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A Supply-Sider in East Africa

The man who ended Rwanda's genocide doesn't want foreign aid. He wants investment and free trade.

BY ANNE LOUIS
London

Sixteen years ago, the world watched in horror as 800,000 Rwandans were systematically murdered by their neighbors. In just 100 days, well over 10% of the country's population—mostly Tutsis, the country's minority group, and some politically moderate Hutus, the country's majority—were slaughtered by an extremist Hutu government. Paul Kagame led the Rwandan Patriotic Front (RPF), the guerilla army made up largely of Tutsi refugees that ultimately overthrew the government and ended the bloodshed. Now he's president.

You might suppose that the leader of a country synonymous with genocide would be far more interested in scoring foreign aid than in talking about supply-side economics. But then you probably haven't met Mr. Kagame. His agenda for improving the state of his country boils down to one goal: "spurring private investment."



Zina Saunders

"We believe in private enterprise, free market, and competition. . . . So we have to make sure there is a conducive environment for people to be creative and innovative," he told me last month in a suite in the West End's plush Langham Hotel. Our interview followed his debut appearance at the annual meeting of the Commonwealth, which Rwanda joined last year.

Bespectacled and as twiggy as when he led the RPF, Mr. Kagame looks like an unlikely warlord. And yet this is the man—not the U.N. and not the U.S.—who led forces outnumbered two to one to defeat the genocidal government and their

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machete-wielding militia.

Gangly in a dark gray suit, Mr. Kagame meets me precisely on time for our interview. He speaks in paragraphs, eyes wide, and without a trace of the cynicism that it seems should be his right. The overall effect is more impassioned academic than storied warrior.

Don't be fooled.

Asked how much of Kagame-the-general remains in Kagame-the-statesman, he replies "100%." I laugh, but he's serious. "My respect and enthusiasm for softness and diplomacy and negotiations—really reaching out to people—has only been growing. But it has not diminished my ability and desire and conviction to give a good fight when a fight is called for," he says.

These days, the battle he is fighting is for national prosperity. Unlike many of his peers in the Third World, his focus is on how to create wealth—not on how to beg for charity. During our entire conversation, Mr. Kagame doesn't once utter the word poverty. "We can only have ourselves to blame for our failures," he says. "We don't expect anyone to hand us any success or progress we hope to be making."

That attitude makes Mr. Kagame a skeptic when it comes to foreign aid, which he faults for many of the world's ills. "It has created dependency, it has distorted the markets, it has detached people from their leaders and their values, it has created conflicts in some cases."

He notes that Rwanda has cut its dependence on aid by half in the past 15 years, and he speaks with undisguised pride that Rwanda has become self-sufficient in food for the first time in its history. Gradual improvements to property rights, along with government money for fertilizer to farmers (which the farmers have since repaid with the revenue from their produce), have even allowed Rwanda to begin exporting some of its crops.

What the country needs now, Mr. Kagame says, is the freedom to market itself around the world. His key bugaboos include import tariffs and

agricultural subsidies: "Trading fairly with developing countries would put more money in the hands of the developing countries than [donor countries] give through aid."

In September, the World Bank named Rwanda its "top reformer of business regulation," as the country soared to 67th place from 143rd the year before for "ease of doing business." On the matter of "ease of paying taxes," Rwanda, in 59th place, now bests the U.S. (which has fallen to 61st). All sectors are open to investors, and the government places no limit on foreign equity ownership. The reward has been 8.8% yearly average GDP growth since 2004, according to government figures.

But there remains work to be done. Rwanda has been criticized for a lack of judicial independence, for instance, and for property rights that leave much room for improvement. Mr. Kagame has no intention of slowing the pace of reforms.

"We ask would-be investors what is it they're really interested in when they come to Africa or when they come to Rwanda," Mr. Kagame explains. "We say, 'What would you be interested in seeing happen in Rwanda that would facilitate your investment?' We put all this together and start seeing what we don't have and put it in place—whether it's about laws, institutions, or different aspects of relations, so on and so forth." Mr. Kagame says his approach has lured New York-based electric and heating utility group ContourGlobal. It is investing in Lake Kivu's methane reserves for electricity generation, with an eye to producing enough power to export to Uganda.

The president's other major project is simplifying the country's tax code. While the World Bank puts Rwanda's total levies on profits at 31.3%, well below the OECD average of 44.5%, Mr. Kagame predicts that streamlining taxes to bring down administrative costs and cut incentives to cheat is probably the best way of "actually increasing the level of revenue you collect."

He's been sending members of his government around the world to study different tax systems, and says he is close to unveiling plans to simplify

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Rwanda's. One solution that appeals to him is a flat tax.

"We sent our team to Georgia because we learned they have been very successful with their flat tax. . . We want to see where it works," Mr. Kagame says.

And if the experiment fails miserably? "We're not afraid."

His ideology, he says, is not the product of study but of "the life I have lived." Born in 1957, his Tutsi family fled Rwanda in 1960, when the impending departure of the Belgian colonizers was already giving rise to "Hutu Power" violence. This was the culmination of the ethnic animosity that had been nurtured by Brussels's decades-long institutional favoritism towards the Tutsi minority. Mr. Kagame spent 30 years in Uganda as a refugee before taking the helm of the Inkotanyi-RPF army in 1990.

"For so long, I've lived injustice, and have had to struggle and fight for my freedom and my people's freedom," he says. "I think you tend to have more passion for freedom and for rights to exist, for you and for everyone. . . . With that kind of life, you don't take things for granted, you want to earn every step of your life. You want to work hard, you want to achieve, you want to reach where you have not been before."

It's hard not to like his message. And yet Mr. Kagame has strong critics. Lately their concern has focused on Rwanda's upcoming presidential elections, in which Mr. Kagame remains unopposed in his run for a second seven-year term. His main would-be challenger, Victoire Ingabire—who returned to Rwanda in January after 16 years in the Netherlands—was arrested on Wednesday on charges of associating with a terrorist group (the Democratic Liberation Forces of Rwanda, founded by perpetrators of Rwanda's genocide) and advocating ethnic division.

Ms. Ingabire was released on bail the day after her arrest. But unless she's officially cleared of the charges she's barred from registering her party in the elections.

Her exclusion feeds neatly into the narrative, favored by the international press and advocacy groups such as Human Rights Watch, that Kigali regularly uses genocide-related accusations to target and discredit its critics. While Rwanda does have limits on free speech, they more closely resemble Europe's laws against Holocaust denial than blanket political censorship.

Rwanda shows none of the outward signs of a president who imagines himself indispensable, as I noticed during my recent visit. Policemen and soldiers are thin on the ground and citizens readily discuss politics with strangers. Decentralized local governance is the official policy and Mr. Kagame's visage is not plastered around the country. But there's no denying that Mr. Kagame's democratic credentials would benefit from a rival—especially after he beat three challengers with an eyebrow-raising 95% of the vote in 2003. "It is not my duty to create an opposition," he tells me.

He is rankled that outsiders would suppose that "the progress we make [in democracy] is because somebody is whipping us with a stick. We believe in freedoms . . . we believe in democracy, not because anybody tells us to do so." He insists that if and when a legitimate comer enters the race, he will not stand in his or her way. "Our life has been that of a struggle against that."

Many African leaders have been hailed as liberators in the past, only to later trash their term limits and install themselves permanently in power. I ask Mr. Kagame whether, assuming he wins another seven years, the world can expect him to pursue such a presidency-for-life.

Speaking into two tape recorders, he is unequivocal: "No. No. I would not be responsible for that."

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