

The revival of the Commonwealth: an opportunity for further exploitation or a time to correct past wrongs?

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Originally used exclusively for colonies of white settlement, the term “Commonwealth” was generalised in the mid-20th century to describe a more civilised empire. “Evolved” British dominions like Canada, Australia, New Zealand and South Africa would have significant self rule. But Asians and particularly Africans were not to receive any significant democratic rights. As the U.K. looks beyond Brexit, British politicians are remembering the Commonwealth with nostalgia and hope. But what are the real prospects for closer ties between Britain and its former African and Asian colonies?

‘Commonwealth’ is a word being heard with increasing frequency in the post-Brexit era. It had always been used to refer to the British Empire – first to Australia in the 1890s and later to other territories. From the record of the Colonial Affairs debate of 1939, it is clear that the Commonwealth was seen as a level of development beyond direct Imperial domination. By then Australia and Canada had reached that level of development that was deemed to entitle them to self-government.

For the rest of the Empire, there was no fundamental change in international status in transitioning from Empire to Commonwealth. It was intended that the goals of Empire could be rolled over and pursued under the more democratic-sounding Commonwealth – Africa and the rest of the Empire were still to be primarily mines and plantations from which to provide input to British industry:

“I believe we are working towards setting up certain standards which will enable us to retain in the British Commonwealth certain bits of the Empire, which will be in the United Nations. For instance, in Africa, south of the Equator, [...] Rather than see those drift away, and set up separate kingdoms or republics, our aim should be to keep them together inside a unit which can remain, as it were, a full unit of the United Nations, with immediate loyalty to the British Empire.

“We cannot expect the African, although the Askari had a lot of experience in the war, to jump from the hoe state of agricultural development straight on to the tractor. We believe it essential to have a considerable degree of European supervision in time to come in the immediate, middle, and even in the distant future.” (Col. Dodds-Parker, Colonial Affairs debate, House of Commons, 1939.)”

If people could not be trusted to grow food on their own, they certainly could not be trusted to run their own political affairs. However, ready or not, African countries began to agitate for independence from Britain and the idea of a colonial Empire began to be challenged by the United Nations and individual activists.

By the 1950s the terms Colony and Empire had become inappropriate and ‘Commonwealth’, with its connotations of the common good and its alternative meaning of a republic, became the term of choice.

The post-War financial crisis in Britain persisted in to the 1950s. Britain had had to take out a loan from the [IMF](#) and sell some state assets in the West Indies to reduce her [balance of payments](#) deficit. The time came when British members of Parliament were willing to admit that the Commonwealth (let us call it that) was not a one-way street. Africa, Asia, India and the West Indies gave as much as, if not more as they received,

“References have also been made in the debate not only to the assistance that we in the United Kingdom give to the colonial countries, but also to the assistance that our economy can receive from the Commonwealth. **I should like to underline that point, because in too many places today it is assumed that all the aid is flowing in one direction. [...] our economy has been greatly assisted by the sterling balances which the colonial countries have built in this country in the last few years. They amount to over £1,200 million. The fact that these colonial countries have been sending raw material and foodstuffs here, which we have not yet paid for in goods, has been a substantial help to our economy.**”[...] I wonder, however, whether economic development has always meant better living standards for the people in the colonial countries, and whether the economic rewards are being fairly shared among all sections of the community when development takes place?” (John Stonehouse, Commonwealth and Empire Resources, House of Commons, 1957).

In the same debate it was acknowledged that after sixty years of their providing foodstuffs and raw materials often on credit terms and always way below international market prices, not enough had been done to facilitate colonized people to gain access to skills-training, agricultural credit, health and other services that would have enabled them to participate further in economic development beyond being labourers. In fact the 1957 debate was devoted to that question:

“I beg to move, That this House, believing that the development of the natural resources required for the economic and social progress of the Commonwealth and Empire depends largely on the provision of adequate capital and technical skill, and not being satisfied that the needs of the Commonwealth and Empire in these respects are being met adequately at present, presses Majesty’s Government to consider as a matter of urgency, in consultation with other members of the Commonwealth, how best these aims can be achieved (J. Langford-Holt, Commonwealth and Empire Resources, House of Commons, 1957).”

“The relationship between the United Kingdom and the Commonwealth is threatened [...]. If we are not willing to supply the needs of these Commonwealth countries, there are others who will. [...] The point is that we have to decide here, in the United Kingdom—it would have to be decided by the Government of the day—that we shall give first priority in the allocation of our national resources to the development of the Commonwealth resources. [...] It was Mr. Harold Holt, the dynamic Australian Minister of Labour, who, earlier this year, said: It is time we worked together to produce a Commonwealth plan. (Bernard Braine, in the Commonwealth and Empire Resources, House of Commons, 1957).”

Post-Independence barriers erected against Commonwealth countries

However in 1973, within a decade of most of the African colonies achieving independence, Britain threw in her lot with the European Union. Trade agreements with the EU did not always take account of agreements with the Commonwealth. Travel barriers were set up against Commonwealth citizens and free movement for EU citizens.

All the expectations of the former colonies of post-Independence [trading](#) partnerships with Britain leading to greater industrialization were dashed. Even unprocessed African agricultural produce is restricted by Sanitary and Phytosanitary Standards (SPSS) which developing countries find difficult

to comply with. The UN Africa Renewal magazine notes that many African countries did not participate in determining the SPSS at the Uruguay Round of negotiations. African delegates were tied up in discussions about another trade barrier: subsidies. Many developed countries subsidize their agricultural produce making unsubsidized African produce uncompetitive. Furthermore African countries, according to Renewal, are not represented in the institutions governing SPSS.

Currently, Britain trades with African countries under joint agreements between the EU and ACP (African, Caribbean and Pacific) countries. These agreements, known as Economic Partnership Agreements (EPAs), purportedly aim to be mutually beneficial. The terms are said to “contribute, through trade and investment, to sustainable development and poverty reduction.” However, the trade is still mainly in unprocessed [commodities](#) although the EU claims an intention to transform ACP countries from commodities exporters to exporters of services and goods with added value.

After Brexit Britain will be excluded from EPAs which is why there is a renewed [interest](#) in her first love, the Commonwealth and empire. EPAs will still exist between EU countries and ACP countries and in order to win access to African raw materials and markets for British goods, EPAs will have somehow to be side-stepped.

Brexit and the Commonwealth rebooted

Lord Popat, the Ugandan-born member of the House of Lords recently put down a motion for debate. On 27 November 2017 the House of Lords held the [Exports: Africa and the Commonwealth](#) debate. The excitement is palpable even in the reading. Lord Waverley began his speech with the random comment that one of the great joys in life is waking up to an African dawn. Lord Taylor offered to sing a song about the British getting to know black and white people from all over the world. However he was the most direct when he called membership of the EU a distraction that cause Britain to neglect its ties with the Commonwealth. Proposals flowed for a Commonwealth Bank and University, a Commonwealth newspaper and TV channel, a Commonwealth *passport*. Nearly all the speakers referred to the Commonwealth as a family. The reasons are clear, Lord Popat said,

“Before I delve into the economic potential of Africa and the Commonwealth, I will briefly explain why this debate is so important. Britain has run a [balance](#) of payments deficit for decades. Quite simply, we do not export enough to pay for our imports. This is neither desirable nor sustainable, yet it receives very little attention or coverage outside of your Lordships’ House. Last year, Britain voted to leave the European Union. [...]

Possibly the greatest victim of our insular approach has been the great continent of Africa. **Only a few decades ago, Britain could boast of having 25% of total trade with Africa; now it is barely 4%.** It continues even now, as we sit idly by, as our leading brands like British Airways and Barclays Bank depart Africa to focus elsewhere [...]

Last week, I led a delegation of 16 businesses in the oil and gas sector to Uganda. Two of the British companies, Fluor and CB&I, have been shortlisted to build a major oil pipeline to the value of just over \$2 billion. This week, the Ugandan Parliament will approve a loan of £315 million for a British company, Colas Ltd, to build an international airport in Uganda. This is the largest UK Export Finance loan to Africa. Those examples show the tremendous opportunities there are in Africa if only we spread our wings.

I should now like to touch briefly on the Commonwealth. Again, it is clear to me in hindsight that our membership of the European Union was detrimental to the Commonwealth.”

Barriers to African trade and other unfair trading terms were dealt with by Lord Chidgey who said, "Apparently, EPA deals had been struck behind closed doors by professional and highly skilled negotiators from the EU, which the best efforts of their African counterparts just could not match. There was little or no input from the Parliaments they were dealing with, and no public debate. Apparently, the conditions imposed in the EPAs were not scrutinized, and there was no analysis of the long-term impact that their restrictions would have on the economies of the countries they were dealing with." He goes on to propose liberalizing trade with Africa and seems to suggest that the EPAs should be reviewed and ACP countries allowed to opt out to trade with Britain instead. The Minister of State for International Trade replied that no trade deals could be discussed with the Commonwealth until Brexit was finalized.

Red flags

The first red flag went up when Lord Chidgey asked what measures can be taken to create more access to agricultural products. That suggests that the goal is to continue to take commodities without added value, meaning the employment created by value addition processes will be enjoyed in Britain and not in other Commonwealth countries.

Secondly, he mentions a growing market in Africa for what he calls high quality packaged foods. It is unclear how African countries with limited foreign exchange reserves and weak currencies but incredibly nutritious natural food can improve their situations by importing more packaged foods. And sadly, the Government of Uganda does not seem to be in a position to push either for the export to Britain and Europe of Ugandan processed foods or to assist local firms to meet the alleged African demand for packaged foods.

In order to encourage the export of services from the Commonwealth, a stated goal of the EPA, its citizens would need access to Europe. That too was conceded by the House of Lords. Lord Bilimoria recommended that professionals from India such as technicians, doctors and engineers should be allowed to travel to Britain as a condition of membership. He pointed out that when the Foreign Secretary visited India as part of the post-Brexit marketing exercise, the Indian government made it clear to him that they would expect greater access for their citizens. He was silent on Africans and African leaders are not on record as having raised the issue with the Foreign Secretary when he visited last year. However the trend has long been for ever more stringent travel barriers to Africans.

All of the above proposals made by the Lords would be well and good if they were premised on mutual benefit. As the Minister of State for International Trade pointed out, that membership of the Commonwealth should be for the mutual benefit of members and not for Britain alone.

So far, UK firms are short-listed for the construction of the US\$2 billion pipeline. The Kibaale International Airport is going to be built with a loan from Britain's UK Export Finance at a cost of over £315 million. The terms require British inputs to be used and £100 million worth of British exports will result from that project.

Britain is ready. They are providing credit for their SMEs, their Foreign Secretary visited Uganda, Ethiopia, Gambia, South Africa and Mozambique recently. There is a new Department of International Trade and Commonwealth Trade Minister's meetings.

Developing countries are vulnerable to financial abuse

By contrast, Uganda and perhaps other countries on the continent, are not ready. What should be appreciated above all else is that Africa became involved in unsustainable borrowing from

International Lending Institutions in the 1950s when Britain's balance of payments position was weak. Today, Lord Popat has been candid enough to say that the Commonwealth is important because, again, Britain's balance of payments position is weak. The result has been the first of a fresh wave of loans. Africa's indebtedness has a positive impact on Britain's balance of payments position. As in the 1940s and 50s, interest payments alone provide the income with which they balance their books and maintain their standard of living.

Developing countries face risks the chief of which is that of net outflows of capital. [Illicit transfers of funds](#) by expatriate firms continue to impoverish developing countries. Bribery in international procurement pushes up the cost of imported goods and services.

As was stated earlier by Lord Chidgey, there is no transparency in existing trade agreements, the EPAs. But where is the transparency in the loan agreement for the new airport? Parliament's approval of the loan is not sufficient given that members have been paid in the past to approve acts of parliament favouring the incumbent government. Ugandans have demanded but still not been given details of agreements for oil concessions. The Auditor General's report of 2016 reveals the civil service has difficulty in collecting concession fees and other dues from foreign investors. With Uganda's record for corruption, citizens are entitled to be jittery about being committed to repay such huge sums of money without adequate scrutiny by the public.

Developing countries are vulnerable to corrupt business practices in international trade. When Lord Risby mentioned in the debate that top British companies were leading the crusade to re-enter Commonwealth markets, he gave four examples. Three of those companies have been found guilty and fined for bribery in procurement in the last three years. The fourth is under investigation. These are; [BP – an official was charged with 19 counts of receiving](#) bribes in return for business in March 2017. [Petrofac is undergoing a corruption probe by Britain's Serious Frauds Office. Rolls Royce paid penalties of US\\$800 million for bribery](#) in Angola, Nigeria and South Africa as well as Azerbaijan, Brazil, India, China, Indonesia, Iran, Iraq, Kazakhstan and Saudi Arabia. [BAE Systems was fined US\\$400 million](#) by the Serious Fraud Office in 2010 for bribery charges in Tanzania and Saudi Arabia.

On the African front, bribery continues to be a major contributory factor to under-development; it results in unfavourable trade deals, questionable loans and tenders that do not always obtain the best value for money. [\[1\]](#)

Not very long ago, a representative of a British publishing firm was in Uganda looking to supply textbooks to the Ministry of Education. A bribe was demanded by the Minister of another ministry. The executive was astounded at the amount of money demanded for the tender to supply school books. When he pointed out that payment would result in a reduction in the quantity and/or quality of the books supplied, he was even more shocked to find that the bribe-taker did not care.

The need for civic education in public finance

Britain's 'soft power' was mentioned five times in the debate. Pre-existing relationships with the nineteen African members of the Commonwealth together with the common language, common law and other historical features shared by former colonies are seen as an [asset](#) that can be leveraged in Britain's favour. On the African side, there are already signs of citizens being distracted by soft power and compliments about the beauty of the place.

Apart from African leaders eager to sign up for questionable loans (questionable because there has been no public scrutiny), the youth are clueless about the inherent risks of a closer union with Britain. For example, after the tension surrounding President Jammeh's departure from the Gambia

the BBC covered Foreign Secretary Boris Johnson's visit there. They featured a young Gambian playing cricket. With all the immediate difficulties surrounding him, he took time out to tell the world that he thought his country should rejoin the Commonwealth because 'they were our colonial masters and they taught us cricket.'

Africa is not ready

Africa is unprepared to deal with the risks presented by the new Commonwealth. Ugandans need to be vigilant in deepening their involvement with Britain, and China for that matter. It was proposed by Lord Howell that Britain might partner with China on African projects, "China is deeply involved in almost every economy in Africa and we have to work alongside China and, in many cases, have a triangular relationship with it when developing joint projects in a way that we would never have dreamed of doing in the past." Without public oversight any hope for sustainable development arising from new trading relationships is simply naïve. Africa will simply be disemboweled.

It is discouraging that Britain's Minister of State for International Trade addressed Africa's issues in a perfunctory if not patronizing manner. She informed the House that the Commonwealth Heads of Government Meeting in 2018, hosted by the UK, will focus on trade and prosperity, sustainability, new security challenges and fairness – not much more than buzzwords.

After calling Africa "a glorious, dynamic region" and a "great Continent" she said the turnaround time for a UK visa is eight days without saying why Africans cannot apply for them at the port of entry as Europeans do here, or why the fees are so much higher than fees charged for Ugandan visas.

Essential agenda items for CHOGM 2018

Our issues are clear and need to be placed prominently on the CHOGM 2018 (Commonwealth Heads of Government Meeting) agenda with a view to reversing the trend in net capital outflows and attaining tangible, sustainable economic development;

1. The stoppage of illicit transfers by foreign firms that cause a net outflow of resources from Africa amounting to US\$42 billion a year.
2. The removal of travel and trade barriers.
3. Measures to stop bribery of government officials by foreign firms resulting in exploitative trade and development deals.
4. Legislation to void secret and unsustainable multi- and bilateral loans.
5. Prevention of de-industrialisation caused by hauling away of cheap raw materials and dumping of cheap manufactured and second-hand goods.
6. An end to and reparations for environmental degradation caused by extractors and developers.

Public oversight and audit

As Lord Chidgey said, there is a need for public debate in Africa and for transparency in international trade agreements.

The Minister promised to work closely with DfID to "help developing communities across Africa." DfID has made grants to African countries as a co-financier of multiple IMF/[World Bank Structural Adjustment](#) Programme components and has been an enabler of the IMF/World Bank in this respect. Now DfID could help by supporting the formation of a public oversight and debt audit framework. Britain should pledge not to prop up dictatorships and systemically corrupt regimes using DfID aid.

It is argued that for sustainable development, transparency must extend to borrowing and the use of

loan funds, grants and ordinary government revenues. The best outcome of CHOGM 2018 would be;

1. A framework within which the public in the Commonwealth is able to monitor international financial, development and trade contracts.
2. Civic education about unsustainable borrowing.
3. Public debate about whether countries want to continue unsustainable borrowing.
4. A commitment to support legislation that would facilitate service delivery surveys driven by the public and not led by government entities funded by donors.
5. A commitment to support legislation to facilitate public debt audits.

For the British taxpayer, the risk is the loss of the loan funds. Illegitimate debt will be repudiated at some point in the future by the young populations in whom British exporters have so much hope. They will not accept the unfair terms of engagement accepted by earlier generations. The Commonwealth, as Lord Mendelsohn reminded the House, is not something to which Britain has a right. This time around it will have to be mutually beneficial to the members.

Mary Serumaga

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P.S.

CADTM

<http://www.cadtm.org/The-revival-of-the-Commonwealth-an>

Footnotes

[1] See Honest Accounts 2017 - How the world profits from Africa's wealth, by Mark Curtis and Tim Jones, CADTM, 6 June 2017.