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IMF runs neo-colonial war on West Africa

by Michael Gelber

The world's underdeveloped countries, says the World Bank in its annual report issued in September, transferred record resources in 1989 to the industrialized countries. Net transfers of resources—the amount by which developing countries' debt service payments exceed new flows of funds to them—reached $42.9 billion—a $5 billion increase over 1988.

The cases of three countries of West Africa—Sierra Leone, Togo, and the Ivory Coast—show that this net outflow would not be possible without the strong arm of the International Monetary Fund's "structural adjustment" programs and threat of economic siege if they are not carried out. In each case, the Fund's "solution" to the precipitous fall in commodity prices, upon which these countries are 100% dependent, is to squeeze the difference out of the population and the internal economy. Meanwhile, the commodities—and money—continue to flow out of the countries toward the North.

Three cases

Sierra Leone: After a four-year hiatus, the oil crisis and the influx of thousands of refugees from Liberia has brought Sierra Leone, back into the IMF "fold." With a population of 4 million, Sierra Leone is incredibly rich in gold, bauxite, fish, rare minerals, and diamonds. But the population is not enjoying the wealth. "The first years of President Momoh's rule [he came to power in 1985] were disappointing to those who expected a new order in the economy," laments the London *Financial Times*. "An IMF program adopted in 1986 was abandoned after a few months."

Up to now, therefore, the IMF declared Sierra Leone ineligible for further borrowing, while the World Bank and Western governments have cut off nearly all assistance. But in the face of rising oil prices and refugees, Sierra Leone has found it impossible to maintain its sovereignty. The finance minister has made a deal to establish an IMF monitoring program in exchange for rescheduling nearly $100 million in arrears. The nation's foreign debt is $500 million. But thanks to basement-level commodities prices, official export earnings for 1989-90 were a mere $150 million.

There are other routes by which money flows outward. An estimated $150 million is annually smuggled in diamonds and $200 million in fish looted by foreign fleets, due to, claims the *Financial Times*, "the absence of effective economic policies."

Togo, a nation of 3.6 million and a land area smaller than West Virginia, is also under IMF receivership. This nation, whose major source of revenue has been the export of phosphate, is now being subjected to its fourth "structural adjustment" program since 1982 to cope with its $1 billion foreign debt.

The World Bank likes to tout Togo as a prime example of structural adjustment "recovery." This, however, is a cruel hoax. While the economy has allegedly sustained a 4% per annum growth rate since 1988, it has been at the cost of cuts in federal expenditures, resulting in a 20% decline in school enrollment, a 75% cut in health expenditures back to 1980 levels, 20% unemployment in the "formal" sector, and a continuing near total reliance still on commodity prices (especially phosphate).

The overdependence on the export of raw materials and commodities was even attacked by Togo's President Eyadema, a dictator who has implemented the World Bank's plan. Condemning the high price his nation is forced to pay for manufactured goods, he described this looting as "the exploitation of man by man."

Right now, the World Bank is pushing its "privatization" panacea—the selling off of state industries at low prices to private, usually foreign or foreign-dominated interests. So far, 14 companies have been privatized, with 23 going onto the market.

What industry does exist is being destroyed. The American-owned STS steel company has been profitable thanks to a 40% protective trade barrier. Its American director, according to *Africa Report,* "is at loggerheads with the World Bank which is pressing the government to remove all protective barriers as part of its trade liberalizing program."

Ivory Coast: The IMF has waged a campaign to upset the Ivory Coast government of President Félix Houphouët-Boigny by forcing the government to carry out devastating austerity policies. The Fund succeeded economically, but not politically, as Houphouët-Boigny, who recently hosted Pope John Paul II, handily won in late-October elections.

The Ivory Coast's crisis stems from the price collapse of its two primary cash crops, coffee and cocoa. Between 1985-87, cocoa prices fell by more than 30%. In May 1987, the government started defaulting on commercial debt. Today the Ivory Coast's unserviceable debt is $15 billion. By late 1989, the cocoa price had fallen 75% from 1985.

In February 1990, the IMF cut off money, demanding radical measures. The *Financial Times* reports: "The government imposed a 'solidarity tax' on public sector workers of 15-40% and 1-11% on private sector workers. The move was met by a wave of protest which forced the government to scrap the measures." The new IMF strategy removes restrictions on capital flight, demands a cut in the deficit from 18% of GDP to 8-10%, and a "privatization and economic reform program."

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