THE NEW LUNATIC EXPRESS: Lessons not learned from the East African Railway

By Mary Serumaga

"The limits of tyrants are prescribed by the endurance of those whom they oppress."
-Frederick Douglass

The building of standard gauge (SGR) railways in both Uganda and Kenya and the predictable sagas that have ensued are reminiscent of the controversies surrounding the building of the Uganda and Rhodesian Railways in the late 19th and early 20th centuries. Both present a framework within which it is possible finally to understand the limited achievements in development in all sectors (and frankly, underdevelopment in many) and regression in Uganda's primary education, copper mining and agricultural sectors. Both SGR projects are tainted with suspicion of shady procurement which, if taken together with the track records of the implementers, points to corruption. It would be irresponsible to say otherwise.

The route, design, level of service and all other decisions of the Uganda Railway of 1990 were dictated by potential profits for foreign investors (both public and private) and their local agents, and not by notions of public service and the common good of those who would bear the ultimate cost. Return on investment is not a bad thing but the Imperial government also claimed to be acting in the interests of the indigenous populations.

The difference now is that there is no pretence about whether the railways are serving the interests of the general population. The different financial implications presented by the procurement process itself, the selection of routes and the relative cost of engineering in the different terrains, plus the cost of compensating displaced landowners, provide scope for long-running, energy-depleting corruption scandals. From the outset, there has been a lack of confidence that procurement processes for the necessary services would prioritise the interests of the public over the interests of the contractor and would actively exclude the personal interests of the public servants commissioning the works. This is what is triggering the anxiety surrounding the SGRs.

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Moreover, the choice over whether to upgrade the old railway or to start afresh was not adequately debated publicly. Ditto the options on financing. For the Kenyan SGR, the most costly of the potential routes were reportedly selectively chosen. Several cheaper routes on land allegedly already in possession of the government are said to have been rejected.

There are also questions surrounding passenger service. Do the railways only serve trade or are passengers entitled to this alternative to dangerous road transport? In areas where passengers and not commodities, who will be the primary user of the railway?

Uganda owns one half of the old East African Railway. Together with the Kenyan leg, it was put under a 25-year management contract. The new owners renamed their new toy Rift Valley Railways (RVR). In 2017, after only twelve years, the governments cancelled the contracts in a move the RVR called an illegal takeover. On the Ugandan end, there were allegations of asset-stripping by previous European concessionaires as well as unpaid concession fees and massive salary arrears caused by RVR. If RVR were to successfully sue the government for cancellation of the contract, their compensation would be the first budget overrun.

The government of Uganda then signed a Memorandum of Understanding in 2014 with the China Civil Engineering Construction Corporation (CCECC), which had submitted a study. It abandoned those negotiations in favour of a second Chinese entity, the China Harbour Engineering Company. In justifying its action, the government questioned the quality of the CCECC's study, which it said was cut and pasted from pre-existing feasibility studies (something that could have been avoided by following proper procurement procedures). CCECC insists it was a pre-feasibility study requiring less detail than a full-blown feasibility study. Whatever the case, if CCECC had followed through with its suit for US$8 million in compensation, which would have been another massive blow to the budget at inception. Whatever compensation they have agreed to has not been made public but as matters stand, the budget for the eastern leg of the SGR has gone up from CCECC's proposed US$4.2 billion to CHEC's US$6.7 billion.

What stands out – apart from the incompetence, squabbling and eventual compensation claims that accompany nearly every major Ugandan development project – is that the President of the Republic is front and centre in the flouting of procurement procedures by issuing personal invitations to foreign firms and individuals to participate in projects. He has done the same with investors from the United Arab Emirates who have been promised land. The results are often disastrous: the country is in debt to the Kenya-based Bidco company after it fell short of 10,000 hectares of land it had promised the company for a vegetable oil project. As a result, Bidco received tax waivers worth

US$3.1 million in 2016 alone, according to the Auditor General.

The last top-level contact with a foreign investor whose details are known resulted in the arrest in New York of Patrick Chi Ping Ho in late 2017 on charges of paying bribes to the Ugandan president and the foreign minister through an American bank. The Ho-Kutesa bribery case casts more shade on the procurement arrangements for the SGR. Without a satisfactory resolution of the matter and with the same people still in situ, citizens would be foolhardy to expect value for money from the SGR.

By the beginning of 2018, owing to cash flow difficulties, less than half of the land required for the 273-kilometre eastern section of the SGR had been acquired. Not surprisingly, as Uganda slithers into insolvency, the government has resorted to domestic and foreign borrowing to fund ordinary recurrent expenditure like payroll. Commodity prices are significantly lower and the shilling worth much less than when the SGR was first contemplated. So bad is the situation that the police force announced that police work in 2018 is to be carried out on a rotational basis among the regions as there are insufficient funds to enforce the law across the whole country at once.

The Uganda Railway, 1900

The Uganda Railway initially ran from Mombasa to the Kenyan side of Lake Victoria, where the journey was completed by steamer to Port Bell in Kampala. The main purpose of the railway was to make Uganda colonisable.

Under the hinterland principle introduced by the Treaty of Berlin of 1885, colonial powers had the first option on the ownership of the hinterland abutting on their coastal possessions. To claim possession of the hinterland, a power had to show that it had *effectively occupied the coast*.

Having secured the Kenyan coast, Britain was not required to effectively occupy the East African hinterland – Uganda – but was determined to do so, fronting the objective of stopping the slave trade under the Brussels Anti–Slavery Act of 1890, which also required it to “improve the moral and material conditions of existence of the native races”. The argument ran as follows: To stop the slave trade, the region had to be governed by Britain and to govern, soldiers, ammunition, civil servants and their supplies had to be transported to the region, for which a railway was essential.

Only after the annexation of Uganda did references to the slave trade fade out as the overriding objective and the need to grow cotton to feed Britain’s textile industry and reduce unemployment came in to sharper focus.

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There was competition for the hinterland from the western coast of Africa, whose Congolese hinterland Belgium owned. Belgium was interested in north-western Uganda. In the north, the French had had a military confrontation with the British in Fashoda over supremacy in the Sudan. Time was, therefore, of the essence and the proposal was tabled in Parliament without a thorough survey.

“We have had a large sum of money voted, but I observe that in recent documents the survey has

*disappeared and it has become a 'reconnaissance survey'. We want to know whether we are making an estimate of the cost of a railway upon a reconnaissance survey. Major Macdonald was at the head of that survey, and when he arrived at the mountains he did not survey any further but put upon his survey 'mountains', and so there was practically no survey" (***Henry Labouchère, MP, [Uganda Railway debate, April 1900]**)**

The expenditure necessary was minimised in presentations to Parliament,

"The estimates of cost have been falsified from the very commencement. They began with an estimate of £1,700,000; then it jumped up to £3,000,000, and year after year when the vote for Uganda came on for discussion, we were told that that would not be exceeded. And now the right hon. Gentleman comes here and, pluming himself on having carried out his own estimates, asks us to vote almost two million additional; and he shows us in no sort of way that the last estimate of £5,000,000 is based on solid ground any more than the £3,000,000 estimate, or the £1,700,000 estimate […] We ought not to vote any more money until we have had a full practical business–like survey." **(Labouchère 1900)**

Also distorted were facts about the purpose of the railway. The benefit to the British cotton industry, one of the country's leading employers, was minimised while advantages to the inhabitants of British East Africa were magnified to overshadow any criticisms of the railway's implementation. One argument was that Britain would eliminate the high cost of the squadron needed as a barrier to slave ships off the East African coast by transporting soldiers overland to quash the last remaining slave caravans.

Labouchère questioned the government in 1900 as to whether the partially complete railway had had any impact on the size of the British squadron. The answer was no, it hadn't. In fact, as he noted "it has not prevented one single slave being carried away". Apart from anything else, slavery was tolerated in Zanzibar and Zanzibari slaves were being used as porters by British officials even in 1900.

"Sir G. Portal's expedition [sent to effectively occupy Buganda] was one which had numerous slaves in its ranks. The whole territory of the East Africa Company now was swarming with slaves. What hypocrisy would be charged against this country, if their real motive being financial greed and territorial aggrandisement, they put forward the sacred cause of slave emancipation, while at the same time their own territories were swarming with slaves, and were actually impressing these poor creatures in large numbers to carry Sir G. Portal himself on this expedition. **(Robert Reid, [Uganda debate, March 1893]).**

(This is the same G. Portal who was sent by the Crown to implement the treaty extracted from Kabaka Mwanga and who exceeded its boundaries by marching through Buganda, setting up a fort in the Kingdom of Toro from where the Kingdom of Bunyoro was annexed.)

In the interests of speed and economy, a non-standard gauge was used. This partially explains why in the 21st century Kenya and Uganda are embarking on their first SGRs rather than extending existing lines. Apologists for incompetence should take note: there will be railways but whether they are the most cost-effective, robust (extensible) option is another matter.

In their rush, the Foreign Office formed a Works Committee to build the railway, which wound up costing significantly more per mile than comparable railways in India. It was referred to as a light or small-gauge railway. The cost of two comparable light railways in India was £6,500 and £6,400 per mile, respectively. The Kenya-Uganda light railway was being built in 1900 at £8,500 per mile. (Ugandans may recall that the price tag for the new thirty-mile Kampala-Entebbe Highway was double that of a comparable highway in Ethiopia.)

Railway finance

Contrary to popular belief, railways were not a gift to the colonies; they were financed by loans paid from tax revenues collected by the local colonial administrations and, therefore, any waste and losses in the construction were borne by the taxpayers in the colonies. Even where the Imperial government made the initial expenditure, ultimately it was the citizens of the colonies who paid.

For example, Palestine was charged £1 million for a railway built to facilitate the movement of British troops during the First World War (Palestine and East Africa Loans Act 1926). The retroactive payment was engineered by guaranteeing a loan taken by Palestine the proceeds of which then went to the British treasury while Palestine (then under British administration) made the repayments. For an idea of the magnitude of a million pounds in those days, the exact same amount was provided three years later in *total* development grants for the entire empire, then numbering over 40 territories.

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The £1 million provided in 1929 would not have covered Uganda's total budget for one year. Even without a full set of Protectorate accounts, it is still possible to see that Uganda's budget balanced at approximately £2 million between 1931 and 1935. In those years there was an excess of assets over liabilities of between £700,000 and £1 million. The Uganda Protectorate was even able to maintain the reserve fund required by the Imperial government. It stood at over £400,000 in the 1930s.

"The Reserve Fund is really required for three purposes: (a) as a kind of insurance against a definite national emergency, such as a famine or locust invasion involving very exceptional expenditure; (b) to meet a possible deficit in case of an exceptional shortfall in revenue; and (c) to enable the normal programme of capital expenditure to be carried out from year to year unimpeded by fluctuations in revenue. It will thus be seen that a considerable sum should be kept available, and it is hoped that it will be possible to accumulate £l,000,000 in the course of time." **(A.E. Forrest, Acting Treasurer, Uganda Protectorate)**

The Imperial Loan, the earliest loan record available to this writer, was made in 1915. It was followed by development loans between 1921 and 1924 and then further loans in 1932 and 1933. Total unused balances on these loans ranged from between £3,300 and £95,727 in the years 1931 to 1935; £588 was paid towards the Kampala-Jinja Railway in 1933. Total loan servicing that year was £144,718 for the 1932 and 1933 loans. The only grant received during the same period was £841. (This is not a typo.)

Although the Imperial development grant budget was increased to £5 million in 1940 to cover an even larger number of colonies, the target could not be reached during the Second World War when funds were low. During the war, the colonies had to divert their resources to aid Britain's war effort. Uganda and most other colonies each donated £100,000, the equivalent of Uganda's entire development budget for 1939. Kenya raised approximately £17,000. Men from both countries volunteered to serve; there were 77,000 from Uganda and more from Kenya. (The British government finally sent pensions to Ugandan ex–servicemen in 2011 after a long, increasingly hoarse campaign. Over 2,000 British ex-servicemen and thousands of others were rewarded with land in Kenya and Rhodesia).

The people of Buganda gave an additional £10,000 and the Ankole gave £1,000 from taxes collected from their populations. Additionally, the Buganda Lukiiko and the Native Administrations of the Eastern and Western Provinces pledged to give £5,000, £7,000 and £5,000 a year, respectively, for the duration of the war and for one year after its end towards the expenditure of the Protectorate.

Gifts in kind included an airplane (from Mauritius), patrol boats (Singapore Harbour Authority), cocoa, coffee and foodstuffs of all kinds. Farmers' savings in the cotton and coffee funds were diverted to feed and clothe Allied troops. Only the Oron tribe in Nigeria was spared – their gift of two hundred pounds was returned on the grounds of their financial standing.

Colonies also made interest-free loans to Britain: in 1940 the Kenya-Uganda Railway and Harbour Administration loaned His Majesty's Government £100,000 for as long as the war lasted. In 1946, Uganda made an interest-free loan to His Majesty's government of £650,000. Total loans from the colonies amounted to £1,156,983 (See: Accounts of the Uganda Protectorate, 1946 Statement of Balances, Statement XIV, at 31st December, 1946).

It is incredible that in spite of the evidence, Ugandans and other ex-colonials continue to believe that they are being "helped" first by Britain, then by the World Bank and the Chinese. It is this misreading of the facts that prevents any meaningful negotiations for better terms of development cooperation. It is the capacity to negotiate that today's bribe-taking leaders sell for their thirty pieces of silver.

Secondly, railways transported cotton belonging to the British Cotton Growing Association (a voluntary body comprising Lancashire growers, mill owners, textile workers, shippers and workers in ancillary trades such as dyers) for free in Sierra Leone, Lagos, and Southern Nigeria in return for seeds and professional advice (Secretary of State for the Colonies, Cotton Supply debate, 1905.) Third, once built, railways were used to leverage further loans. The East African Railways and Harbours Authority, being a viable operation, was used to guarantee loans taken out by the East African High Commission (the colonial administration).

By 1961 Uganda's indebtedness had soared. The public debt was £16,933,000 and was being reliably serviced. Guarantees of interest alone stood at £58 million and a further £3.5 million for interest on a loan from the World Bank (presumably for Nalubaale Hydro-electric Dam). (See: Statement of Contingent Liabilities of the Protectorate Government as at 30 June 1961, Statement 12)

Construction and labour management

Due to the need to build the railway as quickly as possible, "gigantic errors" were made. An attempt was made to cover up escalating costs by saying that the materials had to be upgraded from wood to steel until an examination of the original plans showed provision had been made for steel from the very beginning. Accounts were submitted late for audit.

"We have to pay £2,000,000 extra as the result of putting the work into the hands of men who have no practical experience of the work they have undertaken. I, for one, decidedly protest against the reckless and careless way in which the management of the railway has been conducted up to the present time." **(Thomas Bayley, M.P., 1900)**

The management of the labour makes it even clearer that the railway was not for the primary benefit of the inhabitants of the region. Much in the same way as Chinese contractors do in Uganda today, the British shipped in foreign manual labourers to carry out the work; 14,000 of the 16,000 labourers employed were expatriates from India. There was a famine in Kenya shortly after.

"We ought in my opinion, instead of importing so many thousands of Indian[s], to have employed a good deal more African labour, because natives have been dying by thousands of starvation in the neighbourhood of this railway. It has been most distressing to see the natives dying in the ditches by the side of the railway, and when trains have gone up the line little starving and dying children have come and begged for food, for a little rice, or anything from those on the train. That is not the sort of thing that ought to occur where the British Government are building a railway, and they ought to have engaged labour to a much larger extent from the neighbourhood." (**Robert Perks, M.P., Uganda Railway debate 1900)**

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Those Africans that were employed were paid four pence a day while the Indian skilled labourers were paid 14 pence a day. (Indians had experience in building the Indian railways.)

"That seems to be pretty nearly the same thing as slave labour. I should like to know what would be said in this country if any man were induced by the Government to work for four pence a day. [Several HON. MEMBERS: Oh, oh!] Hon. Members say oh, oh! I know their views. Working men in England have votes, and working men in Africa have not." **(Labouchère, 1900).**

But Labouchère himself gave the standard racist reason for the low wages, a sentiment he expressed in defence of his own arguments that investment in Uganda was a waste of time: "What about the Ugandese themselves? They are without exception the very laziest of that laziest race in the whole world, the African negro."

John Dillon, the Irish nationalist, demonstrated an understanding of the difference between the then African way of life and the grubbing and jostling necessary in over-populated, capitalist European countries,

"[…] where African labourers were employed the earthworks cost 10d. per cubic yard, while with the Indian labourers at the higher wage they cost but 6d., so that by employing the Indian labourer at higher wages you reduced the cost of the work. […] Very often, particularly in railway work, it is much cheaper to employ a better class of men at higher wages than men who do not understand the work at lower wages.

"One argument is that the labourers being free men, with no rent to pay, and with gardens round their huts, are not compelled to labour for the [low] wages offered by contractors and mine-owners; they can ask their own terms. What settles the price of labour in this country is the fact that a man cannot retire to his garden and his house and wait until the employer must have him at his own price; he would starve; therefore he must make the best terms he can. But in Africa the labourer is comparatively a free man, unless you have forced labour, as is so often advocated." **(John Dillon, 1900)**

However, it was later revealed that in addition to racialist considerations, there was a profit to be made on importing labour. Greek contractors had been awarded contracts to import the Indian labour and their commissions inflated labour costs. The point was not exhaustively argued in

Parliament but there were suggestions that Sir Clement Hill, a public servant, received between £10,000 and 70,000 in commissions on materials ordered.

It was argued in Parliament that the amount of money required for the Uganda Railway was sufficient to build a full network of the light railways required in Britain. If anything speaks to the necessity of transparency it is this. Less extravagant profits assured by the government to private investors, contractors and commission agents would have ensured more was available for the common good of ordinary people in both countries, and a measure of dignity for the workers.

In contrast, before building permanent churches, schools and clinics in Uganda, Catholic missionaries in Uganda established technical schools and other training facilities in order to train the craftsmen that would be required for the work. They took the necessary time to maximise skills transference. They specialised in brick-making, architecture, glass-making and other building crafts, as well as tailoring, teaching and nursing. These facilities are still in service today, run by Africans.

For their part, indigenous communities using their own traditional model for infrastructural development known as *bulungi bwa nsi* (the good of the nation). They continued to contribute most of the locally available material inputs and, of course, all of the land and labour for community infrastructural development.

The character of development changed when the Imperial government commandeered the education sector in 1921 in order to "re-organise" it. After that, records show, the administration was able to manipulate communities by promising schools and other amenities to those communities that agreed to plant cash crops and do other things required of them. Voluntary communal labour was transformed into compulsory labour and extracted through corporal punishment and the dreaded poll tax.

Contracts for technical assistance these days require hired expatriate consultants to transfer skills to the indigenous staff. However, the fact that certain positions remain "expatriate" positions speaks volumes. These days African labourers on foreign-managed project sites are treated no better than the colonialists treated labourers. Ugandans at foreign-owned building sites have made numerous complaints about underpayment, lack of access to safety gear, harassment, sexual exploitation and even violence. In Uganda and elsewhere, some have been served lunch on their shovels. In the 1990s, Ugandans were made to squat in a line, one man between the legs of another. The reason given was that they kept losing/stealing the plates provided.

Chinese abuse of African workers' rights, importation of labour, disregard for Ugandan environmental preservation and disdain for the communities among which they work is a repetition of the first invasion of capital and demonstrates the extremes to which it goes when left unfettered.

Route and service politics

The original plan had been for the railway to serve farming areas. Tax revenues from the crops would cover the cost of the construction. Introducing cotton and providing a fast means of exporting it was supposed to lead to development. Once the settlers came to know the route, the influential among them lobbied to have the railway diverted to serve their plantations.

The question of whose interests the SGR serves, as raised by Rasna Warah in a recent article published in the *eReview*, was as valid in the 1890s as it is today. In Kenya, the lack of "native"-directed development meant that there were insufficient railway stations between Mombasa and Lake Victoria for African requirements. It goes without saying that the interests of indigenous populations were not included in the plan. As a result, indigenous farmers had to carry their cotton long distances to the tracks – often in five shifts of one 60-pound bag at a time – and had to spend one or a few nights along the track, sleeping in the open air while waiting for the train.

Because in the beginning there were insufficient carriages and the few available were segregated, the Africans travelled in wagons. They were locked in for the safety and comfort of the first class travellers. Often, as some members of Westminster's parliament were scandalised to learn, African passengers were unable to alight on arrival at their intended destinations despite banging on the wagon doors and were carried all the way to the next stop or to the Coast.

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During the debate of the East Africa Commission Report in 1925, Henry Snell articulated the role of capital in distorting the higher development goals of bringing development to Africa,

"The land through which these railways pass [belonging to Settlers] should be taxed to help bear the cost that is involved. In the matter of transport it has been the case, unfortunately, that the Europeans have acquired the idea that railways should be built solely for their benefit, and that money granted as loans or in any other form should be entirely devoted to the white races. If by any chance a railway passes through native reserves, the cry is immediately raised that the land contiguous to the railway is too good for native use, and the native is therefore driven away, or it is urged that he should be removed to some less accessible position. It was on such a plea as that the Maasai were robbed of their country, and plots of land varying from 5,000 to 300,000 acres were given to Europeans for no other reason than that they were covetous of it and that it was in close touch with the railways.

"These extra facilities for transport can only be justified if at the same time the native interests are completely safeguarded. At the present time the difficulties are immense. The native has to raise from 10s. to 16s. per annum for hut tax, and he has to pay this almost entirely out of the material he is able to sell. That involves him in carrying a load of 60 lbs. for 40 miles. To pay this tax he may have to go as many as five journeys of 40 miles, with the 60 lb. load on his head, making for the return journey a distance of 400 miles. That is economic slavery of a most indefensible kind, and of a kind worse than was ever known in the Southern States of America. The roads are very frequently impassable because of bad weather." **(Henry Snell, M.P. East Africa Commission Debate, 1925)**

Land grabbing and the Rhodesian Railway

Planning, finance, procurement, labour – what more could go wrong? Answer: speculation. The major and most lucrative railway scam was the use of the railway as a vehicle for displacement of populations and acquisition of their land by speculators. The land was acquired by those who had already been given free or cheap land by the Imperial government and were in a position to leave it idle.

"One syndicate got 500 square miles from the Foreign Office, over the head of the then Governor of Kenya. That is a fairly extensive slice of territory to be handed away. Then there was a grazing land syndicate, called the East African Syndicate, which applied for 320,000 acres, and Lord Delamere, a notorious figure in these parts, applied for 100,000 acres. If one syndicate gets 500 square miles, another gets 320,000 acres, and another applies for 100,000 acres, there is some prima facie

evidence of speculators in Kenya." **(Thomas Johnston, Kenya debate, December 1926.)**

In Rhodesia, as in Kenya, this resulted in large tracts of land being bought on either side of the proposed track by investors. In both territories the value shot up exponentially as the railway approached. Once the route for the Rhodesian railway was set out, a strip measuring twelve miles wide was carved out alongside taking in parts of Native Reserves. Meanwhile, the Msoro tribe of over 2,000 was displaced in favour of three settlers.

By 1920, Rhodesians had already been corralled in Native Reserves. The 48,000 white settlers had been allocated 48 million acres while the 800,000 Africans had the "right" to reside in (but not own any part of) reserves measuring 8 million acres. Most of the rest of the territory still belonged to the British South African Chartered Company (BSAC) that had deposed both the Mashona and Matabele kings and seized their territory.

After 1919, the British South African Company transferred what was left over from sales of this territory to the British Crown in return for a much disputed bail-out. The bail-out was controversial because under its agreement with the Crown, the BSAC was allowed to reimburse itself for work it did on behalf of the Crown by engaging in business. The Company had earned an income from the sale of millions of acres of land and mining concessions and had exported ivory and minerals, all under the protection of the British flag and therefore the British military. This was supposed to be their "compensation". However, breaking the rules of the charter, the Company inter-mingled its own private accounts with those of the administration of the colony, making it difficult to separate the cost of government work and BSAC business. Just as with the British East African Company when it was leaving the area, the BSAC was further "compensated" with taxpayers' money.

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During the controversy, a secret agreement between the BSAC and the British government came to light under which the government had agreed to reimburse the BSAC if it deposed King Lobengula. BSAC recruited European settlers, promising each a lease of a 6,000-acre farm at 30 shillings a year. They were also offered the option of buying the farm outright at the cost of 3 pounds sterling per 20 acres or 900 pounds for 6,000 acres.

After the successful campaign, the British government paid the lease and purchase costs for the recruits. Those not wishing to purchase were reimbursed for improvements they had made on the properties. In total, £7 million was demanded, half for the recruits and half for the shareholders. All opposition in Parliament was silenced by the Colonial Secretary, public eugenicist Lord Amery, when he revealed that a Commission of Inquiry had exonerated the BSAC and its recruits of any wrong-doing in massacring the Matabele and deposing their King. They eventually settled for £4 million pounds in 1922, a sum roughly equivalent to the Colonial Office's budget for four years.

The need for public oversight

In his essay "Mexico proved that debt can be repudiated", published on 24 March 2017, Eric Toussaint devotes a section on showing the links between commodity extraction, railways for transporting the commodities, and loans required to finance the extraction and transport of the commodities. He demonstrates the impact these had on land ownership, the displacement of peoples, the national debt, and a clique of investors.

It is interesting to note that in South America, as on the African continent, railways did not serve to connect communities and countries but rather led straight from the point of extraction of commodities to the point of export. The entire operation was eventually paid for from the indigenous public purse.

Like chartered companies, 21st century local agents for foreign investors enjoy political and military protection by the foreign countries they serve. This phenomenon was most evident in Mexico where various debt repudiations resulted in military invasions and threats of invasion by the United States, Britain and France. Most interestingly, Mexican citizens who had lent to their government were granted European nationality after which their new countries included them among those whose rights were being defended by the invasions. They came to be known as *vende patrias* – sellers of their country. Then, as now, bail-outs came from taxpayers' money.

In modern times, attempts to repudiate illegitimate debt or to choose other paths that do not profit financiers still lead to regime change. Today they take the form of grants and NGO funding, which attempt to fill the holes left by diversion of national resources. What a bail-out means is that when an investor makes a profit, it all belongs to the investor. Where s/he makes a loss, it is spread among taxpayers. As Noam Chomsky famously stated, "A basic principle of modern state capitalism is that cost and risk are socialised, while profit is privatised."

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There can be no real progress until a critical mass of the electorate makes the connection between foreign capital, its local agents and underdevelopment. As Frederick Douglass put it, "If there is no struggle there is no progress[….] Power concedes nothing without a demand. It never did and it never will."

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