Africa facing economic disaster

The World Bank's remedy is as simple as it is cynical: 'Curb population growth.'

In its latest report, *Financing Adjustment with Growth in Sub-Saharan Africa 1986-90,* issued in April, the World Bank describes the economic situation facing most of sub-Saharan Africa as follows: By the end of 1986 in low-income Africa, "per capita income will have fallen by about 12% since the start of the decade. In countries such as Chad, Niger, Tanzania, and Togo, the drop since 1980 will be roughly 30%—similar to that in the United States during the Great Depression of the 1930s. The decline in Africa's per capita output during the 1980s, together with the decline in the 1970s, will wipe out all its rise in per capita output since 1960. As a result, low-income Africa is poorer today than in 1960.
years in health, education, and infrastructure are increasingly at risk. For the first time since World War II, a whole region has suffered retrogression over a generation."

The report describes the fall in investment in Africa, the growth in debt, the growth in the proportion of exports needed to pay debt service, the drop in imports per capita, and the decline in consumption per capita. However, despite this grim picture, the World Bank's astonishing conclusion is that 1986 is a "year of opportunity" for Africa, as recovery from drought has increased food production and lowered food prices; imported oil will be cheaper, and higher coffee prices will benefit some countries. The World Bank proposes as priority measures "correcting overvalued exchange rates," and major programs to cut population growth.

The report complains, "Only a handful of countries are seriously trying to control extremely high rates of population growth." While admitting that "Africa's vast empty spaces suggest that many more people can be accommodated, and, in the long run, that may well be true," the report says that this would mean "substantial investment." Therefore, the Malthusian argument is repeated: "On the basis of current experience, the existing *rate* of population growth in Africa is obviously higher than the rate at which the capacity to meet essential needs can be increased [emphasis in original]."

The World Bank concludes that Africa will be able to solve its economic crisis, provided governments massively devalue their currencies and cut population growth, and provided the advanced sector gives $2.5 billion in increased aid per year. The World Bank estimates that the 29 poorest African countries need $35.3 billion per year to take their annual growth rate to 3.4% by the end of the decade. This is the amount needed, in the World Bank's estimation, to pay debt service and stop the fall in per capita consumption. The experts estimate that the countries can get $32.8 billion in exports, commercial credits, credits from the IMF, private investments, rescheduling, and foreign government aid. This leaves a $2.5 billion deficit, to be made up by aid.

A report issued by the United Nations Economic Commission for Africa (ECA) and the African Development Bank (ADB) is not so optimistic. "In 1986, Africa will face one of the biggest falls in the prices of its exports it has ever seen, while the prices of imported goods will increase." The ECA notes that falling oil prices will mean an 8% improvement in the terms of trade for non-oil producers, and that the increased coffee prices will benefit Ivory Coast, Kenya, and Madagascar, but stresses that apart from these, almost all African countries will have large balance of payments deficits, because of the increased price of imports and the fall in the price of exports. This will in turn lead to an increase in the percentage of export revenue needed for debt service.

Africa's external debt has now reached $162 billion, with debt service annually $19.5 billion, meaning 22.3% of Africa's exports. The annual rate of growth is 2.8%, the same as in 1985, and the same as the rate of population growth.

The ECA concludes: "There can be no more opportune moment than now to follow up the call launched by the 21st session of the Organization of African Unity to hold an international conference on the indebtedness of Africa."

At a meeting of African economics and finance ministers in Yaounde, Cameroon, April 17-22, discussions took place on the creation of an African Monetary Fund, which could replace the International Monetary Fund. Resolutions were passed calling for increased inter-regional trade and commerce, and for 20-25% of available resources to be concentrated on the development of agriculture. These resolutions will be presented at the emergency U.N. session on Africa, May 27-21, in New York, where African nations will call for external aid amounting to $36 billion.