1990s decade: breaking point for the IMF or for Africa?

by Linda de Hoyos

In his December 1987 encyclical *Sollicitudo Rei Socialis,* Pope John Paul II identified as "structures of sin" the prevailing attitude and policy toward developing countries. These structures, he said, "were radically opposed to peace and development, for development, in the familiar expression of Pope Paul's encyclical, is the 'new name for peace.' " The gigantic contradiction today between the tremendous productive capacity of the continent of Africa and the terrible misery of its malnourished citizens is precisely the result of such "structures of sin," which lie "hidden behind certain decisions, apparently inspired only by economics or politics."

The International Monetary Fund, enforcer of the demands of the international creditor banks, stands at the center of the "structures of sin" which are depopulating the African continent. The consistent denial of the means of development, not only for industrialization but even for agriculture, has been the theme of IMF policy toward Africa since the creation of the 1944 Bretton Woods system. A profile of Africa's trade illustrates the point.

In 1990, Africa accounted for only 1% of total world trade annually, down from 3.8% in 1970. As *EIR* economist Anthony Wikrent has reported, in 1988, ninety-five percent of all U.S. imports from Africa were raw materials. However, the United States did import 494,786 tons of iron and steel from Africa in that year, while exporting only 20,936 tons of steel—20 times less—back to the continent. To a continent starved for capital goods, in 1988, the United States shipped only 35,796 tons of "machinery for specialized industry"—the equivalent of one small shipload; only 3,373 tons of "general industrial machinery and equipment"; and only 180 tons of "power-generating machinery"—equivalent to one single turbine generator.

However, preserving Africa as a gigantic slave plantation, half of U.S. exports to Africa were cereal and cereal products. This is required by the fact that over the last 20 years, most African countries have become increasingly unable to achieve levels of food self-sufficiency, which renders them powerless to buck the "structures of sin" operating against them. Secondly, the U.S. exported 20,936 tons of used clothing (hand-me-downs from the big house) to Africa—in the case of Ghana and other countries, wiping out indigenous textile industries.

In the decade of 1980 to 1990, the terms of trade for African commodities decreased by 66% and most African countries suffered successive currency devaluations, making Africa a bargain-basement for the OECD nations.

This perverted trade profile is the direct result of the policy of IMF conditionalities imposed on the African nations over the last 30 years. The corruption of various African leaders is itself not the cause of Africa's penury, as depicted in the western press. Corruption is a de facto conditionality of the IMF. African leaders are forced to implement measures conducive to capital flight and reverse capital flow; the money siphoned off to their own pockets is banked in the North.

Over the last 10 years, under IMF structural adjustment programs, African countries have become increasingly contracted, with the most notable case being Nigeria, where per capita income fell 75% from 1986 to 1990. The escalating levels of looting from Africa will reach a breaking point in the decade of the 1990s. Either the IMF and the bankrupt monetary system behind it are overturned for a new international monetary system dedicated to development, or the levels of economic devastation will soon result in the political disintegration of the African nations—Somalia. The latter case puts Africa on the road to formal recolonization, as United Nations Secretary General Boutros Boutros-Ghali demands that a U.N. administration and trusteeship be placed over the broken nation of Somalia.

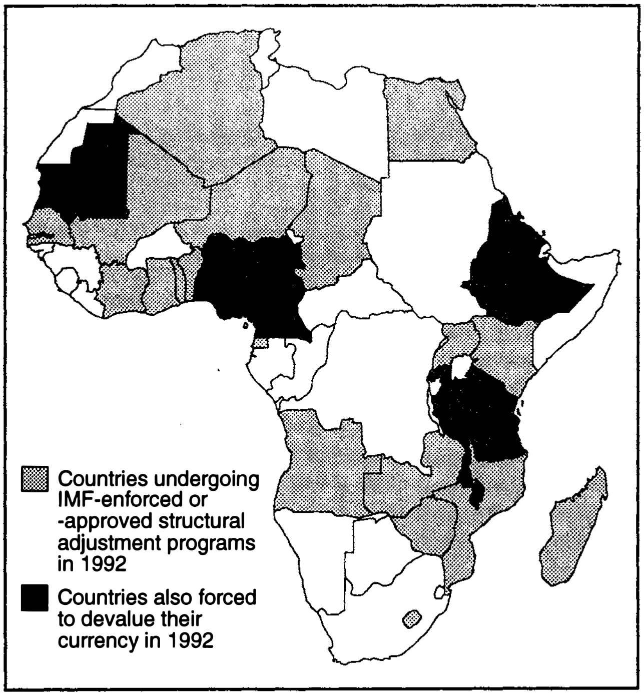
Mechanisms for disintegration

The accompanying maps chart the phases of a process by which the African nations are being destroyed today.

Figures 1 and **2** show the level to which Africa is today a proprietary of the IMF. Even those countries not directly under IMF control, such as South Africa, in general are carrying out measures coherent with IMF conditionalities. Despite the level of capital extracted from Africa, with the exceptions of Egypt and Sudan, the ratio of debt service to export earnings has risen in all cases since 1970. Even countries like Somalia and Ethiopia, despite war and famine, have been paying more than 30% of their export earnings to the debt.

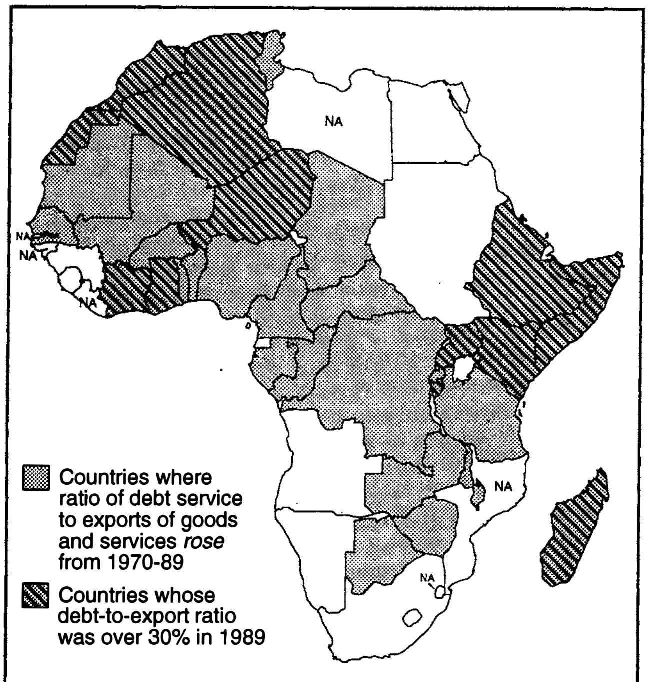
Figure 3 shows Africa's extreme food vulnerability. As debt and debt service rise, food security decreases. This is the result both of forcing countries to grow cash crops for export to pay the debt and of import liberalization, whereby countries are flooded with cheap grains. Food is then a weap-

FIGURE 1
Countries under IMF rule in 1992



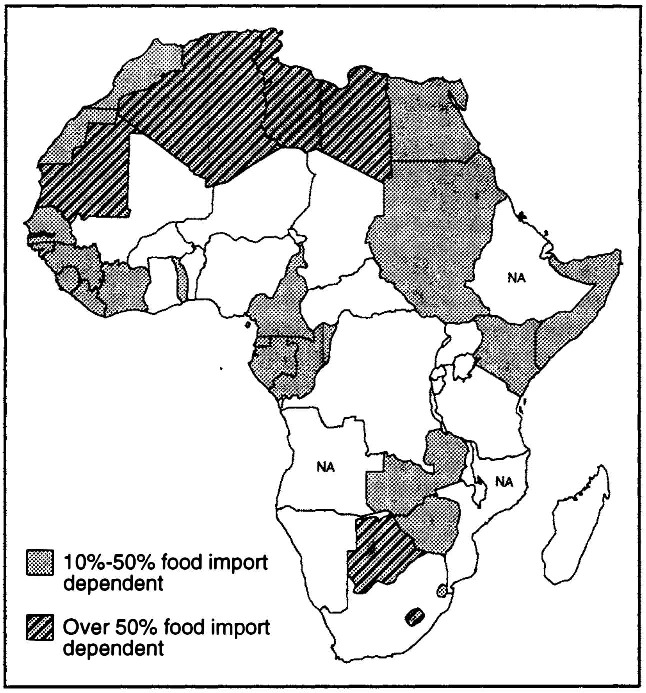
Source: *EIR.*

FIGURE 2
Debt service-to-export ratios in 1989



Source: UNDP.

FIGURE 3
Africa's food import dependency in 1988



Source: UNDP.

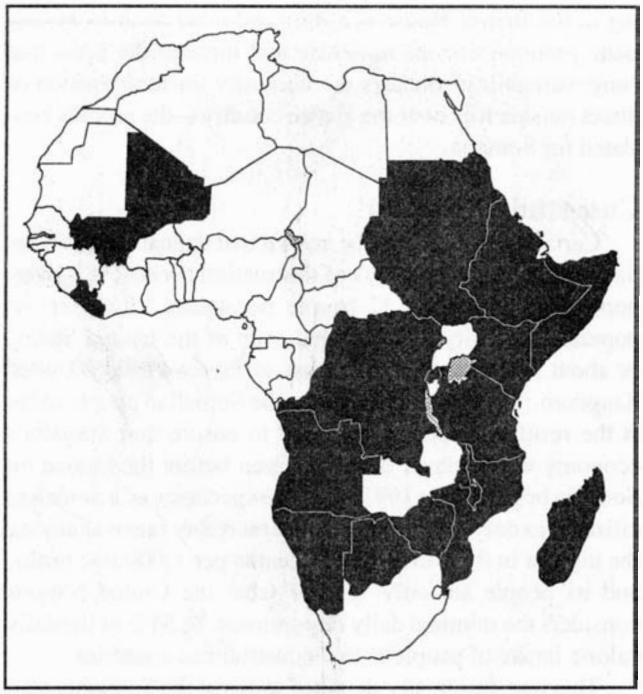
on in the hands of the OECD nations, to enforce adherence to IMF policies.

The precarious food situation leads to catastrophe, if a natural disaster occurs, as **Figure 4** shows. Lack of irrigation means total dependence on rainfed agriculture. With no buffer stocks, this year's drought—the worst in the century—led to famine throughout Africa, with 40 million people threatened by starvation, according to the U.N. Food and Agriculture Organization (FAO). The starvation deaths throughout eastern and southern Africa this year were given little publicity in the western press, in comparison to Somalia, because there is no issue of national sovereignty in aid delivery. There is no figure for the deaths suffered by famine in these other areas of Africa.

In 1974, an *EIR* study concluded that if IMF conditionalities were not halted, Africa would face "biological holocaust" by the mid-1980s, with the onset of epidemics, including of diseases not yet known. *EIR*'s prognosis was borne out by the AIDS epidemic in Africa (**Figure 5**). AIDS is now boosting adult death rates in many African countries, wiping out the productive labor force. The HIV virus is triggered into action by co-factors that also act to suppress the immune system, such as Protein Energy Malnutrition, suffered by many Africans, and chronic malaria, which now afflicts more than 200 million Africans.

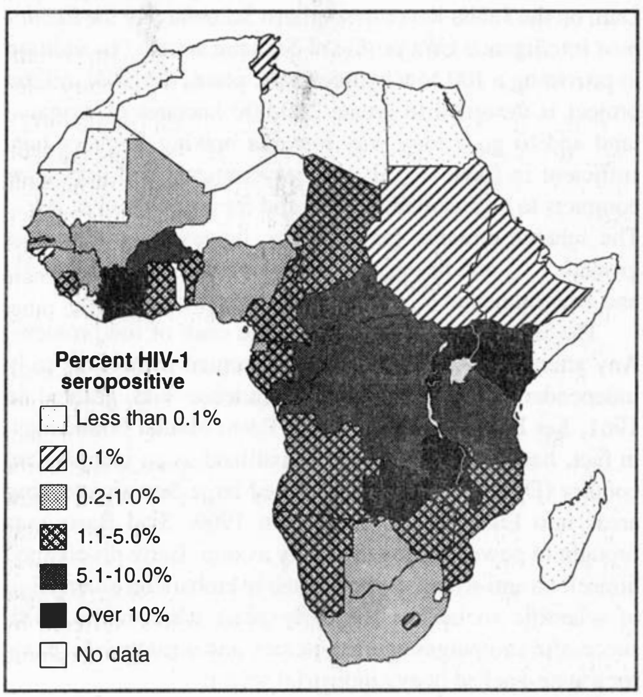
The final kick to the African countries has been the An-

FIGURE 4
African countries afflicted with famine in 1992



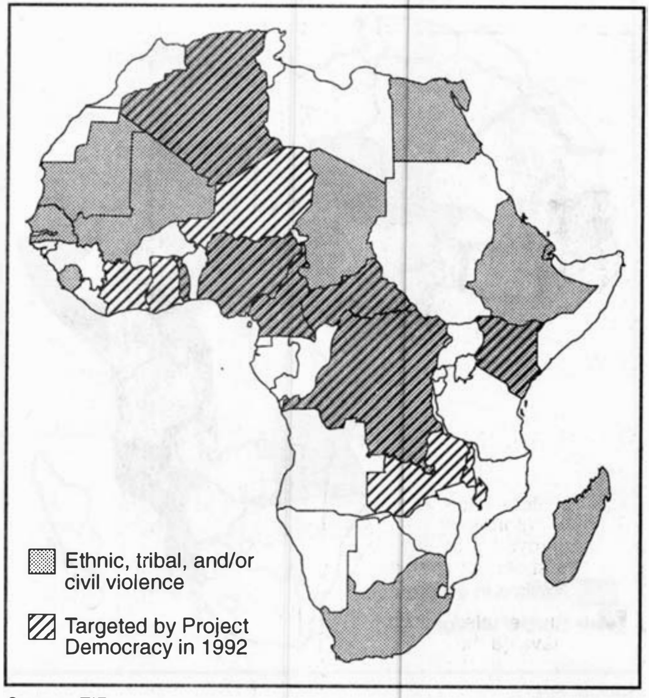
Source: FAO.

FIGURE 5
AIDS prevalence in Africa



Source: U.S. Census Bureau.

FIGURE 6
Ethnic and tribal violence in 1992



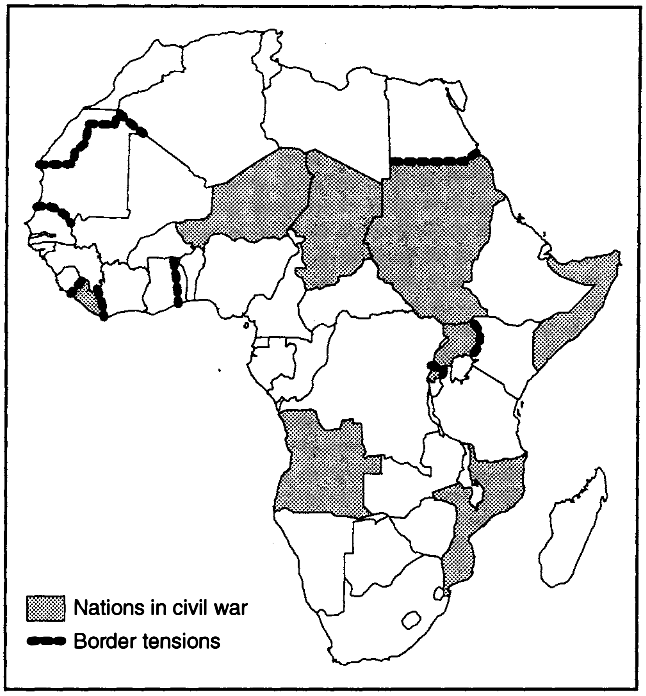
Source: *EIR.*

glo-American crusade "Project Democracy." The demand for "democracy" has become the formula for cutting aid to recalcitrant nations, or for fomenting destabilization and ethnic and tribal warfare against the central government (**Figures 6** and 7). As is seen in Somalia, the support offered by Washington or London to the opposition is enough only to destroy the incumbent regime; nothing is offered to establish a viable alternative.

In 1992, Kenya, bordering destroyed Somalia, has become a target of choice for the democratizers. Aid was cut to Kenya this year (but restored in September) due to U.S. complaints that President Daniel arap Moi was not carrying out democratic reforms. In August, Kenya faced internal famine due to drought, on top of inundation by starved Somalian and Sudanese refugees. This human disaster did not stop 103 U.S. congressmen from sending a letter to Moi to voice their dissatisfaction with the "pace of reform" in Kenya.

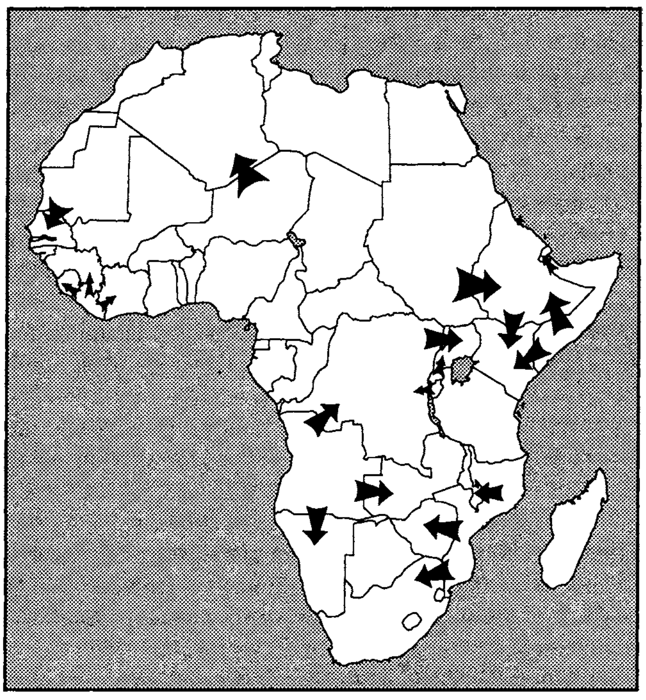
As in Somalia and Zaire over the last year, outbreaks of ethnic or civil violence are the *coup de grace* for the fragile productive economies of Africa, destroying what little infrastructure exists. Flows of refugees signify the total disruption of economic life, not only for the war-torn country but often in the host countries (**Figure 8**). In Somalia, 4.5 million people have been displaced, out of a total population of not more than 7.5 million. The proxy wars fomented in Angola and South Africa serve the same genocidal purpose. It is

FIGURE 7
War in Africa during 1992



Source: *EIR.*

FIGURE 8
Refugee flows in Africa during 1992



Source: *EIR.*

estimated that 900,000 Mozambicans have died in the civil war there, and another 6 million have been displaced.

As conditions of chaos and disintegration are fostered throughout the continent, the powers behind the IMF, dwelling in the British House of Lords and other such locations, issue pronouncements in debate and through the press that "ungovernability" dictates the necessity for reimposition of direct outside rule over the victim country—the process now slated for Somalia.

Case study: Somalia

Certainly, it could not be argued that the nation of Somalia is suffering the torments of destruction because it is overpopulated. With only 12 people per square kilometer, its population density is below that even of the United States, or about 200 times less than that of Prince Philip's United Kingdom. The catastrophe facing the Somalian people today is the result of a policy designed to ensure that Somalia's economy would never develop. Even before the famine hit Somalia beginning in 1991, the life expectancy of a Somalian citizen was only 48 years; its infant mortality rate was among the highest in the world, at 128 deaths per 1,000 live births; and its people ate only 73% of what the United Nations considers the minimal daily requirement, or 54% of the daily caloric intake of people in the industrialized countries.

This was the already-depleted status of the Somalian people, when the U.S. government, with the cooperation of the European Community countries, pulled the plug on the government of Siad Barre in January 1991, at the same time that Washington had unleashed its war against Somalian ally Iraq.

The Israeli- and U.S.-backed war against Barre also brought to a halt plans for the construction of the Baardeere Dam on the Jubba River in southern Somalia. As the *Economist* Intelligence Unit profile of Somalia stated: "In addition to providing a 100 Mw hydroelectric plant, the $780 million project is designed to create 240,000 hectares of irrigated land and to go a long way towards making Somalia self-sufficient in food. . . . It [the government] had hoped for contracts to be awarded in 1991 and for completion in 1995. The scheme remains controversial, however, both on cost grounds . . . and because of its potential socioeconomic [!] and environmental [!] impact on the region."

The Baardeere Dam points to the crux of the problem. Any attempt by the Somalian government to become truly independent after nominal independence was granted in 1961, has been quickly crushed. Post-colonial boundaries, in fact, had hived off French Somaliland as an independent country (Djibouti), and incorporated large Somali-speaking areas into Ethiopia and Kenya. In 1969, Siad Barre was brought to power in Mogadishu by a coup. Barre proclaimed himself an anti-tribalist who wanted to embark on a campaign of scientific socialism. His early years were marked with successful campaigns against literacy and unsuccessful plans for a state-backed heavy industrial sector.

In 1974, any progress that Somalia had gained was largely wiped out with the major drought of that year, in which millions across the Sahel region of northern Africa died. In 1977, Somalia, with Soviet encouragement, went to war to win the Somali-speaking Ogaden region from Ethiopia. By November 1977, Moscow suddenly switched tracks and refused to support the Somalia war effort. As Somalia maintained a two-year guerrilla war with Ethiopia, drought struck again. Over the years of 1978-80, the Somalian economy began to suffer a net decline, and current accounts deficits bulged.

1981: Enter the International Monetary Fund. The government was forced by the Fund to create a dual exchange rate and take standard measures for an IMF "recovery"—import liberalization, cutting back of public sector spending, and so forth. But as the *Economist* explains: "The recovery was thrown off balance by a new financial crisis in 1984 caused by drought and the imposition of a ban on Somalia's livestock by Saudi Arabia, thus cutting off by far the largest source of export earnings." The Saudi ban had been imposed due to rumors of rinderpest among the Somali livestock, and the ban has persisted even to now, despite certification from the FAO and the International Epizootics Organization that rinderpest is not present.

But in 1984, Somalia balked at IMF demands that it devalue its currency, impose price controls, and cut the deficit. As the current account deficit grew, Somalia was forced to go back to the IMF in 1985. The IMF imposed a devaluation, the floating of the exchange rate, an end to trade restrictions, and constriction of the money supply. But no new money was forthcoming from the Fund, because of back debt owed.

Although a stand-by credit facility was negotiated in 1987, Somalia broke with the IMF that year, by suspending its foreign exchange auctions. The IMF stopped its lending to Somalia. All other creditors followed suit. In effect, sanctions were placed on Somalia. As the *Economist* described it: "Shopkeepers cleared their shelves in Mogadishu, and industrial output trailed off due to shortages of raw materials and spare parts, forcing the government back to the negotiating table." The industrial sector, never more than 5% of GDP, was operating at only 19% of capacity by the end of 1987.

By the end of 1988, Somalia was forced to impose a new structural adjustment program, this time under the aegis of the World Bank, but with no new funds coming either from the Fund or the creditor banks. "Indeed," as the *Economist* relates it, "donors and investors have kept their distance as Somalia disintegrated politically."

Under the IMF and World Bank, despite the ruin of the economy, in 1989, Somalia paid a full 47.6% of its export earnings to debt service!

Between 1987 and 1989, the currency was devalued by 460%. The devaluations raised the price of imported goods and food, which as the *Economist* noted, was "a trend accelerated by the drought of 1984 and the removal of government price controls under pressure from the IMF." In February 1988, the government intervened to reimpose price controls on basic foodstuffs. This move fostered the creation of a black market, and in June 1988, under world pressure, the government took off the controls, with the result that food prices soared 200%.

Countdown to the death of a nation

In 1989, with the Somalian economy reeling under the effects of both the IMF program and the punishment suffered if it tried to buck IMF demands, opposition forces began to gather strength, backed by the capitals of the creditor countries.

In 1989, the United States stopped all aid to Somalia, citing human rights violations of the Barre government.

In 1990, the IMF imposed a new 500% devaluation of the Somali shilling, sounding the death knell of the country's economy.

Conferences of the opposition to Barre were called in Rome and elsewhere, but despite evidence that Israel, through Ethiopian channels, funded the United Somali Congress, which stormed Mogadishu in January 1991, the countries of the West pulled up stakes once Barre had been overthrown. Embassies were shut down. The United Nations made its exit.

In December 1990, all commercial imports of food aid were ended.

In short, the western countries acted to end the Barre regime, only to bring in the gang of clan warlords waiting. If Washington, London, Paris, or Rome had had any other intention than to destroy Somalia, then food, aid, and credit would have been available to the forces who brought down Barre. But, under conditions of extreme internal division, *the economic basis for any viable government continued to be denied.*

The result is that which we see in the front pages of the newspapers—mothers, distracted by hunger and madness, watching their hollow-eyed children die before their eyes. At the height of the crisis, United Nations special envoy Mohammed Sahnoun reported from Somalia that between 4,000 to 5,000 children were dying each day from malnutrition and resultant illnesses.

The secondary result is that Somalia has become the new precedent for the full abrogation of sovereignty by the United Nations, as U.N. Secretary General Boutros-Ghali demands that all Somali citizens must be disarmed in preparation for the government to be placed under U.N. one-world administration and trusteeship.

Somalia is to become a colony once again. When the British left Africa in the 1960s, life expectancy in many countries was 28.

As one leading fighter of the British-IMF system of colonialization, Mohandas K. Gandhi, stated in 1922: "I have undergone a complete transformation in my attitude towards the system of government under which we are laboring. To me, it is satanic."

In 1993, the IMF and the "structures of sin" it upholds must go.