Book Review: Property, Institutions and Social Stratification in Africa by Franklin Obeng-Odoom

In **Property, Institutions and Social Stratification in Africa***,* **Franklin Obeng-Odoom** *offers a new comprehensive exploration of inequalities within Africa and between Africa and the rest of the world, drawing on stratification economics. The book offers compelling and crucial insight into the deficiencies of mainstream economics when it comes to addressing the roots of poverty and inequality in African countries and provides new evidence of neocolonialism and exploitation of African resources across the continent, yet the challenge remains of how to bring African countries the rewards of their past, present and future property, writes* **Heba E. Helmy***.*

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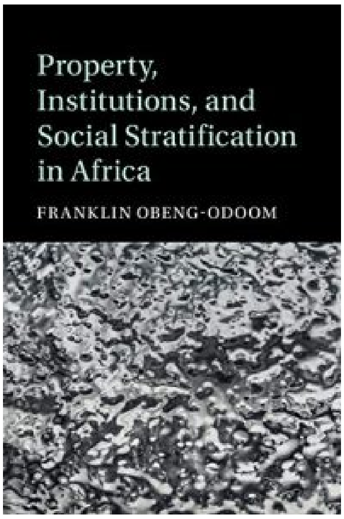

'Don't advise me on my poverty. Just give me my property.' From the very first page of Franklin Obeng-Odoom's new book, *Property, Institutions and Social Stratification in Africa*, till the very last, the reader perceives as if Africa is bitterly uttering these words to the Global North, its former coloniser and the source of the entire economics establishment. Even though the author never states it so simply, this is the main thrust of the argument that resonates powerfully in his 364-page book.

'Don't advise me on my poverty. Just give me my property' first emanates in Part One, or 'The Problem', where Obeng-Odoom introduces the problem at the heart of the book – the failure of neoclassical development economics, new institutional economics and all Marxist alternatives to provide a panacea for improving African countries' living standards. Even with the recent resurgence of economic growth in Africa, the effect of growth has not steadily reduced poverty levels nor increased the share of Africa's GDP in the global economy.

Obeng-Odoom ends this section of the book by proposing the *Georgist tradition* (based on the theories of Henry George) and *Stratification Economics* as alternatives for alleviating Africa's economic plight. Georgist economics is 'simply the systematic reconstruction of political economy (currently largely centered on capital and profit) to re-centering it on land and rent in their relationship with capital and labor' (40), while stratification economics 'examines the structural and intentional processes generating hierarchy and, correspondingly, income and wealth inequality between ascriptively distinguished groups' (William Darity, 144).

'Don't advise me on my poverty. Just give me my property' echoes louder in the reader's ears when she delves into Part Two, which elucidates how mainstream economics has failed Africa, especially with its advice on the titling and privatisation of communal property (Chapter Two) and conducting national land reform programmes (Chapter Three). Rather than rejecting privatisation altogether, Obeng-Odoom proposes a type of land communing based on the principles of Georgist land economics, which is distinct from Marxist concepts of the nationalisation of land. According to George (1871), as cited in Obeng-Odoom, 'for land already taken, taxing the socially created rent would prevent the ongoing problem of privatizing publicly created rent or value (and, hence, the descriptor, ''land value tax'')'. George's second proposed policy is to inhibit continuous speculative land expropriation and, instead, put an end to the annexation of land (54).

'Don't advise me on my poverty. Just give me my property' reverberates in the following three chapters; in Chapter Four, where Obeng-Odoom questions neoclassical theory of human capital as higher investment in human capital leads to widening rather than narrowing social stratification in Africa; in Chapter Five, where he challenges neoclassical free trade factor endowment theory, which espouses free trade and foreign direct investment conducted by Transnational Corporations (TNCs), for having led to rising debt in African countries; and in Chapter Six, where he underscores how the neoliberal discourse that prioritises high economic growth rates has led to ecological disasters that undermine real improvement in African wellbeing.

'Don't advise me on my poverty. Just give me my property' is magnified in Part Three, titled 'Alternatives', where Obeng-Odoom tackles two solutions: *Socialism*, which the author rejects, citing some questionable African socialist experiments, and *Africanism*, which the author supports, and which comprises addressing past appropriations of African property through all means (such as going to the International Criminal Court (ICC)) for Africans to be 'compensated for their dispossession by paying them the present value of rent accruing to that land until now' (240). Africanism would also include reparations for African countries for forcing them to undertake transactions on the volatile euro and US dollar.

As for the current and future expropriations, Obeng-Odoom recommends dissolving current monopolies, preventing the creation of new ones and disseminating opulence throughout the economy by adopting a tax on land values that transfers the resource rents to the public sector. Through this tax, Africans can compromise between the need for foreign technological assistance and the costs of accepting it. Finally, Obeng-Odoom suggests substituting *happiness* for *economic growth* as the prime objective of African economies.

Obeng-Odoom is very compelling in articulating the deficiencies of current mainstream economics when addressing the roots of poverty and inequality in African countries. Though the issues raised by Obeng-Odoom may be the common challenges confronting developing countries in general, especially with respect to the exploitive techniques of TNCs and the unfair rewards accruing to developing countries from free international trade, the author is prolific in citing a new – and in many cases shocking – wide gamut of evidence on neocolonialism and exploitation of African resources from countries stretching from the north, south, east and west of the continent. Additionally, Obeng-Odoom may be one of the few authors who has provided an unequivocal exposition of the long-ignored Georgist economics, and how its implementation can act as a potential panacea for Africa's development crisis.

Although offering fascinating and crucial insights on the shortcomings of mainstream development economics with respect to Africa's predicament, *Property, Institutions and Social Stratification in Africa* also comes with some notable limitations. The main limitations I believe lie in the 'Alternatives' section where the author proposes Africanism based on the Georgist tradition and stratification economics as a better route for Africa's development. However, both the efficiency and the feasibility of many of the solutions proposed under this alternative remain questionable.

Obeng-Odoom overestimates the efficiency of the Georgist land tax in improving income and wealth distribution when there are many doubts on the efficacy of the tax in securing sufficient resources for development. While the author cites examples of the large oil TNCs, a quick glance at the world's largest companies in 2006 and 2019 reveals how the top ten companies in 2019 in terms of market capitalisation are in the technology, consumer service and financial industries (with no companies in the energy industry), whereas thirteen years before it was the energy companies that made their fortunes from the exploitation of land and natural resources. Hence, a tax on land would probably have brought sufficient revenues in 2006, but much less in 2019 and in the years to come.

World Largest Companies (2006 and 2019)

	2006			**2019**	
Rank	**Company**	**Sector**	**Rank**	**Company**	**Sector**
1	Exxon Mobile	**Energy**	1	Microsoft	Technology
2	General Electric	Industrials	2	Apple	Technology
3	Gazprom	**Energy**	3	Amazon	Consumer Services
4	Microsoft	IT	4	Alphabet	Technology
5	Citigroup	Financial	5	Facebook	Technology
6	Bank of America	Financial	6	Berkshire Hathaway	Financial
7	Royal Dutch Shell	**Energy**	7	Tencent	Technology
8	BP	**Energy**	8	Alibaba	Consumer Services
9	Petrochina	**Energy**	9	Visa	Financial
10	HSBC	Financial	10	JPMorgan Chase	Financial

Sources: 2006: The Rise of the Superstars and 2019: World's Largest Companies 2019.

This is not to imply by any means that land is an insignificant factor in income and wealth distribution, but probably that attributing most inequality to land ownership inequality, and assuming that the mitigation of income inequality can only be achieved through a land tax, may be an oversimplification of a much more intricate and hydra-headed problem.

In fact, the only actual real-world application of Georgist economics of a one tax policy levied only on land property, which took place in the city of Altoona, Pennsylvania in 2011, was unsuccessful; consequently, the tax was abolished permanently in 2016 after being described as both ineffective and confusing. In other states, variants of the tax were used to supplement rather than substitute the land tax (Annika Neklason, 2019)

Georgists tend to attribute low revenues from land taxes to a methodological error in the definition of land rent itself. According to the Henry George Institute website, the collected land tax does not 'include rent that is paid in local property taxes, is capitalized into selling prices of land (this income is recorded as "capital gains") or is counted in the value of corporate assets' (Michael Hudson, n.d.). But capital gain resulting from the selling of the land may result from a rise in its price originating from either intellectual property or land property. If the tax is to swallow the gain in both cases, it may pose a threat and have an enduring negative impact on all future private investments, especially in the technology industry, the investments in which entail enormous resources for the aim of paying back windfall revenues later.

Obeng-Odoom also proposes the idea of strong democratic control which provides workers full control of surplus allocation and the reinvestment of surplus. However, under such system, there is a risk that workers experiencing overwhelming and supreme control will turn to new capitalists and siphon – or divert to themselves – the generated surplus. In fact, the proposed model seems akin in some respects to the former Yugoslav workers' self-management model, in which workers' councils controlled the enterprise. Nevertheless, these councils ended up increasing social stratification of workers by empowering managers, engineers and white-collar workers over the lower-skilled working class (James Robertson, 2017)

At the same time, Obeng-Odoom rejects other policies, such as those followed by the Four Asian Tigers, on the grounds that if Africa follows the same protectionist policies to achieve growth until infant industries grow (Ha-Joon Chang's argument of kicking away the ladder), this would entail that Africans 'colonize others, rob others, plunder the resources of others, or institutionalize global wage and rent theft systems' (283). However, the experience of the Asian Tigers does not support the author's claim. In fact, none of these countries has robbed or plundered the resources of others.

Apart from somewhat ineffective solutions, some proposed solutions, despite being commendable, are very difficult to materialise, such as getting reparations for African enslavement, colonisation and neo-colonisation. This – too good to be true – proposal has been promulgated for many years, but no country has yet responded to it. The possibility of obtaining a verdict through the ICC, as Obeng-Odoom suggests, is moot given the fact that powerful countries will simply not comply with any verdict not to their advantage. Most importantly, the recent threat by the US to the ICC for potential investigation of both US citizens and citizens of US allies will 'imperil accountability for grave international crimes', according to Human Rights Watch.

Forming cartels or regional blocs to get better deals from TNCs is also an *easier said than done* solution. Regional blocs face challenges in their inception resulting from pressure from the major world powers. Even if such regional blocs succeed in coming into being, their ability to follow a unified policy remains inconclusive. Cartels like OPEC are continuously subject to pressures from the major powers on their mostly authoritarian members to come up with decisions not in their favour, but which benefit developed countries and their affiliated TNCs.

Obeng-Odoom also suggests dissolving monopolies by appointing local managers to occupy the leadership of the TNCs in an effort to 'indigenize TNCs and return the commons to local control' (255).The problem here is that TNCs will never allow host countries to appoint local managers, and even if this happens based on agreement between the TNC and the host country, the TNC will guarantee that appointed managers are the ones who promote its interests. In the worst-case scenario, regimes unwilling to comply are easily replaced by complicit alternatives through coup-d'états, which has been a common experience in African countries.

'Don't advise me on my poverty. Just give me my property' is the overarching message of *Property, Institutions and Social Stratification in Africa*. Regarding the message's first part, Obeng-Odoom has been successful in promoting 'Africanisms', or African socialisms, which hitherto did not have one meaning, yet can be a basis for a viable and unique conceptualisation of an African economic development paradigm. Yet what is more problematic, not only for Obeng-Odoom's study but for all African nations, is how to implement the second part – to bring to Africans the rewards of their past, present and future property.

Note: This review gives the views of the author, and not the position of the LSE Review of Books blog, or of the London School of Economics.

Image One Credit: Aerial shot of Accra, Ghana (Photo by Virgyl Sowah on Unsplash).

Image Two Credit: Cape Town, South Africa (Photo by Douglas Bagg on Unsplash).
