

IMF sets up Algeria for recolonization

by Joseph Brewda

A wave of British-instigated Islamic fundamentalist destabilizations and civil wars followed by military coups seems to be planned against several strategically located North African and Middle East nations. Such developments are meant to pave the way for the kind of U.N.-managed recolonization that is already more advanced in sub-Saharan Africa. The International Monetary Fund (IMF) is assigned a central role in this process. The case of Algeria, a country which once had the possibility of becoming the "Japan of Africa," is typical.

On April 10, the Algerian government signed a letter of intent with the IMF accepting the devaluation of its currency by 40%, while agreeing to eliminate all import barriers, lay off "excess labor" in the state industries, and considerably increase interest rates, purportedly in order to fight inflation now running at 30%. This follows two years of similarly savage, IMF-imposed measures. The government claims these measures are necessary for the "sound management of the economy." In exchange, the IMF will unblock an \$800 million line of credit, while the World Bank, the Eximbank, and the European Union Bank will jointly extend an equivalent of \$500 million. But, of course, the credit will instantaneously find its way back to the IMF in the form of debt service payments. Algeria will need \$8-9 billion just to pay its debt this year. The current Algerian debt-service ratio is now well over 90%, possibly the highest in the world.

Already, Algeria's factories have been running at only 50% capacity because of a shortage of hard currency to buy raw materials, while unemployment, officially more than 20% of the population, is in reality a lot higher. In mid March, the government increased the price of nine staple foodstuffs, including flour, milk, and bread, by 25-100%, along with similar increases in gasoline and cooking fuel. Even the government newspaper *Achaab* said of the IMF deal that the population's purchasing power would be "seriously degraded, especially in the absence of a program to help those affected."

Not merely robbery

Algeria, in short, is being systematically destroyed by the IMF. But, why? The reason is not simply to loot the place, but also to facilitate the Islamic Salvation Front (FIS) takeover of the country, or to plunge the nation into a full-

fledged civil war as some U.S. and British press are now gleefully predicting. "Algeria Is Edging toward Breakup," was one *New York Times* front-page headline in April, while the London *Financial Times* talked of "creeping Afghanization." As it is, some 4,000 Algerians have been killed over the last two years in the developing civil war. The death of 34 foreigners has also provided the excuse for pulling out the foreign population there, plunging the economy into further chaos.

IMF Managing Director Michel Camdessus has predictably praised the government's suicidal financial measures as "courageous and far reaching" and "worthy of the support of the international community." "Algeria has shown us, with its letter of intent, that it knows very well what it must do," he told Algerian TV. "It is making its own way, not an easy one by any means but one that puts it on an international footing."

France, Algeria's largest creditor and former colonial master, also praised the measures. "France has always said it is ready to play its part in helping the Algerian people and we will continue in this direction," the Foreign Ministry said.

That the populist Islamic Salvation Front will directly benefit from the government's capitulation to the IMF, is something that Camdessus, France, and Britain know. For one thing, the FIS is the only party loudly proclaiming its objection to the measures. On April 12, the FIS denounced the devaluation of the dinar and said if it came to power it would not feel bound by any post-1992 agreement with the IMF—contradicting its earlier claims that once in power it would pay off the debts even more vigorously.

"The future legitimate power in Algeria will not consider itself bound by agreements, treaties, and conventions reached with the dictatorship in power since Jan. 11, 1992," the FIS statement read. Experience shows that IMF "stabilization plans" in developing countries led to a decline in growth, investment, and real wages, an increase in unemployment, and in social injustice, it added. The FIS reports that it is in favor of bilateral negotiations with Algeria's partners on debt relief, and is calling for talks on repatriating what it says are huge funds salted away in Swiss banks by "the potentates of the military regime." Elsewhere, FIS statements have claimed that the government ban on it, and the deaths of many of its cadre in the subsequent crackdown, are part of a plan to "help the country swallow the IMF's plan [for] impoverishing of the masses."

So what has the British-run IMF accomplished? As a result of forcing the Algerian government to adopt IMF demands, the British have successfully further discredited the already unpopular regime. Full-blown civil war, a pro- or anti-fundamentalist military coup, and the like are now on the horizon. So is an eventual NATO intervention, justified by the "Islamic fundamentalist threat," followed by the imposition of a de facto U.N. trusteeship that will end Algeria's 30 years of hard-won independence.