The IMF and Libya's Qaddafi combine to destroy North Africa

by Thierry Lalevée

Once again, the International Monetary Fund's director, Jacques de Larosière, and Libya's mad-man, Muammar Qaddafi, have been caught working hand-in-hand. Their collaboration is so close that diplomatic rumor has it in North Africa that Qaddafi may have been secretly appointed an honorary director of the IMF, an institution which the Tunisian weekly *Realités* described as the "Blue Beard of the Third World."

It is most difficult to see mere coincidence in the fact that, while the countries of North Africa, especially Morocco, Tunisia, and Egypt, are being put under large financial pressures by the IMF, their economic and social crisis is being exacerbated by Libya's expulsion of hundreds of thousands of guest workers from these countries.

As indicated by a press and media campaign organized in Egypt in recent months, North African leaders have reached the conclusion that the present operation's aim is to work out a Yalta-style deal among Washington, Europe, and Moscow, during the upcoming series of Soviet-American consultations which is to culminate at the Reagan-Gorbachov meeting in November. In such a deal, Northern Africa is to fall into the Soviet sphere of influence. In the meantime, it is clear that the aim of the present crisis is to destroy independent-minded political leaders, leaving the way open for the take-over of these countries by Islamic fundamentalist types.

The Libyan gambit

Heralding the crisis was the Libyan decision at the beginning of August to begin expelling all foreign workers. Some 40,000 Tunisians and a little over 100,000 Egyptians are expected to be expelled before Libya's Revolutionary Day, Sept. 1. Thousands of others from Central and Western African states such as Mali, Niger, Mauritania, and Senegal, are also being expelled.

By way of explanation, Libyan officials have argued that their own economic situation forced them into this step. In fact, as was revealed by the Tunisian press, the only element of economics in the affair is that the Libyan government deliberately robbed the foreign workers and their families of perhaps several hundred million dollars in earnings! A memorandum written on Feb. 23, 1982, by Libya's Revolutionary Committees, ordered all foreign workers to deposit their earnings in Libyan state-owned banks. Such assets were carefully frozen before making public the decision to expel the workers.

No less important financially was the decision of Tripoli to seize the passports of all expelled workers; intelligence sources report that such bona fide passports may be bought for $250 apiece in Libyan embassies, a half-a-million-dollar business at the very least.

However, Libya's financial gains, such as they are, have little to do with the present crisis. The real reasons are to be found in last June's signing of a Soviet-backed "strategic alliance" between Libya and Iran, which called for the overthrow of all pro-Western regimes in the region. Thereafter, both Iran and Libya began taking actions aimed at encircling Tunisia and Egypt, in particular. Key to this have been the ties established by both Libya and Iran with the Sudan, to pave the way for a new military coup which, according to the Aug. 13 issue of *Die Welt,* would turn the country openly against Egypt. The visit to Moscow on Aug. 18 of a Sudanese military delegation is to be viewed in this light. Khartoum will be receiving Soviet weapons—at a very precise political price.

At the beginning of August, Qaddafi announced that citizens of pro-Western Arab states could "not be considered true Arabs. They have the choice. If they want to stay in Libya, they can choose to become Libyan citizens!" Very few answered that call. According to intelligence sources, those who chose Libyan citizenship have been deployed to Libya's borders with Chad and are to be used as cannon-fodder in a planned new Libyan offensive in Central Africa.

As both Tunisian and Egyptian security forces realize, the expulsion by the thousands of passport-less workers has also provided Tripoli cover for infiltrating hundreds, perhaps thousands of agents into their countries. On Aug. 20, Tunis launched a nationwide police operation against known Libyan agents within the Libyan People's Bureau there, its cultural center, and its economic offices. More than 283 were quickly charged with "spying and plotting terror activities" and expelled. Some were even caught roaming the interior of the country with weapons.

De Larosière's plot

Qaddafi's political and military operations could be dealt with in kind by the region's nations, were it not for the IMF. Two recently released reports on Tunisia and Egypt outline the Fund's policies for their economic demise. Indicative of the IMF modus operandi is that, though the latest IMF report on Egypt has been released to selected Western newspapers such as the *Financial Times* of Britain, most Egyptian officials have not been able to obtain a copy.

As summarized by the *Financial Times* of Aug. 16, the IMF report is an ultimatum to President Hosni Mubarak to either radically change his economic policies now, or be faced with economic and financial retaliation from the international banking community. The IMF announcement hypocritically makes the point that "recourse to commercial foreign borrowing would not be prudent," a diplomatic way of saying that the IMF has already warned the commercial banks against lending to Egypt. The IMF proceeds to call for radical "pricing, exchange rate and administrative reforms" with the aim of solving "long-term economic problems" through fostering "as a priority the export sector."

"Pricing" means reducing or eliminating "subsidies of basic goods" such as bread, oil, and gasoline. By "exchange rate," read "devaluation" of the currency and opening Egypt to tax-less foreign investements in non-productive, speculative sectors such as tourism. By "administrative reforms," read "drastic cuts in the state sector" generally characterized as a "bureaucratic machine" hampering productivity; this would mean massive lay-offs in the public sector as well as the privatization of the most important state-owned industries. To quote the report:

"In order to maintain imports at a level commensurate with a modest growth of investment and economic activity, and in order to create employment opportunities, there is an urgent need to implement a comprehensive package of vigorous measures aimed at redressing Egypt's structural problems in the exchange system, pricing and public finances, supported by appropriate demand management policies that will create the proper environment for increased domestic production."

The report proceeds to complain about Egypt's agricultural policy and the fact that cotton's prices "are depressed" as Egypt has shifted from production of cotton, wheat, and rice, to produce more maize and stockfeed, although the production of cotton had given Egypt a "definitive advantage., claimed the IMF. Hence, "adjustments" have to be made to give "donors, creditors and foreign investors, confidence."

"Closing the projected external financing gap, including an orderly settlement of external payment arrears, will not only need the prompt adoption of a strong adjustment package that will be sustained over the years. It will also have to rely on the cooperative and active participation of Egypt's donors and external creditors. . . . Delays in such a comprehensive adjustment . . . will make inevitable adjustment more painful," concludes the report. The conclusion is again clear: Egypt must pursue, not its national development policy goals, but those dictated by its "foreign donors and creditors." Such a recommendation, coupled with the emphasis on cotton production as an export-earner, brings back the memory of the infamous 19th-century "caisse de la dette" which paved the way for Egypt's colonization by Britain.

As reported in the Aug. 9 issue of *Realités,* IMF advice for Tunisia is almost the same, even in its particulars. *Realités* introduced its report by stating: "Shall we think, as some African economists suggest, that the IMF should be burned?" It then reminded readers that "Cairo was advised by the IMF. Consequences: a revolt and many deaths. Rabat was advised by the IMF. Consequences: a revolt and many deaths. The same scenario was repeated in Khartoum and Tunis." The magazine concludes its introduction by quoting the chairman of the African-Arab Development Bank, Chedly Ayari, saying: "Tunisia has many good economists who are able to find better solutions to the problems of their country" than those advocated by the IMF.

The IMF has been pressuring Tunis in recent months, for a major devaluation of its currency, as well as a lifting of all customs duties—a measure which, says *Realités,* can only be compensated for by raising direct and indirect domestic taxes on the population. Similarly, it advises a drastic cut in business taxation, to be compensated for by a drastic cut in public spending, cutting all new job-creation in the public sector. Then, it advises an end to price controls and wage increases.

While rejecting the most outrageous demands, especially in regard to subsidies, Tunis, like Cairo, has been forced to implement some of these recommendations. Morocco recently did the same. As a consequence, it is expected that because of the cut in state-grants to students and the impossibility of hiring new teachers, mid-September's re-opening of schools and universities may lead to a "black day" of demonstrations and revolts. Indeed, for the first time since independence, the national education budget could not be increased this year. Though associated with Libya in a treaty of political unity, political leaders in Rabat have no illusion. After the Tunisian, Egyptian, and other African workers, Moroccan workers will be expelled from Libya, too.

Thus, thanks to the IMF, those hundreds of thousands of workers being expelled from Libya will find it hard, if not impossible, to find new jobs, and the governments of their countries will find it hard, if not impossible, to stay in power or resist Soviet-backed destabilizations by Qaddafi.