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A mobile text for everyone

What links Kenya, Benazir Bhutto, the EU and Gordon Brown? Two clues: private property and the rule of law

Stephen Pollard

The single most fascinating thing I read last year was about the rise of mobile phones in Kenya. Not, you might think, the most thrilling of topics. In which case you'd be wrong, because it also helps to explain the murder of Benazir Bhutto, the reaction to Gordon Brown's refusal to call an election last autumn, the growth of the EU and the past few days' riots in Kenya.

The Cell Phone Revolution in Kenya, by June Arunga, tells a simple story: how, after the State had failed dismally to provide communications across Kenya, five years of private provision increased the number of mobile phones from one million to 6.5 million, so that more than a third of all Kenyan adults now own one.

The state system was riddled, as ever, with fraud, corruption and indolence. When private providers entered the scene they had no idea what to expect: there was no way of judging how many people would want a phone or how much they would pay. Initially, take-up was poor — the cost was prohibitive and the phones unwieldy and unreliable. But as the companies gained experience, they did what functioning markets lead companies to do: they made sure that their service matched the demand.

How was this transformation brought about in Kenya, of all places, and why does it matter to us? That's explained by the most important book of the past decade: the Peruvian economist Hernando de Soto's *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. De Soto showed that our prosperity is founded on private property rights based on the rule of law, and the freedom within that framework to trade. Granting property rights to the phone providers, coupled with what looked like political stability, enabled firms to invest and the Kenyan phone revolution to take hold.

But the past few days' events in Kenya demonstrate how tenuous is the basic foundation on which prosperity and freedom depends: the acceptance of the rule of law. We take for granted peaceful acquiescence in our own democratic processes. When Mr Brown announced that he would remain in No 10 until 2009 at the earliest, we did not take to the streets to force a change of government. When the outcome of the 2000 US presidential election was mired in confusion, it was the courts that decided the outcome — and the defeated candidate packed his bags and went home.

Why have the former Warsaw Pact countries scurried to join the EU? To ensure that the property rights and rule of law that embed democracy are enshrined for ever — indeed, to avoid what is happening in Kenya, where it appears that the political stability was skin-deep.

As for Benazir Bhutto's murder: the key question is whether Pakistan's future will always be shaped by violence, or if it can copy India and transform its fortunes through democratic consent. And that raises an even bigger question: whether Islamic states are inherently unable to embrace the basis of prosperity. On that hangs the shape of the 21st century.

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