in the expectation that they would never have to repay their debts (Action Aid, 2013).

It was also partly an effort to service debts that the structural adjustment programmes (SAPs) were designed to help the aid dependent countries, which were failing to pay their debts (Kipkemboi, 2002, S. 97). The impact of the SAPs and the general issue of debt servicing for the countries in Africa turned disastrous as Martin Griffiths again observed in 2008 that: 'during the last decade, the world's most heavily indebted continent, Africa, has experienced falling life expectancies, falling incomes, falling investment levels and rising infant and maternal mortality rates' (Action Aid, 2013). More of this discussion is addressed in the next subsection.

Perhaps it is still important, at this point, to ask this question whether the SAPs and the entire aid programme was meant to develop Africa. For an answer, Action Aid also thinks not, as in the following quote:

> Western creditor nations (mostly ex-colonial) extended credit to African nations in the name of 'development', after the Second World War. In reality, it was merely to keep a surplus of petro-dollars making more money from the interest on loan payments, than in savings accounts during a time of high inflations (which would wipe the value). Later, when the interest rates became unpayable – the creditor nations offered 'bridging loans' often to despots, with extraordinary interest rates and conditions attached. These loans were called 'Structural Adjustment Programmes' and administered through the IMF. This became known as the Debt Trap – and once you understand the Debt Trap, you immediately see the concept of 'development' as a myth. The West is not helping to develop Africa, Africa is helping to develop the West (Action Aid, 2013).

Much as there is no dispute about individuals and charities that are concerned about the poor in Africa, the above quotation says something else about the official line about development aid and its intended purpose. Part of the huge aid beneficiaries are the financial institutions and big companies, usually linked to the donor countries, that are involved in contracts where the aid money in used for development projects. This is further taken up in the issues highlighted in the next subsection.

### 2.3.5 Aid Failure as an externality of Donor Contribution

Aid failure can be attributed to the actions of the aid donors either intentionally or unintentionally. The SAPs are one of the most prominent aid conditionalities from the donors that have left a significant impact in many African countries. The SAPs were a set of economic policies designed to generate rapid and sustainable economic growth with macroeconomic stability and debt servicing. The implementation of SAPs involved: price and marketing liberalization; financial sector policy reforms; international trade regulation reforms; government budget rationalization; divestiture and privatization of parastatals and civil service reforms. (Kipkemboi, 2002, S. 83). In cases cited in a number of African countries like Ghana, Senegal, Nigeria, Zambia, Malawi, among others, it has generally been concluded that the effects on the people were disastrous. The health, education and living standards of the people generally showed a decline as governments were forced to make budgetary adjustments (Adepoju, 1993, S. 6).

The implementation of the SAPs in Kenya, for instance, has been blamed for the increasing gap between the poor and the rich and the rise of poverty levels in the country. The government was forced to reduce expenditure on the on civil service, administration, economic and social services like education and health. The overall implementation resulted into rising inflation, unemployment and underemployment. Many moved to the informal sector and with unregulated wages, thus lower incomes. Crime rates increased due to a 'culture of violence' as the level of poverty rose and youth unemployment increased. 'With the vigorous implementation of the SAPs in I990s, the quantity and quality of medical and other services (like education) … deteriorated substantially. While one of the main aims of the SAPs was to rationalize and reduce government's expenditure, government has found it difficult to do so without worsening human misery' (Kipkemboi, 2002, S. 97). As families were affected due to unemployment, poor education and health services, the future of a number of people were ruined forever, another intergenerational problem.

From the logic of its very genesis in the Marshall Plan, the large-scale aid programmes are supposed to be 'explicitly seen as a temporary (albeit medium-term) development tool having an aid "exit strategy"'. The U.S. aid strategy in Taiwan during the 1960s figured out a plan, phasing out economic aid and the country's debt servicing were transferred into the Sino-American Fund for Economic and Social Development that continued to fund projects. Recent calls for well-planned aid "exit strategies" have drawn on the Taiwan experience (Brautigam, 2004, S. 278). In adopting such a strategy, the governments should have the funds for repayment that can then be converted into such foundations. A mutual donor and debtor countries strategy should be develop for the termination of concessional funding over a 10–20-year period together with 'tax reform' to enable countries graduate from aid and provide other funding alternatives (Brautigam, 2004, S. 278).

The rampant corruption in aid in Africa is also linked to donor-funded non-governmental organizations, donor countries and international bodies like the World Bank. Dambisa Moyo quotes Professor Jeffrey Winters that the World Bank had participated in the corruption of roughly US$100 billion of its loan funds intended for development. International donors were apparently turning a blind eye to the simple fact that aid money was inadvertently fueling graft. With few or no strings attached, it has been all too easy for the funds to be used for anything, save the developmental purpose for which they were intended (Moyo, 2009). These acts of involvement or complicity have contributed to Africa's huge debt burden.

### 2.3.6 The Impact of Aid on Taxation

There are other implications of aid on Africa in terms of reducing poverty, inequality and dependency. Aid reduces tax revenue. As the governments continue to get aid of which people are not fully aware, there is no way the people can hold their governments accountable. Aid also reduces incentives for democratic accountability which taxation can induce. It provides a source of "non-earned" revenue, resulting into fewer internal pressures to improve state capacity and accountability. The flow of the aid revenue is little affected by government efficiency, and therefore there is little incentive to improve state capacity. (Brautigam, 2004). 'As aid flows in, there is nothing more for the government to do -- it doesn't need to raise taxes, and as long as it pays the army, it doesn't have to take account of its disgruntled citizens. No matter that its citizens are disenfranchised' (Moyo, 2009).

Donors sometimes expect recipient countries to grant concessions like tax exemptions on goods and services for the donor funded projects and this leads to loss of revenue. Tanzania lost US$200 million worth of revenue due to such exemptions on imports of equipment and consumption goods for expatriate staff who did not also pay local income taxes (Brautigam, 2004). Aid-dependent countries may be inclined to underutilise their available sources of tax revenues because of the complacency due to many years of being "rescued" with external funding (Brautigam, 2004). And according to David Bell (1965),[20] 'foreign aid in all its forms will produce maximum results only in so far as it is related to maximum self-help', emphasising the need for countries in Africa to develop home grown strategies.

The continued borrowing and spending by the current African governments, bureaucrats, politicians, and donors are also creating 'future claims on the recurrent budget through uncontrolled investment spending. They view the future budget "as a common resource pool which they can dip into with little or no cost." Current borrowing benefits only the current population, and yet this aid will have implications even for future governments (and generations). And it is probable that the future governments 'will likely not have the foreign exchange to repay the debts incurred nor the tax revenues to pay for the recurrent costs of the investments' (Brautigam, 2004).Thus a collective action problem results from borrowing and lending today that is envisaged to have impact on the future. It is not clear how the future generations will benefit the current borrowing practices that make claims on their own future budgets, or how the investments being made today will be beneficial to them. These are moral and ethical questions obligingly calling the governments, agencies and individuals for the right decisions in the use of aid and also finding ways to reduce borrowing.

### 2.3.7 Conclusion on dependence on external financing

Though aid involves a relationship of the donors and recipients, the focus here attempts to lay more of the responsibility of development failure from aid, with the recipients. This is not a situation of blaming the victim, but rather acknowledging that after so many attempts, they should have realised some of the mistakes and derived ways forward. It is also a further acknowledgement that in the end, a solution to Africa's poverty alleviation or reduction, increasing incomes of the people and generally seeing the continent on a path to sustained development, lies with the leaders and people of Africa themselves. The sad bit is that there are more people from outside who seem to identify this problem than the Africans themselves, the more reason why Africa's leaders and people need to style-up.

After fifty or more years of failure to develop with aid, I can comfortably conclude that even adding fifty more years will not change anything if the same pattern is followed. Development through aid can only be possible if the leaders and people of Africa take this responsibility based on morals that recognize the human person as the ultimate aim of development and also the very fact that the person exists within a community, which owns resources that are shared. This borrows from the African and CST moral concepts about the person and the community. In Africa's traditions of borrowing and lending, the community's involvement was paramount to witness the process and also ensure that it was used for the intended purpose, a level of transparency lacking in modern governance systems. This draws parallels with the person in the community and participatory contexts in the CST. Though the African concept will not be given room in this discussion, the CST will fill the gap as the framework of this discussion.

[20] David E. Bell, "The Quality of Aid," *Foreign Affairs* 43 (1965): 601–7, p. 601

### 2.4 Conclusion on the Emerging Intergenerational and International Issues

The issues above were an attempt to highlight aspects reflecting Africa's poverty, inequality and continued dependence. Though not all there is, the few serve to indicate that Africa must pull itself out of these problems using another alternative if the efforts are supposed to be sustainable. Africa has used aid for long but it has not been a viable alternative for the continent as a development and wealth-gap closing strategy.

Summing up what has been presented above:

Reliable and sustainable funding is needed

- To build social security systems able to cope with demographic transitions and changing family pattern due to globalization influences
- To create education, health care and job opportunities for the young generation whose contributions will have to maintain those social security systems.
- To compensate traditional over-utilization of natural resources by poor people and create alternatives to fossil fuels
- To compensate damage done to natural resources and environment by TNCs and waste dumping
- To set the African countries free from external financing and debt.

## 3 CST on Intergenerational and International Issues

As issues connected to the human being, the intergenerational and international issues become of interest for analysis through the guiding principles and values of the CST. They are closely associated with the themes of CST like human rights, family, dignity of human labour, issues of the economy, poverty, private property, sharing and protection of the resources of considered as the global commons through responsible stewardship. To reiterate here, these are issues of social justice.

Before delving into such a discussion, I want to recall the question: why use the CST in this analysis? This has been answered by Opongo and Orobator who see the CSTs as 'principles for reflection, criteria for judgement and guidelines for action' (Opongo & Orobator, 2007, S. 13), captured in the keywords SEE-JUDGE-ACT. In this section on the CST, focus is on the JUDGEMENT part of the methodology. The 'modern CST has been articulated through a tradition of papal, conciliar, and episcopal documents. The depth and richness of this tradition can be understood best through a direct reading of these documents' (The Catholic Coalition on Climate Change, 2011). Quoting the Encyclical Letter *On the Hundredth Anniversary of Rerum Novarum,* (no.5) Opongo and Orobator refer to what Pope John Paul II said about the CSTs that, they form a 'corpus which enables the Church to analyse social realities, to make judgements about them and indicate directions to be taken for the just resolution of the problems involved' (Opongo & Orobator, 2007, S. 12). In addition, this research is focused on social justice and that demands action (Opongo & Orobator, 2007, S. 12). This section shall make *judgements* on the intergenerational and international issues (as *seen* in Africa and presented in chapter 2). This shall be based on the CST as enshrined in the Compendium of the Social Doctrine of the Church, the Papal Statements and the views from the Church in Africa and the developing world through its leaders and institutions.

### 3.1 The Compendium on the Social Doctrine of the Church.

The Compendium has two sections (from pages 201-211 and paragraphs 461-487) devoted to the relationship between man and the environment and some sections dealing with aspects of international responsibilities. Sampled here are issues which deal with the humans and their environment, and also debts and aid which have intergenerational and international implications.

### 3.1.1 Demographic Changes and Issues

The Compendium as one of the bases for CST has a different perspective on the ever-changing demographic patterns and increasing population in poor countries, compared to the ideas from economics influenced by the Malthusian views on population. It argues that 'the close link that exists between the development of the poorest countries, demographic changes and a sustainable use of the environment must not become a pretext for political and economic choices that are at variance with the dignity of the human person' (Pontifical Council for Justice & Peace, 2005, p. 209). Therefore, CST approach to the problem is influenced by the personalist principle, which emphasises the dignity and rights of the human person, who should be the protagonist and beneficiary of development because every living person has a right to life and the benefits of such development.

There may be problems in the distribution of population due to the available resources in one particular location, as Compendium notes: 'although it is true that an uneven distribution of the population and of available resources creates obstacles to development and a sustainable use of the environment, it must nonetheless be recognized that demographic growth is fully compatible with an integral and shared development' (Pontifical Council for Justice & Peace, 2005, p. 209). It considers a 'good population policy (as) only one part of an overall development strategy', thus viewing the hyped population issues as one of the problems. Therefore, the Compendium stresses that 'all development worthy of the name must be integral … directed to the true good of every person and of the whole person' (Pontifical Council for Justice & Peace, 2005, p. 210). Certainly the CST does not in itself minimize the important considerations to be made in population issues regarding size and structure. On the other hand, it emphasizes two things: the importance of people-centred development; and the need to address the increasing levels of poverty by critically assessing other economic assumptions and policies.

There is also a special focus on the relations between generations in the era of globalization. The Compendium argues that, 'solidarity between generations must be forcefully emphasized: "Formerly, in many places, solidarity between generations was a natural family attitude; it also became a duty of the community". It is good that such solidarity continue to be pursued within national political communities, but … also for the global political community, in order that globalization will not occur at the expense of the neediest and the weakest' (Pontifical Council for Justice & Peace, 2005, p. 157f.).

### 3.1.2 Environmental intergenerational Issues and Consequences of Poverty

In discussing the relationship between man and his environment, the Compendium points to man's 'ill-considered' exploitation of resources in the environment due to the ever-growing human capacity for transformative intervention and considers that this has become 'invasive'. It laments about the massive exploitation of the resources in the environment like the forests, mines, farming land by the few who have the means of production. These actions largely arise from the scientism and technocratic ideologies influenced by secularisation, nihilism and utilitarian mentalities that have reduced the things in nature to be used for development and to satisfy man's consumerist motives. This leads to interests of 'doing and having' rather than 'being'. The negative consequences of these are: increased pollution, deforestation, depletion of aquifers, climatic changes and generally a damaged environment reaching a critical point of balance that does not make it habitable any longer in many ways. The consumption pattern of the rich leads to more hazardous effects like the fossil fuels affecting the ozone layer. The increasing energy use, biotechnology and other aspects also contribute damaging the environment. Some of these impacts destabilize the habitats of indigenous peoples (Pontifical Council for Justice & Peace, 2005, pp. 201-211).

These acts of exploitation result into growing inequality, wealth gaps and poverty as not all, in their individual and national capacities, have the same means of production. The inequality and poverty arise from the fact that those who have the means of production are able to generate more wealth from the resources of the earth while the poor are unable to do this. Instead many end up being exploited in terms of being used as sources of cheap labour in this unscrupulous production process. The degradation of the environment that makes them lose their livelihoods due to soil erosion and desertification. 'The present environmental crisis affects those who are poorest in a particular way, whether they live in those lands subject to erosion and desertification, or are involved in armed conflicts, or subjected to forced immigration, or because they do not have the economic and technological means to protect themselves from other calamities' (Pontifical Council for Justice & Peace, 2005, p. 209). The Compendium further raises the necessity 'to keep in mind the situation of those countries that are penalized by unfair international trade regulations and countries with a scarcity of capital goods, often aggravated by the burden of the foreign debt. In such cases hunger and poverty make it virtually impossible to avoid an intense and excessive exploitation of the environment.' (Pontifical Council for Justice & Peace, 2005, p. 209).

The CST does not purport to give technical solutions for or answers to all these problems arising from this complex relationship human beings have with their environment. It does offer an ethical framework in which these problems can be assessed and solutions derived.  It urges for the need for combining 'scientific capacities with a strong ethical dimension' (Pontifical Council for Justice & Peace, 2005, p. 203) and the use of technology to correct the ills of pollution and environmental degradation. The social teachings of the Church consider the care for the environment as a challenge to all humanity and respect for the common good. It emphasizes the need to protect the earth's biodiversity and goes to even greater length to point to the intergenerational concerns since 'we have inherited from past generations, and we have benefited from the work of our contemporaries: for this reason we have obligations towards all, and we cannot refuse to interest ourselves in those who will come after us, to enlarge the human family' (Pontifical Council for Justice & Peace, 2005, p. 204).

The Church has also identified the need for individual and community commitments to environmental protection. Such responsibility should 'find adequate expression on a juridical level' both internationally and nationally through 'uniform rules that will allow States to exercise more effective control over the various activities that have negative effects on the environment and to protect ecosystems by preventing the risk of accidents'. States should 'actively endeavour … to prevent destruction of the atmosphere and biosphere, by carefully monitoring, among other things, the impact of new technological or scientific advances ... [and] ensuring that … citizens are not exposed to dangerous pollutants or toxic wastes' (Pontifical Council for Justice & Peace, 2005, p. 204). The Compendium observes that 'preventing anyone from using "with impunity the different categories of beings, whether living or inanimate" as one wishes, would be 'a matter of a common and universal duty of respecting a common good, destined for all' (Pontifical Council for Justice & Peace, 2005, p. 203)

In regard to the impact of globalization and its impact on intergenerational relationships and the use of resources, the Compendium highlights the need for global planning and considerations based on solidarity. It therefore emphasizes that 'solidarity between generations requires that global planning take place according to the principle of the universal destination of goods, which makes it morally illicit and economically counterproductive to burden future generations with the costs involved: morally illicit because it would mean avoiding one's own responsibilities; economically counterproductive because correcting failures is more expensive than preventing them. This principle is to be applied above all — although not only — to the earth's resources and to safeguarding creation, the latter of which becomes a particularly delicate issue because of globalization, involving as it does the entire planet understood as a single ecosystem' (Pontifical Council for Justice & Peace, 2005, p. 158).

### 3.1.3 The Issue of Development Aid and Foreign Debts

In the Compendium also treats foreign debts and its effects on the poor in the poor countries, leading to increasing levels of poverty and inequality at both national and international levels through 'the debt crisis of many poor countries' (Pontifical Council for Justice & Peace, 2005, p. 195). While acknowledging that 'complex causes of various types lie at the origin of the debt crisis', the Compendium mentions 'fluctuation of exchange rates, financial speculation, economic neo-colonialism, corruption, poor administration of public monies or the improper utilization of loans received' (Pontifical Council for Justice & Peace, 2005, p. 195) as some of the issues that have exacerbated the debt problem.

For a meaningful solution, the Compendium thus suggests for debt repayment not to compromise the 'fundamental right of peoples to subsistence and progress' (Pontifical Council for Justice & Peace, 2005, p. 195) Though this is a rather non-committal suggestion in terms of the exact policy, it does point to the considerations to be made for the human person as the central focus and the poor, by lightening their burden.

## 3.2 The Papal Statements

The papal statements, especially the encyclicals addressing issues of political, social and economic concern that affect humanity, also touch on issues of social justice. The Popes use the encyclicals to articulate the Church's views on such issues which fall in the domain of the CSTs principles, values and themes. Commenting on the importance and influence of the encyclicals, Stephen Beale (2013), an American writer and convert to Catholicism writes that:

> **…**papal encyclicals wield an outsize influence. Papal encyclicals have inspired revolutions, changed cultures, and helped topple ideologies and empires. Sometimes they meet with universal acclaim. Some arouse widespread disdain and dissent. Either way, when a pope issues his thoughts on an important matter of faith and morals, the world listens—even if it doesn't always agree… There are some encyclicals, in particular, that have left … an indelible impact on the world—whether the world of Catholicism, the broader Christian community, or beyond (Beale, 2013).

This statement makes a strong case as to why it is necessary to examine what the popes have said about the issues identified as part of Africa's intergenerational and international challenges. Several popes, have constantly written and spoken about the concern for the earth's resources, climate change, poverty, inequality, among others, at different times.

### 3.2.1 Views of the Popes on Demographic Issues

Population is commonly considered as a cause of high levels of poverty and inequality. However, Pope Benedict XVI sees the problem of population differently. In *Caritas Veritate* he states that, 'to consider population increase as the primary cause of underdevelopment is mistaken, even from an economic point of view'. According to him, 'due attention must obviously be given to responsible procreation, which has a positive contribution to make to integral human development'. He sees people as an asset as 'populous nations have been able to emerge from poverty because of 'the size of their population and the talents of their people'. While on the other hand, 'formerly prosperous nations are presently passing through a phase of uncertainty and in some cases decline, precisely because of their falling birth rates, becoming a crucial problem for highly affluent societies. The decline in births, falling at times beneath the so-called "replacement level", also puts a strain on social welfare systems, increases their cost, eats into savings and hence the financial resources needed for investment, reduces the availability of qualified labourers, and narrows the "brain pool" upon which nations can draw for their needs'.

Furthermore, Pope Benedict XVI observes that 'smaller and at times miniscule families run the risk of impoverishing social relations, and failing to ensure effective forms of solidarity. These situations are symptomatic of scant confidence in the future and moral weariness. It is thus becoming a social and even economic necessity once more to hold up to future generations …. In regard to the debate on intergenerational issues and responsibilities, this has certainly a direct relevance in terms of what should be planned in policy and practical solutions and how should these be implemented now'. In view of this, the Pope called upon States to 'enact policies promoting the centrality and the integrity of the family founded on marriage between a man and a woman, and to assume responsibility for its economic and fiscal needs, while respecting its essentially relational character'[21].

On his part, Pope John Paul II appealed for social security policies to address some of the structural issues of the population, especially for the aging and vulnerable. He affirmed that 'the more that individuals are defenceless within a society, the more they require the care and concern of others and in particular the intervention of governmental authority.'[22]

### 3.2.2 Papal Statements on the environment and its protection

Issues relating to the environment have been of concern for the Popes as they have continued raising awareness on the consequences of human actions in the use of the resources of the environment, with impact on human generations elsewhere and in the future. Pope John Paul II stressed on the need to use the resources in the environment responsibly. He decried the habit of using 'the resources in the environment as if they were inexhaustible, with absolute dominion, seriously endangering their availability not only to the present generation but above all for generations to come.'[23] He observed that 'we cannot interfere in one area of the ecosystem without paying due attention both to the consequences of such interference in other areas and to the well-being of future generations'.[24] For Pope Benedict XVI, 'the way humanity treats the environment influences the way it treats itself, and vice versa'[25].

In the encyclical *Caritas in Veritate*, Pope Benedict XVI observed that 'the environment is God's gift to everyone, and in our use of it we have a responsibility towards the poor, towards future generations and towards humanity as a whole.'[26] Pope John Paul II similarly considered that: 'God gave the earth to the whole human race for the sustenance of all its members, without excluding or favouring anyone.'[27] In reference to the future generations, Pope Benedict XVI emphasizes that 'a greater sense of intergenerational

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[21] Ibid
[22] Pope John Paul II. *(Centesimus Annus*, 110), as quoted in Australian Catholic Social Justice Council (ACSJC). (1992). Common Wealth for the Common Good: A summary of a paper from the Australian Catholic Bishops' Conference; People's Edition. ACSJC Occasional Paper No. 12
[23]Pope John Paul II. (*Sollicitudo Rei Socialis*, 34)
[24] (1990 World Day of Peace Message, No. 6 http://www.vatican.va/holy_father/john_paul_ii/messages/peace/documents/hf_jpii_mes_19891208_xxiii-world-day-for-peace_en.html).
[25] (Pope Benedict XVI, Encyclical Letter Caritas in Veritate, 2009, No. 51, http://www.vatican.va/holy_father/benedict_xvi/encyclicals/documents/hf_benxvi_enc_20090629_caritas-in-veritate_en.html) .
[26] (Pope Benedict XVI, Encyclical Letter Caritas in Veritate, 2009, No. 48 http://www.vatican.va/holy_father/benedict_xvi/encyclicals/documents/hf_benxvi_enc_20090629_caritas-in-veritate_en.html)
[27] Pope John Paul II. *(Centesimus Annus*, 31),

solidarity is urgently needed. Future generations cannot be saddled with the cost of our use of common environmental resources.'[28]

In another part of the message, Pope Benedict XVI further emphasised the proper use of the resources of the earth intended for all, as opposed to the current habit of greedy exploitation by few who have the means. In his encyclical *Caritas in Veritate*, (2009), he said:

> The fact that some States, power groups and companies hoard non-renewable energy resources represents a grave obstacle to development in poor countries. Those countries lack the economic means either to gain access to existing sources of non-renewable energy or to finance research into new alternatives. The stockpiling of natural resources, which in many cases are found in the poor countries themselves, gives rise to exploitation and frequent conflicts between and within nations.[49]

Later in a 2010 address to members of the Diplomatic Corps, he also noted that 'the world has enough food for all its inhabitants provided that selfishness does not lead some to hoard the goods which are intended for all'. And in his 2010 World Day of Peace message Pope Benedict XVI observed that: 'It is all too evident that large numbers of people in different countries and areas of our planet are experiencing increased hardship because of the negligence or refusal of many others to exercise responsible stewardship over the environment.' He highlighted a number of consequences of the irresponsible use of the environment leading to 'desertification, the deterioration and loss of productivity in vast agricultural areas, the pollution of rivers and aquifers, the loss of biodiversity, the increase of natural catastrophes and the deforestation of equatorial and tropical regions'. According to him, these have 'a profound impact on the exercise of human rights, such as the right to life, food, health and development'.[29] He was also not silent on the actual and potential conflicts involving access to natural resources and considered that 'our present crises – be they economic, food-related, environmental or social – are ultimately also moral crises, and all of them are interrelated.'[30] He particularly acknowledges that 'environmental degradation makes the life of the poor especially unbearable.'[31]

For Pope Benedict XVI, 'the Church has a responsibility towards creation and she must assert this responsibility in the public sphere.'[32] This responsibility involved, concern for the environment and this 'calls for a broad global vision of the world; a responsible common effort to move beyond approaches based on selfish nationalistic interests towards a vision constantly open to the needs of all peoples.'[33] He envisaged protection of the environment and the protection of human life, including the life of the unborn as inseparable[34]. As part of the solution, he recommends the 'preservation of the environment, promotion of sustainable development and particular attention to climate change are matters of grave concern for the entire human family.'[35]

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[28] (Pope Benedict XVI, 2010 World Day of Peace Message, No. 8, http://www.vatican.va/holy_father/benedict_xvi/messages/peace/documents/hf_benxvi_mes_20091208_xliii-world-day-peace_en.html)
[29] Pope Benedict XVI (2010), 2010 World Day of Peace Message, No. 4, http://www.vatican.va/holy_father/benedict_xvi/messages/peace/documents/hf_benxvi_ mes_20091208_xliii-world-day-peace_en.html
[30]Pope Benedict XVI (2010), 2010 World Day of Peace Message, No. 5, http://www.vatican.va/holy_father/benedict_xvi/messages/peace/documents/hf_benxvi_mes_20091208_xliii-world-day-peace_en.html
[31] (Pope Benedict XVI, August 27, 2006, http://www.usccb.org/sdwp/ejp/climate/)
[32] (Pope Benedict XVI, Encyclical Letter Caritas in Veritate, 2009, No. 51 http://www.vatican.va/holy_father/benedict_xvi/encyclicals/documents/hf_benxvi_enc_20090629_caritas-in-veritate_en.html)
[33] (Pope Benedict XVI, 2010 WorldDay of Peace Message, No. 11, http://www.vatican.va/holy_father/benedict_xvi/messages/peace/documents/hf_benxvi_mes_20091208_xliii-world-day-peace_en.html)
[34] (Pope Benedict XVI, 2010 Address to the Diplomatic Corps, http://www.vatican.va/holy_father/benedict_xvi/speeches/2010/january/documents/hf_benxv_spe_20100111_diplomatic-corps_en.html)
[35] Pope Benedict XVI (2007), Letter of His Holiness Benedict XVI to the Ecumenical Patriarch of Constantinople on the Occasion of the Seventh Symposium of the Religion, Science and the Environment Movement, 2007 http://www.vatican.va/holy_father/benedict_xvi/letters/2007/documents/hf_benxvi_let_20070901_symposium-environment_en.html)

Finally, the representative of the Holy See and Popes at the United Nations, Archbishop Celestino Migliore, pointed out at the United Nations General Assembly session on Sustainable Development that ‘the poor and the powerless most directly bear the brunt of environmental degradation. Unable to do otherwise, they live in polluted lands, near toxic waste dumps, or squat in public lands and other people’s properties without any access to basic services.’[36] The poor ‘contribute least to climate change but they are likely to suffer its worst consequences with few resources to adapt and respond.’[37] ‘This great inequality between polluters and victims makes anthropogenic climate change into a fundamental problem of global justice.’[38]

### 3.2.3 Papal statements on the increasing debt burden

The popes have also been concerned about the increasing debt burden, especially in the developing countries, that accounts for part of the increasing inequality and poverty. During a pastoral visit to Brazil in 1991, Pope John Paul II had this to say about the issue of increasing debts and inequality among nations: ‘A country's foreign debt can never be paid at the expense of the hunger and poverty of the people.’[39] He later stressed this during the celebrations of the Jubilee 2000, in which he called for debt relief as an urgent step:

> Debt relief is, ... urgent. It is, in many ways, a precondition for the poorest countries to make progress in their fight against poverty. This is something which is now widely recognized, and credit is due to all those who have contributed to this change in direction. We have to ask, however, why progress in resolving the debt problem is still so slow. Why so many hesitations? Why the difficulty in providing the funds needed even for the already agreed initiatives? It is the poor who pay the cost of indecision and delay[40].

He also recognized that the problems of the poor countries are far beyond issues of debt relief alone:

> Debt relief is, of course, only one aspect of the vaster task of fighting poverty and of ensuring that the citizens of the poorest countries can have a fuller share at the banquet of life. Debt relief programmes must be accompanied by the introduction of sound economic policies and good governance. But, just as important if not more so, the benefits which spring from debt relief must reach the poorest, through a sustained and comprehensive framework of investment in the capacities of human persons, especially through education and health care. The human person is the most precious resource of any nation or any economy[41].

Side by side with the issues of international debt is the challenge of international aid, meant to be a solution to some of the problems of poor countries. Pope Benedict XVI urged for transparency in aid and international cooperation on the part of the international agencies and non-governmental organizations. This is aimed at minimizing situations of making ‘those who receive aid become subordinate to the aid-givers, and the poor serve to perpetuate

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[36] Archbishop Celestino Migliore, (2007). INTERVENTION BY THE HOLY SEE AT THE SECOND COMMITTEE OF THE 62nd SESSION OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS ON SUSTAINABLE DEVELOPMENT, 2007, http://www.vatican.va/roman_curia/secretariat_state/2007/documents/rc_segst_20071029_sustainable-development_en.html

[37] United States Conference of Catholic Bishops & Catholic Relief Services (2010), Catholics Confront Global Poverty, 2010, http://www.usccb.org/sdwp/globalpoverty/ccgp_issues_climatechange.shtml

[38] The German Bishops (2006), Climate Change: A Focal Point of Global, Intergenerational and Ecological Justice- An Expert Report on the Challenge of Global Climate Change, published in 2006, updated in 2007, http://catholicclimatecovenant.org/wp-content/uploads/2010/01/German-Bishops-Report.pdf

[39] Australian Catholic Social Justice Council (ACSJC). (1992). Common Wealth for the Common Good: A summary of a paper from the Australian Catholic Bishops’ Conference; People's Edition. ACSJC Occasional Paper No. 12

[40] Pope John Paul II (1999), Jubilee Year Calls for Urgent Debt Relief, L’Osservatore Romano. September 1999, http://www.ewtn.com/library/PAPALDOC/JP2DEBT.HTM

[41] Ibid

expensive bureaucracies which consume an excessively high percentage of funds intended for development'.[42] Pope John Paul II in *Sollicitudo Rei Socialis*, urged for solidarity needed in the relationship among the nations; meaning 'those who are more influential, because they have a greater share of goods and common services, should feel responsible for the weaker and be ready to share with them all they possess.' (39)

## 3.3 The Church in Africa and the Developing World

For views of the Catholic Church in Africa on these matters, the points of reference in this research are the Episcopal conferences, the Synods and reports from individual research and academic institutions which have been involved in discussions issues of social justice. These perspectives have also been complemented, where necessary, by quotations from Bishops Conferences in other parts of the world.

### 3.3.1 The views of the Church in Africa on environment and resource use

As shown above, Africa is suffering from effects of the environmental problems arising from resource use by people both within and from outside. In a bird's eye-view one has to look at the resource exploitation in terms of: forests, mines, water resources. According to the African Bishops in the Second African Synod in 2009, by the nature of resources the continent has, it is supposed to be rich. The question is what causes Africa's unending poverty, high levels of inequality, continuous dependence on foreign funding for supporting its recurrent and development needs? They explained the wars in the Democratic Republic of Congo, Sierra Leone or the ongoing conflict between North and South Sudan, as a result of the resource exploitation (Catholic Information Service for Africa (CISA), 2013).

The Bishops in the Second African Synod attributed the rising poverty and inequality in Africa is to Africa's leaders and people in power and influence. It is a problem of betrayal by Africans themselves too, conniving with foreign governments and business interests. Quoting to illustrate this from the propositions of the African Synod, Michael McCabe, points out the issue of resource exploitation and mismanagement in Africa as a problem of bad governance and greed as the idea suggests. 'The reason for their shamefully bad governance … is that these leaders pursue "greed for power and wealth at the expense of the people and nation. Whatever may be the responsibility of foreign interests, there is always the shameful and tragic collusion of local leaders: politicians who betray and sell out their nations, dirty business people who collude with rapacious multinationals, African … local agents of some international organisations who get paid for peddling toxic ideologies …"' (McCabe, 2009, S. 8).

The Second Synod also acknowledged the 'irresponsible degradation and senseless destruction of the earth, "our mother"'. According to the Synod Proposals, this is done: 'In complicity with those who exercise political and economic leadership in Africa, some businesses, governments and multinational and transnational companies engage in business that pollute the environment, destroy flora and fauna, thus causing unprecedented erosion and desertification of large areas of arable land. All of these threaten the survival of mankind and the entire eco-system. This has raised among scientists and stakeholders the awareness of the deleterious effects of climate change, global warming, natural calamities ...' (Proposition 22) (Catholic Information Service for Africa (CISA), 2013). The Synod Fathers mentioned the fact that in the context of Africa, there exists 'a strict connection' between 'the exploitation of natural resources, the trafficking of arms and a contrived insecurity... Some Multinational corporations exploit the natural resources of African countries oftentimes without concern for

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[42] Caritas in Veritate . http://www.vatican.va/holy_father/benedict_xvi/encyclicals/documents/hf_ben-xvi_enc_20090629_caritas-in-veritate_en.html

populations or respect for the environment, with the complicity of many privileged local people' (Proposition 29) (Catholic Information Service for Africa (CISA), 2013).

As part of making 'the earth habitable beyond the present generation and to guarantee sustainable and responsible care of the earth', they thus proposed environmental education and the adoption of 'policies and binding legal regulations' by governments to use alternative renewable sources of energy. Indeed, the Synod Fathers condemned 'the culture of consumerism which is wasteful', and advocated 'the culture of moderation'. Therefore, they appealed 'to the international community to encourage the formulation of national and international legislation for the just distribution of revenue generated by natural resources for the benefit of local populations and to ensure their legal management to the advantage of countries possessing these resources, while barring, at the same time, illegal exploitation'. The Synod also indicated that 'the global economic system … continues to marginalize Africa' (Proposition 29) (Catholic Information Service for Africa (CISA), 2013).

In their Pastoral Letter entitled 'Governance, Common Good and Democratic Transition in Africa' issued in Accra early in 2013, the Bishops[43] stated that 'the Church cannot be indifferent or isolated in the face of present day socio-political and economic challenges facing Africa'. The Letter also goes on to note that 'The African Church has intervened many times to call for fair exploitation of the continent's natural resources, such as oil and timber. The Bishops did acknowledge the efforts made by many countries to improve the living standards of the people, but denounced the persistent corruption among officials and depredation of resources by multinational companies which still prevent a high number of Africans from benefitting from the riches of their nations' (Agenzia Fides, 2013).

Fr. Roland Lesseps SJ, a Senior Researcher and Instructor at Kasisi Agricultural Training Centre (Zambia), highlights in a Keynote Address to the African Forum on Catholic Social Teaching (AFCAST) the damage done to the environment by humans as a matter of concern. 'The way humans are using the environment is already doing damage to the lives of millions and millions of fellow humans and this requires a drastic and radical change' (Lesseps, 2005). The ecological footprints[44] human action has caused to the biologically productive land and water resource area required for consumption and for absorbing the waste, has deteriorated so much. He pointed out that the estimated availability of productive land is about 1.9 hectares per person (by 1999) with the ecological footprint of all humanity was 2.3 hectares per person. This shows a deficit already since:

> …our consumption and waste production patterns exceed the capacity of the earth to create new resources, absorb waste, and maintain a stable climate. The ability of our earth to support future life is declining. We are robbing from the future generations to support our current lifestyle. So that others may simply live and increase their consumption of natural resources, we who are contributing so much to ecological overshoot must begin to live more simply, putting significantly lower demands upon the earth's biological resources. Realize that in the familiar statement "Live more simply so that others may simply live" the significant word "others" should include future generations of humans and of the millions of other living creatures on earth (Lesseps, 2005).

[43] Reference is made here to the Symposium of Catholic Bishops' Conferences in Africa and Madagascar (SECAM/SCEAM), an umbrella body for all the Catholic Bishops in the continent.

[44] Ecological footprint is a term used to refer to the standardized measure of what humans need from the earth's ecosystem. It represents the amount of biologically productive land and sea area that can supply the resources a human population consumes and assimilate the waste this same population produces

Fr. Roland sees the impact of the exploitation, consumption, and resource depletion affecting the poor more since they are unable to have their just share of the earth's limited resources. The poor and the powerless suffer the most from environmental degradation. The poor are most affected by deforestation, soil erosion, pollution of rivers and city streets. As for the rural poor, whose lives are so intimately tied to the natural resources on the land and in the water of their environment, the inequalities widen. For instance, drought leads to less food for the poor and yet part of the problem of drought is caused by the consumption patterns of the rich. He therefore quotes Mahatma Gandhi who thought that 'the earth has more than enough to supply the needs of all, but not enough to satisfy the greed of all.' (Lesseps, 2005).

In a particular, Fr. Roland emphasises the importance of biodiversity and again quotes Kofi Annan on this with the statement that: 'Biological diversity is a widely under-appreciated resource that is essential for human existence and has a crucial role to play in sustainable development and the eradication of poverty.'[45] He calls for efforts to preserve biodiversity as a tool for poverty eradication and urges that any good programme of social justice should be environmentally sound. If in any social justice programme, people are isolated from the earth, working for the poor while ignoring what is happening to their livelihood systems, through the soil, water, air, plants and animals, will be like a delusion.

#### 3.3.1.1 The concerns about Climate Change

In 2010 in Rome, representatives from the Church in the developing world, including those from Africa, made a number of observations on climate change. In the report, 'Climate Change: A Call to Justice', they noted the diverse effects of climate change on peoples of the earth, especially the poor. They reiterated that the poor, who contribute the least to climate change, suffer the worst consequences of climate change as they have inadequate resources for coping, especially after catastrophes. This is worsened by the fact that 'the voice of the poor is not heard and thus they are not able to participate in decision making at both, local and global levels' (Rome South-South Dialogue Declaration, 2010, S. 3). The projected impacts of climate change, according to them include: decreased food production, droughts, increase in climate sensitive diseases like malaria, and other ecological, social, economic, political and cultural problems (Rome South-South Dialogue Declaration, 2010, S. 2).

They acknowledged that climate change is directly linked to the industrialization and exploitative economic activities like deforestation in the Amazon and tropical Africa, Latin America, and some Asian countries; mainly by the northern countries consuming a lot of energy from oil-gas-coal sources. They urged the countries in the north to consider the ecological debt they owe to the rest of the world, especially the vulnerability of the people who depend on these resources. The developed nations were therefore called to recognize 'their ecological debt', and 'share clean technologies with developing countries so as to empower' such countries 'to reach sufficiently sustainable economic prosperity with low carbon emissions' (Rome South-South Dialogue Declaration, 2010, S. 2&5).

In further recommendations, the representatives proposed that addressing problems arising from climate change should be based on the CST Principle of universal destination of the goods of Creation, meant to be shared by all. They urged all the governments 'to have a fundamental orientation to the global common good and give prior consideration to "well-living" of peoples'… and saving 'God's creation from the inordinate and dominant search for profit and … greed'. The governments were also supposed 'to incorporate in their economies, present and future environmental social costs and not allow the poor and future generations to

[45] Koffi Annan, (2003). United Nations Secretary General: Message on the International Day for Biological Diversity, 22 May 2003; http://www.cbd.int/doc/press/2003/pr-2003-05-22-bioday-un-en.pdf

bear these costs unjustly'. In a further call to commitment, termed as 'a call to justice and not merely charity', The churches, governments and policy makers need to assist people, especially to adapt to the new situations. This requires financial and technical support for adaptation as well as to help the environmental refugees. They also identified that this can only be possible through 'fair, transparent, just and common-good oriented governance' based on 'just distribution of the common wealth' and giving room for 'participation of the people' (Rome South-South Dialogue Declaration, 2010, S. 5).

### 3.3.2 The Debt Crisis, Mismanagement and the increasing Dependence

The issue of the debt crisis and the increasing burdens has been raised by the Catholic Bishops' Conference of the Philippines, in 1990, but certainly fits in the context of Africa as a developing region. They argued that the grave situation of debts crisis portrayed about the developing countries does not, unfortunately, end 'in depressing statistics remaining as lifeless reports in a library shelf but are grim indications of the reality of suffering and misery among the people'. They point out that 'the debt crisis is the paramount example of a man-made disaster' originating 'from human acts and decisions'. The Bishops lamented that the full impact of the debts on human lives is 'more extensive and enduring'. From their assessments, 'an enormous debt was created at least in part by wrong calculations, wrong investments, wrong decisions of individuals and organisations and most likely by their wrong moral values as well'. This has led to consequences, especially for the poor, who do not participate in these decisions, but pay for these wrong decisions 'through fewer jobs, less schools, fewer hospitals and less shelter'. The Bishops considered the debt repayment and the increasing interests as a kind of 'prolonged serfdom', since they make the countries weak and able to repay their debts. They viewed the increasing debt situation as dehumanising and as a symptom of a moral disease afflicting both debtor and creditor nations. They saw the Church's obligation to proclaim the truth about God and man through her teachings about human dignity, freedom, social justice and human solidarity.[46]

## 3.4 Evaluating the situation, developing alternatives

The foregoing assessment from the Compendium, the papal statements and the views of the Church in the developing world -especially Africa-, support the analytical presentation of chapter (2). However, as could be seen: The texts researched and presented in this chapter 3 rather confine themselves to also presenting the situation and commenting the situation generally in view of moral appeals to those in a situation to alleviate and improve it. The specific question of taxes or levies as a tool for remediation has not been mentioned. It is the opinion of the researcher, however, that this is not due to the fact that those being quoted do not value taxes or levies as a potent means for improvement. It is rather, because this perspective is too new and too under-researched to have entered the discussion as a viable or even commended option already.[47]

At this stage it can be argued, however, that a system of taxes and levies would not contradict that which has been presented above. The frequent references the principles of the Universal Destination of Goods, the need of thinking the Common Good globally, requirements arising from social, restorative, international and intergenerational justice and (finally) the participation of all in the determination of the best for each respective community (instead of leaving it to local elites and foreign partners) are pointers to this. They suggest that improvement in the areas of demographic development, resource exploitation and dependence

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[46] Catholic Bishops' Conference of the Philippines (CBCP) (1990), Statement on the Foreign Debt Problem, http://www.cbcponline.net/documents/1990s/1990-foreign_debt.html

[47] The view should be recalled that CST is a body developing over time and new elements, which are developed in the tension between empirically stated problems, in dialogue with empirical science and morally guided reflection enter the discussion at a stage when all three areas are brought into congruence and coherence (see e.g. (Pontifical Council for Justice & Peace, 2005, pp. 27-48)

from external finance may very well rest in an efficient system of taxes and levies – besides more general globally developed and implemented legal and economical reforms. That way, the presentation above leaves the door open for taxes and levies being part of a comprehensive package calling for ACTION.

Especially the aspect of social justice is of interest when thinking about the context in which it has been introduced into public debate and CST only by the middle of the 19th century:[48] When the effects of the Industrial Revolution became apparent it was felt by catholic thinkers that it is no longer sufficient to reflect justice issues within existing society, but to question the justice of the existing society as such. The outcome of this reflection were proposals of taming excesses of finance and economy which threatened the social cohesion, social stability and social peace of existing societies by the dominance of financial, economic and political elites and their inequality-increasing activities. Arising from this reflection, recommendations arose to tame finance and economy and attempt a more just balance between financial, economic and social interests by introducing (at least in Germany's social market economy) social security systems and other forms of redistribution in view of assisting the disadvantaged and improved democratic participation both in political and economic affairs. It could be argued, therefore, that the situation in today's globalized world resembles the situation existing within society during the First Industrial Revolution: Inequality and poverty in today's Global Villages requires similar lines of reflection and action by placing the Universal Nature of the Common Good in the centre of deliberation.

## 3.2 Taxation and CST

To illustrate the preceding more specifically and to combine it with existing references to taxation in CST, here are some more examples and arguments, why and how taxes and levies might be justified options for improving the problems discussed in this paper,

National governments have duties and responsibilities towards their citizens in addressing the national questions of development, accounting for solving the national problems of poverty, inequality as forms of injustice; in fulfilment of the social contract. This is however, meant to be a reciprocal responsibility of the national governments and the citizens as stressed by Opongo and Orobator that 'the government has the duty to protect the rights of its citizens by putting in place structures that are people-oriented and efficient' and guaranteeing their 'legal and political rights'. On the other hand, the citizens 'have a duty to pay taxes, take part in development activities, help the government in achieving common good objectives' (Opongo & Orobator, 2007, S. 32).

Pope John Paul II made the appeal about the importance of citizens paying taxes, as part of his message to the youth in Africa, in Onitsha, Nigeria in 1982 where he said, '[a] good Christian is a good citizen. You must love your country … and pay your taxes'[49]. Vatican II Council also emphasized this:

> It grows increasingly true that the obligations of justice and love are fulfilled only if each person, contributing to the common good, according to his own abilities and the needs of others, also promotes and assists the public and private institutions dedicated to bettering the conditions of human life. Yet there are those who, while possessing grand and rather noble sentiments, nevertheless in reality live always as if they cared nothing for the needs of society. Many in various places even make light of social laws and precepts, and do not hesitate to resort to various frauds and deceptions in avoiding

[48] http://en.wikipedia.org/wiki/Social_justice
[49] Pope John Paul II (1982), Address of John Paul II to the Young People of Nigeria, Onitsha (Nigeria); Saturday, 13 February 1982; http://www.vatican.va/holy_father/john_paul_ii/speeches/1982/february/documents/hf_jp-ii_spe_19820213_giovani-nigeria_en.html

> just taxes or other debts due to society. … They do not even avert to the fact that by such indifference they imperil their own life and that of others. (*Gaudium et Spes,* No. 30)[50]

The importance of taxes is further stipulated in the Compedium of the Social Doctrine of the Church with this statement: 'Tax revenues and public spending take on crucial economic importance for every civil and political community. The goal to be sought is public financing that is itself capable of becoming an instrument of development and solidarity. Just, efficient and effective public financing will have very positive effects on the economy, because it will encourage employment growth and sustain business and non-profit activities and help to increase the credibility of the State as the guarantor of systems of social insurance and protection that are designed above all to protect the weakest members of society' (Pontifical Council for Justice & Peace, 2005, p. 153).

More specifically, taxation can be linked to/derived from the following principles and values of CST:

The Church supports the need to pay taxes to the state and the state's obligation to use these for the common good, ensuring that the necessary social conditions for people as individuals and groups exist for them to reach their fulfilment more easily. Thus in the view of the CST principles, values and themes, taxes can be seen as a convenient tool at hand for the state to balance the distribution of resources through progressive, fair and just taxes that help to balance the excessive income and wealth inequalities, while at the same time raising revenue, based on the CST value of distributive justice (Alt, 2014). Appropriate spending of such funds for the needs like education for the youth and the health for all and social security for the aged, all become ways of ensuring that the basic needs are met.

Additionally, taxation and levies on the use of the resources in the common pool would be both a deterrent regulation as well as a financing option. It makes certain the benefits accruing from the exploitation of such resources are shared fairly appropriately in justice and charity among the people (Pontifical Council for Justice & Peace, 2005, p. 75). Good investment policies in infrastructure and resource regeneration programmes also maintain the quality of the natural resources, preserving them for the future as the present generation uses its fair share. This would be a manifestation of the principle of the universal destination of goods, which sees the earth and all it contains as belonging to all men and all peoples and therefore benefits be shared fairly. Taxation is therefore seen as the attainment of this principle and requires a common effort to obtain for every person and all peoples the conditions necessary for integral development to make their contribution through a 'give' and 'receive' (Pontifical Council for Justice & Peace, 2005, p. 75) process; offering them opportunity for participation, which is another important CST principle.

The Church considers that the benefits of private property, the outcome of the individual's work and the application of one's own intellect, should be accessible to all. An appropriate way of such social sharing of benefits arising from private property, which the states can apply, is through the policy of taxation. The Compendium treats the preferential option for the poor as a part of the principle of the universal destination for the goods. It stresses that 'the principle of the universal destination of goods requires that the poor, the marginalized and in all cases those whose living conditions interfere with their proper growth

[50] Pope Paul VI, (1965), Pastoral Constitution on the Church in the Modern World: Gaudium at Spes; December 7, 1965 http://www.vatican.va/archive/hist_councils/ii_vatican_council/documents/vat-ii_cons_19651207_gaudium-et-spes_en.html

should be the focus of particular concern' (Pontifical Council for Justice & Peace, 2005, p. 89).

Further down in subsection 4.4.2, the CST concept of subsidiarity has been concretely captured in the discussion on fiscal subsidiarity.

Taxation is one of the ways in which the CST principle of solidarity can be actualized. It enables, through institutional approaches of distributive justice and redistribution, to cause human beings to deal with each other in sharing resources in dignity and commitment. The state facilitates the process through its structures and policies.

Implicit in this discussion is that taxation also reflects the CST values of justice through the principles of equitable and progressive taxation. It also reflects love and charity in the contributions that citizens make to the state for social action. The revenue generated through taxes has been a great contribution in supporting state action about families, peace, environmental issues, governance and employment. These are in themselves strong themes in the CST, some of which form the basis for the discussion in this paper.

The question is: what kinds of issues need to be considered in the policies of taxation that African countries need to adopt, considering the intergenerational and international issues that have been highlighted? Apart from the generally known principles of taxation, what other factors should be taken into account for tax policy making and institution building? Three areas have been identified for policy action in regard to the issues that have long been discussed in the empirical and CST context as below.

# 4 The option of taxes, levies etc. for in Africa

Having concluded the chapters on "SEE" and "Judge", it is not time to make some very specific proposals in view of "ACTION". It is my view that taxation, levies and other state imposed contributions are appropriate for Africa for redistribution and a more sustainable funding. It is therefore important to consider answering the questions: How can taxation be effectively used to address Africa's intergenerational problems of poverty and increasing wealth gaps, mitigate the situation regarding resource exploitation and reducing the continent's unending dependence on external financing?

## 4.1 The state of taxation in Africa

African countries have already tax policies and institutions. It is considered that the primary function of taxes is to raise money to finance government programmes and services and to regulate and restrict certain types of business practices, products and services and also increase government savings.

However: if the African countries have institutions and policies of taxation, why do they still have funding problems? Part of the answer to this problem lies in the fact that the policies and institutions are not performing adequately. As such, they cannot raise enough revenue to fill the gaps of funding and revenue. Looking at the regulatory aspect, they do not also perform regulatory roles that could be used to address the uncontrolled resource exploitation.

It is therefore imperative that the taxation systems in Africa require some improvement. This is because the way they function in most countries in Africa now leaves a lot to be desired. The problem of taxation is that taxes are unpopular and that rich and poor alike would take any opportunity to avoid or evade taxes. This is worsened by problems of ‘institutional failures’ in the general African political economy that translates in maintaining ‘distortionary tax policies in excess of levels justified by productive public spending so as to fund non-productive consumption transfers to favoured political groups’ (Adam & O'Connell, 1999, S. 227). This weakness is further stressed here as they quote from Bates (1983, 162):

> Quite apart from philosophic predisposition, however, recent experiences in Africa … make it clear that the preferences of governments often bear little correspondence to any idealization of the public interest. Rather, governments engage in bureaucratic accumulation and act as to enhance the wealth and power of those who derive their incomes from the public sector; they also act on behalf of private factions, be they social classes, military cliques, or ethnic groups. They engage in economic redistribution, often from the poor to the rich and at the expense of economic growth. These are central themes in policy formation in Africa and their prominence serves to discredit any approach based on a conviction that governments are agencies of the public interest. (Adam & O'Connell, 1999, S. 226)

This statement portrays one of the major challenges that have affected Africa’s taxation policies leading to increasing inequality and wealth gap now has been this practice that favoured the minority who would often combine both power and wealth. As such, strategies aimed at the common good of the people lacking.

A 2008 analysis of the situation of taxation in developing countries by the Organization for Economic Cooperation and Development (OECD) identified a number of factors for the poor performance. These involve how to raise the taxes and by how much, since tax ratios can only rise when incomes rise, which is still hard for the developing countries due to their generally low incomes. The report indicates that ‘despite repeated attempts at tax reform, the overall tax take changes little from one year to another’, due to income levels in countries. For instance, ‘the average tax to GDP ratio for low income countries is about 18%, compared to 22.5% for medium income countries, and over 29% for high income countries. [And] the short to medium term tax ratios tend to be “sticky”’. This is confirmed by the level of income tax raised in the developing countries like in Africa (24.3 % as opposed to 38.6 % of total tax revenue in developed countries). Apart from the above, citizens are reluctant due to misuse of funds by the governments; poor record keeping making it difficult to assess the prospective tax payers and collect taxes from them; and lack of resources to build comprehensive tax collection systems. And currently, TNCs as more powerful controllers of capital than many developing countries, give such countries lower bargains due to the possibilities they have to pay taxes lower rates in the financial centres and tax havens, whether legally or illegally, thus weakening the position of the countries (Organisation for Economic Cooperation and Development, 2008, S. 21-22).

## 4.2. Creating International Tax Structures

Africa is affected by the global systems through the external financing and aid, trade and the investments done by the TNCs. These have greatly determined the way the national governments and the individual citizens respond to such issues of economic ramifications. Considering the level of interconnectedness that has developed with the increasing pace of globalization it is plausible to establish an international tax system that the African countries can use and benefit from.

Borrowing a leaf from the OECD, the existing Extractive Industries Transparency Initiative (EITI) acknowledges that the global system contributes to corruption and weak accountability in developing countries. The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-Bribery Convention, 1997), advocated for promoting transparency in terms of natural resource use. It also acknowledges that 'these initiatives need to be matched by a renewed focus on the positive drivers of enhanced domestic accountability, with broadening the tax base as a central issue' (Organisation for Economic Cooperation and Development, 2008, S. 20). Apart from broadening the tax base at home, it would be a profitable idea to establish international governing structures for taxation that could be a way of controlling the tax practices of the TNCs, which are involved in the extractive industries and corrupt officials who collude in doing illegal dealings with the TNCs. This certainly calls for greater collaboration on tax issues through acts like joint legislation or policies that could enable countries to recover the lost revenues. This necessitates the idea of an international tax structure.

Closely related to the above, tax evasion by individuals, TNCs and trusts with business interests in Africa, is one of the significant components of revenue losses for African countries. A joint report by the African Development Bank and Global Financial Integrity (2013), advocates for African Countries to enter into automatic exchange of tax information (AEI) agreements with developed countries and secrecy jurisdictions where the proceeds of tax evasion are lodged. At the moment, they have the possibility of information sharing with the OECD 'upon request' and this has proved rather difficult for national authorities to follow cases of tax evaders. African governments are thus urged to consider the possibility for agreements with the European Union, the United States and developed region governments where individuals, corporations and trusts involved in massive tax evasion are located (African Development Bank and Global Financial Integrity, 2013, S. 44-45).

The idea of an international tax system and structure to protect the environment, was already advocated for by Prof. Barbara Ward[51] as early as 1972, when she argued from the point of view that human activities that were damaging to the environment and there was need for protective measures:

> ... as the towers of technological man grow higher, his dependence on advanced energies systems is greater, his transport and his settlements more vulnerable; rich and poor alike could be heading for the breakdown and anarchy of world-wide civil strife. But it is precisely this kind of risk that our assembly has come together to forestall. After all, history does not dictate failure to us. Reforms have been made with imagination and generosity. "The mandate of Heaven" returns; new regimes bring in audacious ideas of renewal. It was not until 1915 that the United States introduced a progressive federal income tax. Is it inconceivable to see in guaranteed international aid the first faint beginning of a tax system on the world scale?[52]

Later in 2005, the representative of the Holy See, Monsignor Giampaolo Crepaldi advocated for a similar idea but advanced it beyond the international aid system. He believed in 'the creation of an international sense of social justice, … responding to the needs of social justice … to stipulate and bring into force [a] "world social contract", … a concern in international circles after the Declaration of the Millennium or the Consensus of Monterrey'. According to him:

> This requires going beyond the categories of "common interest" or "mutual benefit" that currently inspire policies for development aid or funding. It is precisely in this perspective that the necessary political will to give free rein to the forms of financing

[51] Prof. Barbara Ward, helped set up the Pontifical Commission for Justice and Peace at the Vatican and was one of the earliest advocates of sustainable development. http://en.wikipedia.org/wiki/Barbara_Ward

[52] http://www.vatican.va/roman_curia/secretariat_state/diplomazia-multilaterale/1-onu-ass-gen/programmes-funds/unctad/documents/rc_seg-st_19720512_ward_en.html

> envisaged by the international tax authorities can be created. If in the immediate future and from a practical viewpoint it is reasonable to present these mechanisms as a tax system for funding, work must be done to have them recognized as an expression of international social justice that strives to re-establish equity between peoples. In addition, we must establish at an international level the goal proper to tax revenues and national public spending, that is, to be "an instrument of development and solidarity"[53].

Ending with a quote from the *Compendium of the Social Doctrine of the Church*, (n. 355: (Pontifical Council for Justice & Peace, 2005, p. 153)), Monsignor Giampaolo Crepaldi saw the importance of such a structure again. For Professor Barbara Ward, she saw it from the perspective of the international aid system that has not lived up to her dreams. Both ideas seem to emphasize the importance of an international taxation system. However, the dream of an international tax system is becoming more necessary now. It would offer a concerted effort of checks and balances and structures to redistribute the benefits TNCs get from such goods destined for the common good.

The research in this area indicates that apart from transnational tax policies used in supporting transnational business interests, no proper international tax regime exists that can institute and administer tax policies and structures. There is need to reinvent the wheel through this old idea and make it work for Africa, probably beginning with an initiative at the level of regional groupings like the East African Community (EAC), Economic Cooperation of West African States (ECOWAS), Southern Africa Development Cooperation (SADC), or at African Union (AU) level. The need for an African initiative is echoed by Akonor's call in relation to foreign aid: Africa's development will not materialize from outside sources. Thus, African leaders should take control of their countries' economic destinies and find creative ways to finance development other than reliance on foreign aid. … Africa's leaders must break free from their aid dependency by harnessing the continent's collective resources for the benefit of their people. As a critical step toward this end, African leaders must take … make real and substantive efforts to harmonize policies (Akonor, 2007). I would add that one such policy area involves taxation issues at a greater regional or continental level.

The model of the United Nations Double Taxation Convention between the Developed and Developing Countries[54] and the OECD Model Tax Convention on Income and Capital are also a good starting point for developing an international system of taxation that can be useful to countries such as in Africa. The UN Model Double Taxation Convention can help the member countries collectively design strategies of taxation that are fair to each benefiting member state to raise revenue for making investments to address the demographic, resource depletion issues and the increasing dependence on external financing. These can be developed and adopted countries to regulate the activities of the TNCs that exploit resources and repatriate profits.

## 4.3 Strengthening of national and Local institutional Capacities

For using and protecting the resources, supporting the local peoples' livelihoods and promoting development through foreign investments, strengthening the local and national institutional capacity is very necessary. This is for two reasons: first, from the above

[53] Mons. Giampaolo Crepaldi. (2005), Address at the 43rd Session of the United Nations Commission for Social Development, New York, 11 February 2005 http://www.vatican.va/roman_curia/secretariat_state/2005/documents/rc_seg-st_20050211_crepaldi-new-york_en.html

[54] United Nations. 2011. United Nations Model Double Taxation Convention between Developed and Developing Countries. New York: Department of Economic & Social Affairs

indications of weaknesses in tax policies of African countries and then there is also the fact that if more taxes are to be collected, then more has to be done in terms of strengthening the institutional capacity. This is discussed here under the two subsections on the national institutional structures and the local structures.

### 4.3.1 National Institutional Structures

Many countries in Africa have established institutions and policies governing taxation. For instance, the East African Community (EAC) partner states, have been implementing various tax reforms in the existing tax policies and institutions since the 1990s, for broadening tax bases, rationalizing taxes to improve the investment climate, enhancing compliance and improving other aspects of tax revenue administration. These reforms however, have not yet materialized into the expected results. Due to the general absence of voluntary compliance among taxpayers, weak relationships between tax policy and national development objectives, and difficulties with tax administration, the reforms have not been effective. However, tax policy is certainly essential.

There is need for strategies for balancing between direct and indirect taxes and for tax policy objectives to be driven by national development priorities. Quite interestingly, the study also emphasized the importance of fiscal decentralization and local tax mobilization, dealt with in the next subsection (No. 4.4.2) below. There is still some degree of political and bureaucratic interference in the revenue entities; lack of legal and administrative frameworks and codified tax laws and taxpayers' rights; little operational capacity and efficiency of the revenue collecting institutions; poor economic infrastructure; poor national identification systems among others, leading to poor revenue mobilization. Nonetheless, some form of institutional framework is in place and the policies that have been instituted should therefore be strengthened and enforced to enable more effective local revenue mobilization through taxes[55].

Even in specific areas like environmental issues, many countries in Africa have already adopted policies that can aid resource use and protection of the environment from unscrupulous exploitation. These policies and institutional structures need to be revamped for more effective use before thinking of new ideas. The United Nations Environmental Programme study conclusions confirm this. It argues that 'in many instances, it is not necessary to reinvent policies and their implementation, or to continue adding to the already saturated landscape of policies. Rather, what is required is a closer examination of existing policies and institutions to see how better to enable and strengthen them to serve more effectively. This approach could help to circumvent the long, sometimes onerous, processes required to build policies and/or new institutions from the ground up' (Garcia, 2012, S. 343). This requires strengthening institutional capacity for implementing such policies and managing the resources.

### 4.3.2 Local Structures, Fiscal Subsidiarity and indigenous knowledge

That the operations of private commercial interest groups and TNCs are shaping international economic policies is already a fait accompli. However, that does not handover to them a blank cheque for resource exploitation. There is need for policies that can look both ways; guiding the operations of such commercial interest groups while also making sure that such exploitation does not compromise the livelihoods of the people in the locality. In this approach, taxation and other levies offer a way out of the complexity to ensure that the

[55]http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Domestic%20Resource%20Mobilization%20for%20Poverty%20Reduction%20in%20East%20Africa-Lessons%20for%20Tax%20Policy%20and%20Administration.pdf

commercial interest groups are taxed appropriately and the communities in whose location such resources exist, get a part of the revenue generated to use for enhancing their livelihoods and regenerating the resources for generations. This approach therefore takes into account the idea of fiscal subsidiarity.

In a more general context subsidiarity entails ‘a policy should be assigned to lower levels of government, and thus closer to the citizens it affects, unless there are demonstrable benefits of conducting the policy at a higher level’ (Begg, 2009, S. 27). This rhymes very well with what the Compendium says about the principle of subsidiarity in general:

> It is impossible to promote the dignity of the person without showing concern for the … local territorial realities. … On the basis of this principle (subsidiarity), all societies of a superior order must adopt attitudes of help (“subsidium”) therefore of support, promotion, development with respect to lower-order societies. In this way, intermediate social entities can properly perform the functions that fall to them without being required to hand them over unjustly to other social entities of a higher level, by which they would end up being absorbed and substituted, in the end seeing themselves denied their dignity and essential place. Subsidiarity, understood in the positive sense as economic … assistance offered to lesser social entities, entails a corresponding series of negative implications that require the State to refrain from anything that would de facto restrict the existential space of the smaller essential cells of society. Their initiative, freedom and responsibility must not be supplanted (Pontifical Council for Justice & Peace, 2005, p. 81).

Pope Benedict XVI used the terminology of fiscal subsidiarity in his encyclical Caritas in Veritate as one of the solutions to the issue of development aid. In relation to taxation and especially he notes:

> One possible approach to development aid would be to apply effectively what is known as fiscal subsidiarity, allowing citizens to decide how to allocate a portion of the taxes they pay to the State. Provided it does not degenerate into the promotion of special interests, this can help to stimulate forms of welfare solidarity from below, with obvious benefits in the area of solidarity for development as well. (Caritas et Veritate, No.60 )

In spite of the controversy this Papal proposal caused, one commentator on the Papal tax choice in the Blogpost “Debate Politics” (2010)[56] had this to say: ‘As far as I can tell...it's by far the most notable endorsement of the idea of giving taxpayers more control over how their taxes are spent’.

It can be considered that local communities also contribute to national revenue through sharing of the proceeds of resources that are found in their location; resources that they have lived on for ages. If such resources find value in the bigger international trade, then it is appropriate that revenue obtained from the use of such resources is shared between such communities and the national government, based on the principle of fiscal subsidiarity. This form of autonomy to manage some tax revenues derived from the use of local resources in the environment. This is especially appropriate in terms of the resources that also contribute to their livelihoods and community survival. Taxes and levies which help generate income to support local communities on the basis of fiscal subsidiarity have the benefit of, financing local development initiatives in general and ensuring local livelihoods are supported. The

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[56] Debate Politics (2010), ‘The Pope Endorses Tax Choice’, http://www.debatepolitics.com/religious-discussions/149694-pope-endorses-tax-choice.html

revenue can also be deliberately ploughed back into maintaining the natural resources that have been in the environment, supporting the people.

In Nepal's sand, gravel and stone mining sector, the principle of fiscal subsidiarity works effectively. It ensures that a percentage of the revenue is given to the local authorities to be ploughed back into resource management and environmental protection and conservation, other community development projects of poverty reduction, victim compensation, etc. This also relieves the central government of the need for extra resources to fund development programmes for such local communities, as much as it adds more revenue to the government coffers. This indicates the need for such policies that help to generate revenue (tax policies) for environmental protection and also encourage the people to participate in environmental management, ensuring that revenue is ploughed back. Part of the revenue is also directed towards the poor in the local communities, in a spirit of solidarity and preferential option for the poor and common good. The capacity of the local authorities should be built in the monitoring and supervision of the resource extraction process, the management of the revenue and the environmental protection programmes. (United Nations Development Programme, 2011). This helps to balance the 'undesirable extremes of "quick-and-dirty extraction" and "non-extraction" by "environmentally regulated extraction," which is feasible (United Nations Development Programme, 2011, S. i). For Africa, Jekwu Ikeme also recommends the idea of ecological taxes that can be adopted as part of the user costs which paid by those extracting natural resources and these can then be reinvested in other wealth creating ventures (in case of non-renewable resources) or maintaining renewable resources through prudent policies[57].

In Africa, local communities lack capacities for utilizing resources in their environment fully, when however, such resources could be exploited for the needs of a greater population. Some of these resources form part of the local people's livelihoods, and need policies to ensure the protection of the environment and the people's mechanisms (knowledge) to cope with any shocks. Arguing the importance of this knowledge, Fulvio Mazzocchi has this to say:

> Many indigenous populations have relied for centuries or even millennia on their direct environment for subsistence and autonomy. Over time, they have developed a way in which to manage and use their resources that ensures their conservation into the future. … Consequently, there is no 'exploitation' of nature—which they do not consider as a collection of commodities—in the interaction between humans and natural milieu. On the contrary, their way of life is based on a strong sense of interconnection and interdependence. … Natural resource management is based on shared meanings and knowledge. This traditional knowledge has developed a concept of the environment that emphasizes the symbiotic character of humans and nature. It offers an approach to local development that is based on co-evolution with the environment, and on respecting the carrying capacity of ecosystems. This knowledge—based on long-term empirical observations adapted to local conditions—ensures a sound use and control of the environment, and enables indigenous people to adapt to environmental changes. Moreover, it … forms the basis for decisions and strategies in many practical aspects, including interpretation of meteorological phenomena, medical treatment, water management, production of clothing, navigation, agriculture and husbandry, hunting and fishing, and biological classification systems. Beyond its obvious benefit for the people who rely on this knowledge, it might provide humanity as a whole with new biological and ecological insights; it has

[57] Jekwu Ikeme, Sustainable Development, Globalisation and Africa: Plugging the holes. http://www.afbis.com/analysis/Jekwu.html

> potential value for the management of natural resources, and might be useful in conservation education as well as in development planning and environmental assessment (Mazzocchi, 2006).

Already the rights of the indigenous peoples to these territories and resources in enshrined in international law (MacKay, 2004, S. 43). Policies of taxation, should not only support the rights to livelihoods but also enhance the knowledge that these communities have developed about their own livelihoods. Therefore, there should be deliberate effort to build the capacity of the local administrative staff through appropriate training on the necessary procedures and innovations about revenue collection and use. In addition, such leaders should be trained on public relations while effort to educate tax payers should be improved[58].

## 4.4 Alternatives to fair, just and efficient taxation?

Finally a short discussion of alternatives sometimes indicated instead of a fair, just and efficienT taxation policy: Trade and migration.

### 4.4.1 Trade as additional source of revenue

Among the other options that exist for Africa to raise revenue is trade. Trade would create local industry and create jobs, those employed would be able to pay taxes from their income and consumption. This has been seen, and some wanted to advance just this segment of international economy with programs such as “Aid for Trade”. In this context taxation is seen to be an obstacle: Since most of the world’s trade takes place within TNCs the argument is plausible that everything – especially taxation – should be avoided unless TNCs might consider not to deal with the state. Rather, tax privileges might be considered to attract these.[59]

At local, regional and international levels, trade certainly offers any opportunity that Africa can rip huge revenue benefits from. According to economists like Kravis (1970), international trade provides an important stimulus for growth and presumably for development that benefits all. Considering the continent’s resource potentials, trade offers Africa a basis for diversifying revenue sources. Apart from just obtaining revenue from the sale of the products from the resources, trade has the potential of boosting the tax base of the countries in Africa. Levies on exports and imports, the production processes and on the employees, would all contribute to the revenue of the different countries involved. These advantages notwithstanding, the facts at the moment are that Africa’s trade performance is poor and dismal. Trade does not currently give her a good chance for development and reduction of poverty, inequality and dependency as a stand-alone (Ng, 2002). They further identify problems of domestic tariff and non-tariff trade policies, governance policies and physical characteristics of the African countries as responsible for this.

The brief analysis above largely implies that some problems related to Africa’s standing in international trade are internal, as shown above. Other authors think the problems are external too, e.g. in relation to the terms of trade regarding Africa’s products. The following statement reflects such a view: ‘Certainly no fairness in starting point exists in international trade relationships such as would be mandated by the Economic Partnership Agreement (EPA) proposed by the European Union in dealing with places like Africa’

[58] “Toolkit for Local Revenue Mobilization“, http://lokalnirazvoj.rs/assets/files/Baza_znanja/Upravljanje_prihodima/Toolkit%20for%20Local%20Revenue%20Mobilization.pdf

[59] 'Seventy percent of world trade is controlled by just 500 of the largest industrial corporations, and in 2002, the top 200 had combined sales equivalent to 28% of world GDP. However, these 200 corporations only employed 0.82% of the global work force.' Retrieved from http://www.stwr.org/multinational-corporations/key-facts.html. STWR is a London based NGO with consultative status at the UNs ECOSOC.

(Henriot, 2013, S. 355). Much as I agree with him here, I also see the view raised by the World Bank President, James Wolfenson in 1998, quoted by Ng and Yeats (2002) about Africa's trade, a reality. According to him, Africa must set up functioning governments with working judicial systems, predictable taxation systems, and build capacity for social and economic infrastructure to attract trade and investment opportunities. To implement the needed reforms for improving trade opportunities, major commitments and funds are demanded from many countries in Africa. Yet, many of them still lack the funds, making them to increasingly rely on borrowing that has its own problems as already highlighted.

The "Aid for Trade" programme seemed to provide hope, especially after the Millennium Declarations that included a goal on promoting "Global Partnership for Development" (Millennium Development Goal 8). However, the idea was made more concrete into the "Aid for Trade" programme by the 2005 Hong Kong Ministerial Declaration of the World Trade Organization (WTO). In general, Africa is the second largest recipient of the "Aid for Trade" donations after Asia. Between 2006 and 2011, disbursements of aid for the "Aid for Trade" programmes in Africa doubled. Five out of the top ten Aid for Trade recipients are from Africa, namely: Morocco, Ghana, Ethiopia, Egypt and Tanzania, in order of rank. Much as this looks to be another promising area for financing in Africa, the Aid for Trade programme still remains donor funded, a continued problem of external financing. With recent economic difficulties during the financial crisis, the disbursements of the Aid for Trade were equally affected dropping from the peak of USD 18.5 billion it had reached in 2010 to USD13.1 billion, raising questions about the future stability and sustainability of the programme together with other challenges of the quality and value of the products which mainly are primary products with little value added.  (United Nations Economic Commission for Africa, 2013, S. 1-30).

According to Dambisa Moyo cites cases where a number of initiatives in local trade and investment are being frustrated by the activities of aid donors. For instance, she argues that 'under the auspices of the U.S. Food for Peace program, each year millions of dollars are used to buy American-grown food that has to then be shipped across oceans'. This floods foreign markets such as those in African with American food, and puts local farmers out of business. Therefore in her estimation, 'a better strategy would be to use aid money to buy food from farmers within the country, and then distribute that food to the local citizens in need'. In another case, she describes how a well-meaning donation of mosquito nets can put destroy the local investment of mosquito net manufacturing which also ends jobs for 10 people who may cater for 150 dependants (Moyo, 2009).

### 4.4.2 Migration as additional source of revenue

Another suggestion to increase revenue for developing or poor countries is migration, especially in view of the demographic development. In order to get all young people into formal employment, annual economic growth figures would be required which are impossible to obtain and to sustain. For that reason, migration might be a safety valve to avoid social instability due to high unemployment and would supply urgently needed labour to aging economies in the north. This could be, therefore, a win-win situation and all that is needed would be to organize and secure migration and money transfers legally as good as possible.

It is widely known and acknowledged, that legal and illegal migrants transfer billions of Dollars every year into their home countries. And: It can be proven that this flow of money reduces poverty in the countries of origin to a considerable degree.[60] Interesting enough, this flow of external finance was resilient during the time of the World Economic and Financial

[60] Alt, J. (2009) Globalisierung – illegale Migration – Armutsbekämpfung. Karlsruhe: von Loeper, pp. 172-177 + 206-208, pp. 183-185

Crisis 2008/2009. It kept its level (or went back to pre-crisis levels soon) and keeps on rising: The World Bank's Remittances Factbook 2011 estimates, that the recorded flow of remittances could rise up to US$ 440 Billion at the end of 2011,[61] which implies, that much more money will be remitted since money transferred outside recorded channels (e.g. Hawallah Banking) by legal and illegal migrants is difficult to estimate – some researcher argue, that the amounts transferred by illegal migrants are equal or even more than that of legal migrants.[62] This would suggest that annually remittances approaching US$ 1 Trillion are transferred by migrants to their countries of origin. Considering this amount of money, prominent researchers such as Harvard Professor Dani Rodrik argue that improved migration policies are much more useful for combating poverty than free trade agreements. Migration expert Bimal Gosh summed up World Bank and Rodriks views in a talk given in 2006 by saying: 'The World Bank estimates that a rise in emigration from developing countries equal to 3 per cent of the labour force of high income countries (as in Dani Rodrick's hypothesis) could lead to a global output gain of US$ 356 billion by 2025. This is about twice the global gain from full merchandise trade liberalization, using the same model and similar assumptions.'[63]

There are, however, a number of question marks to dampen enthusiasm at least as far as Sub Saharan Africa is concerned: World Bank statistics indicate that registered remittance flows to this region are among the lowest worldwide and it can be assumed that unregistered remittance flows match this movement. Since Sub Sahara Africa is the world's region most disconnected from Globalization exchanges in terms of capital flows (FDI), production, and trade it can also safely be assumed that the legal and illegal remittance flow is low compared with other world regions.[64] Remittance flows favour urban areas and rather ignore rural regions. In that context, they are also not very suitable to finance public services such as the quality of the educational and health care system or the creation and maintenance of infrastructure such as roads, electricity, sanitation, etc. Largely, remittances are spent for building houses or create small businesses and up to now, not many working models exist where remittances are also put to use for public tasks or created jobs for others. Thirdly, remittances are not a reliable source of finance. Its flow is dependent on migration options offered by developed countries and their economic situation. For development of one's own country, nothing is better than development within that country, leading to domestically generated revenues. Good as migration may be for developing or poor countries, therefore, it can only be an additional or bridging solution.

Concluding, therefore, it should be clear that also trade and migration are not an alternative for good, fair and efficient taxation, but that at least part of the benefits can be reaped only if taxation systems are in place. While this is widely known for TNCs whose aggressive taxes saving strategies are even criticized by the OECD it is not so obvious for migration. But, as a case in Mexico shows, even migration can be put to use for the common good with good taxation policies: The Mexican model follows the system of „matching grants": If family members donate one Dollar remittance money to public authorities, the state and federal government add one Dollar each and the money thus generated are invested in

[61] World Bank (2010) Migration and Remittances Factbook 2011. Washington, November 2010. Retrieved from http://go.worldbank.org/QGUCPJTOR0

[62] A discussion on that is contained in Alt, J. (2009) Globalisierung – illegale Migration – Armutsbekämpfung. Karlsruhe: von Loeper, pp. 172-177 + 206-208.

[63] Gosh, B. (2006) Migrants Remittances and Development: Myths, Rhetoric and Realities. IOM Study, pp. 30. Retrieved from the Website of the Social Science Research Council, http://www.ssrc.org/publications/view/D2915556-F851-DE11-AFAC-001CC477EC70/

[64] Alt, J. (2009) Globalisierung – illegale Migration – Armutsbekämpfung. Karlsruhe: von Loeper, pp. 200-203.

developing and maintaining local infrastructure and public services which in turn are incentives for local industries to develop.[65]

# 5 Conclusion and Recommendations

This has been an attempt to demonstrate the existing nexus of the intergenerational issues in Africa with those of the international issues that challenge that have implications for the continent's problems of poverty and inequality. It is very relevant as an issue of interest in the "Tax Justice and Poverty" debate. The connections seem remote but a more detailed examination enables areas of focus to emerge. It is by no means exhaustive but has highlighted pertinent issues that have enabled the connections to be explained. In Africa, especially the intergenerational issues and their modern implications can be considered as an emerging issue as the society is in transition both in terms of new influences and massive demographic transition. The changing demographics and social patterns in Africa over the years together with the impact of globalization are pushing the people of Africa to levels of resource use that has been unprecedented in the continent's history. This is overstretching the capacity of these natural resources to their limits. With international trade, these resources, which hitherto formed the basis of the livelihood of the people, have become open to another unprecedented level of competition, threatening to rob even future generations.

Casting an eye of the CST on it, there is need for the people to be safeguarded and protected from these threats and to their livelihoods and at the same time allowing them to enjoy benefits of modern capacities that can be harnessed to exploit these resources and share the benefits equitably. This can be achieved by considering reforms of the existing structures and systems by applying the principles of CST for analyzing the situations and developing policy alternatives. This requires a new moral perspective that the CST has attempted to provide in the analysis of the issues.

The above issues and areas for action have prompted a number of issues to be recommended for policy considerations and also for further research to assess the possibilities in improving tax policies and activities to generate more revenue by equitable and just means and redistribution options. The suggested options are outlined below:

- There needs to be a deliberate focus on studying the proposal for an international institution for policy formulation and taxation regimes. The impact of the existing bilateral and multilateral arrangements like the automatic tax information exchange agreements, the OECD Model Tax Convention and the UN Model Double Taxation Convention between Developed and Developing Countries (Organization for Economic Co-operation and Development (OECD), 2011, S. 62) and the current regional arrangements for policy discussions should be studied for further development.
- Assistance in developing more efficient tax collecting and spending administrations should be part of developmental assistance with the goal to improve taxation and self reliance in African states.
- The idea of fiscal subsidiarity should also be studied as a possibility that can enable local community to enjoy the benefits of resources that are extracted and learn to protect the resources with a better understanding of the value.
- The possibility for the Church in Africa and civil society organizations (CSOs) to be more actively involved in issues of taxation should be studied. The church and CSOs have been advocates for the poor and prominent in campaigning for issues of justice. They should take the point of taxation as an issue poverty and justice as well.

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[65] For this see Alt, J. (2009) Globalisierung – illegale Migration – Armutsbekämpfung. Karlsruhe: von Loeper, pp. 187-190.

- TNCs should strive to pay the taxes due to them and of taking greater social responsibility and engaging with governments and communities through fiscal policies that have mutual benefits. They too need better services for operating business in the host countries.
- In spite of that, a more adequate and efficient taxation of TNCs should be aimed for, especially in view of past and present resource exploitation.

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