

▶ may go to those who ask loudest, or to a favoured ethnic group.

So long as states are weak, it makes sense for voters to ask their MPs for handouts, rather than for better laws or help to navigate the bureaucracy. It is also rational for MPs to neglect legislative work in favour of gifts and pork, if this is what voters say they want. But as Africa develops, this should change. As voters grow richer, they will be harder to buy. As governments grow more effective, MPs will have fewer gaps to fill. Alas, these shifts could take decades.

Africans need something better, sooner. Outsiders often suggest tougher campaign-finance laws, but these seldom work. They are often ignored. And laws copied from the West tend to miss the point, by regulating spending by parties before elections, rather than by sitting MPs.

Better would be to take a different approach. One aim would be to strengthen institutions that expose and punish corruption. Last year Malawians booted out the graft-ridden regime of Peter Mutharika thanks, in large part, to independent judges. Politicians who see graft punished are more likely to stay clean.

Another aim would be to encourage parties to run on poli-

cies, rather than ethnicity or patronage. African NGOs, trade unions and business groups should nudge them in this direction—or help set up alternatives. New parties, such as Bobi Wine's National Unity Platform in Uganda, are gaining popularity partly because they oppose the old rot. Philanthropists could give them money—and ask nothing in return.

The essential thing is to curb MPs' informal role as sources of welfare. The long-term fix would be to make local governments work properly. A stopgap is to improve Constituency Development Funds. These are pots of public money to be spent largely at the discretion of MPs. More than a dozen African countries have them. They are not as grubby as they sound. Research from Kenya finds that voters judge MPs on how they use these funds, so they offer some accountability. With greater transparency, they would offer more.

Africa has grown more democratic in the past 30 years. Multi-party elections are common, albeit often flawed. Opposition parties are gaining ground. Most leaders leave office peacefully, rather than in coups. Politics is becoming more competitive. The next step is to make it less costly. ■

## The trouble with duty-free Call of duty

### It is time to close the airport-shopping loophole

IN "L'ENFER", a recent novel by the French philosopher Gaspard Koenig, a university professor dies only to discover that hell is an eternity spent traipsing around airport duty-free shops. Others seem to enjoy the experience rather more. Travel retail has grown into a mastodon, with annual sales of \$86bn before the pandemic hit. It is busy adapting by expanding beyond the airport terminal, notably in China (see Business section). As it does, its tax privileges are becoming ever more indefensible.

The premise underpinning duty-free is that the mere act of crossing an international border should exempt travellers from some taxes that non-travellers are subject to. This was a questionable wheeze even when European airports lobbied for it in the 1950s. Now it is untenable. Modern tax codes typically seek to dampen inequality, but duty-free shopping hands most benefits to the well-heeled who frequently travel abroad. Taxes could usefully nudge people to be greener. Duty rebates overwhelmingly fall into the pockets of people who fly and pollute. One goal of excise tariffs is to curb the harmful use of tobacco and alcohol, but airport shopping is explicitly designed to circumvent them. As duty-free shopping has ballooned, what was once a wrinkle has swelled into a tax-avoidance scheme for jet-setters.

Duty-free's boosters argue that the income from shops is essential to sustain airports, which might otherwise need more taxpayer funding. Retail income, not all of which is exempt of duties, is indeed their biggest source of cash after fees paid by airlines. The figure is inflated by the astronomical rents that airports can charge retailers, skimming off up to 40% of their sales. But it is a textbook case of allowing an exorbitant privilege to generate unjustified profits which are then shared around opaquely. If airports need state help, especially after the pan-

demic, it should be paid transparently, not through tax dodges that distort economic incentives.

The pandemic will probably push the duty-free industry into even more dubious territory. Its business model is evolving as it seeks to cash in on its special status. You can increasingly buy duty-free goods online well ahead of a trip, then pick them up the next time you happen to be flying, with tax conveniently avoided. Once confined to airports, the principle that some people do not need to pay value-added taxes has spread in many places to tourist shops downtown. Shoppers often sidestep taxes on clothing, home electronics and smartphones, as well as bottles of oak-aged cognac and choice Cohiba cigars.

That is unfair to other retailers and to the non-travelling public. It is why Britain has eliminated most duty-free advantages and tax rebates for foreigners who shop there. Doom-ridden industry predictions about imploding business models and a collapse in retail revenues are reminiscent of the shrill warnings when EU countries ended duty-free shopping for those travelling within the single market in

1999. In fact, there was not a collapse in European cross-border travel—which has thrived.

Closing the duty-free loophole does not mean airports will stop behaving like shopping centres with departure gates tacked on. Weary flyers will still be condemned to pick their way through a maze of perfume spritzers as they emerge from security checks. Airports will continue to announce flight-departure gates ever later in order to encourage passengers to linger in the shops even longer. Bored travellers with hours to kill hardly need the incentive of a tax backhander to top up on chocolate or buy those noise-cancelling headphones. It is past time to call time on duty-free. ■

