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I. If this is success, why are Ugandans dying?

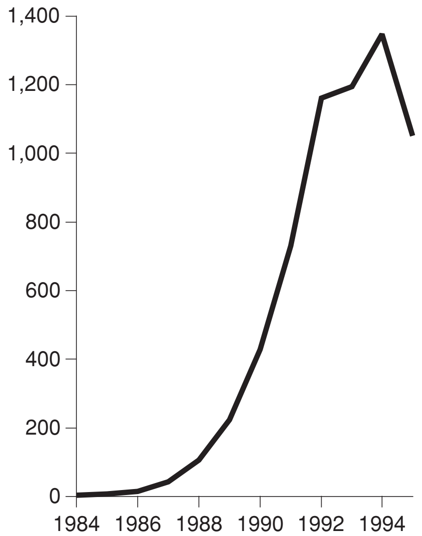
"The economy continues to perform well," reads the quarterly report card for Uganda, published by the London Economist Intelligence Unit for the second quarter of 1997. "Gross Domestic Product is expected to have grown by about 6% during 1996-97 (July-June) and the same is predicted, so far, for 1997-98. . . . The rate of inflation has fallen to a remarkably low level for a developing country and the government's target of 5% for the current fiscal year now looks to be achievable. With the exception of 1994, inflation has been below 10% for five years. This remarkable stability has been accompanied by a similar stability in the exchange rate and a steady build-up of foreign exchange reserves."

To render its grade, the *Economist* is looking at such statistics as the exchange rate of the Uganda shilling to the U.S. dollar (**Figure 1**), and the consumer price index (**Figure 2**). The objective is to determine whether Uganda might be a safe bet for those who want to take advantage of Ugandan President Yoweri Museveni's offer of "raw materials, cheap labor, and power," and come take their profit.

As London's *Financial Times* explained in its six-page paean to the Ugandan economy on April 25, 1996, "among the factors that have made Uganda one of the most exciting investment opportunities in Africa: political stability; sound economic policies; a freely convertible currency; no restrictions on the employment of expatriates; cuts in corporate tax rate from 40 to 30%; and investment incentives that include tax holidays of up to six years and duty-free imports of capital goods and machinery."

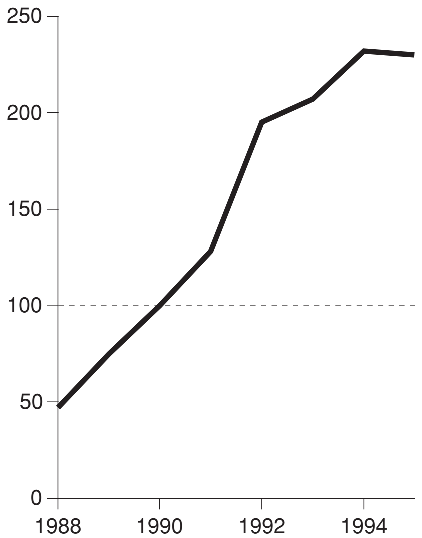
The *Financial Times* continues to praise the "revival of the dilapidated" tea industry, in huge plantations owned by the Commonwealth Development Corporation. Also cited is the cobalt processing project at Kilembe, to be shared by the Commonwealth Development Corporation, the International Finance Corporation, and the French company Proparco.

FIGURE 1
Exchange rate
(Uganda shillings per U.S. dollar)



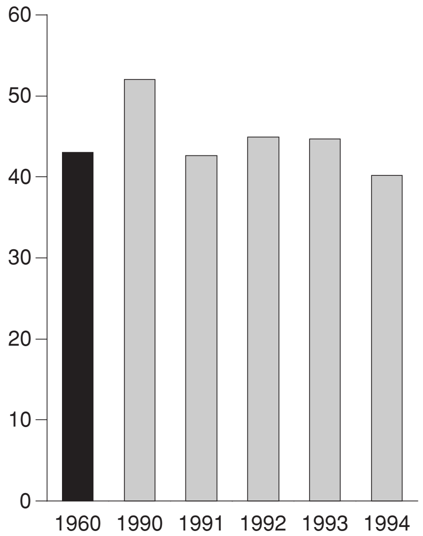
Source: Economist Intelligence Unit.

FIGURE 2
Consumer price index
(index 1990=100)



Source: International Monetary Fund.

FIGURE 3
Life expectancy at birth
(years)



Source: UNDP.

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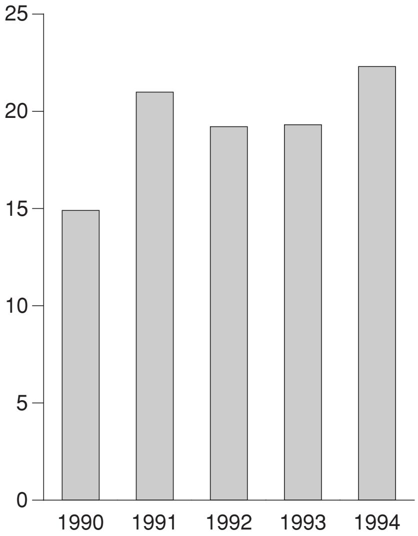
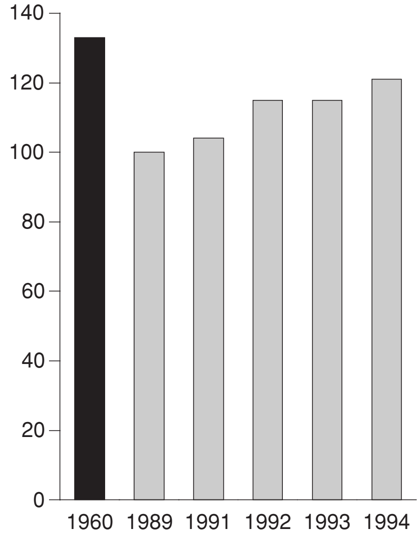
FIGURE 4
Crude death rate
(deaths per 1,000 population)



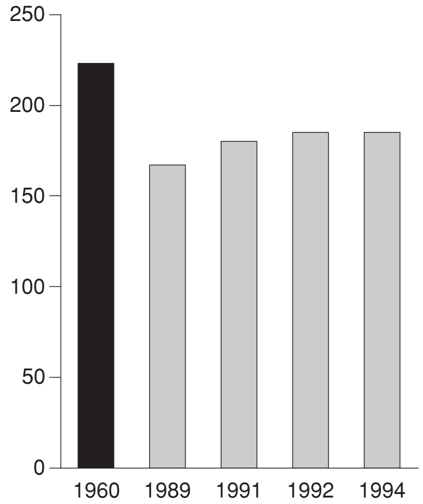
Source: UNDP.

FIGURE 5
Infant mortality
(per 1,000 live births)



Source: UNDP.

FIGURE 6
Mortality rate, children under 5 years
(per 1,000 live births)



Source: UNDP.

These products are all for export, with repatriation of profits a guarantee.

The parameters of interest for such outlets as the London *Economist* and the *Financial Times* are those fiscal indices that measure how easy it is to get a return on investment in Uganda.

These indices, however, are irrelevant to 90% of Uganda's population. With an annual average per capita Gross Domestic Product of $230, the fact is that 90% of Uganda's population has no money at all! There is very little relation between the "Ugandan success story" hailed in the Western press and the actual national economy.

The *Economist* is measuring Uganda's standing as a *member of the globaloney free-trade* looting system centered in the British Commonwealth. We must turn to other parameters to see what is happening to the actual *national economy* of Uganda, the economy of its most precious resource—its people. Those figures show that the Ugandan people *are dying*.

The national economy

The London *Economist* sees health and stability in the exchange and inflation rates. But, according to the United Nations Development Program (UNDP) 1997 statistics, Uganda has the third lowest life expectancy in the world—second only to Rwanda and Sierra Leone. Life expectancy—the measurement of mortality across the board—has been falling slowly but steadily in Uganda since 1971 and the coming into power of Idi Amin. But since 1990, life expectancy has taken a nosedive, and is now at the level of only 40.2 years (see **Figure 3**). It has fallen below that registered in 1960, when Uganda was under British colonial rule.

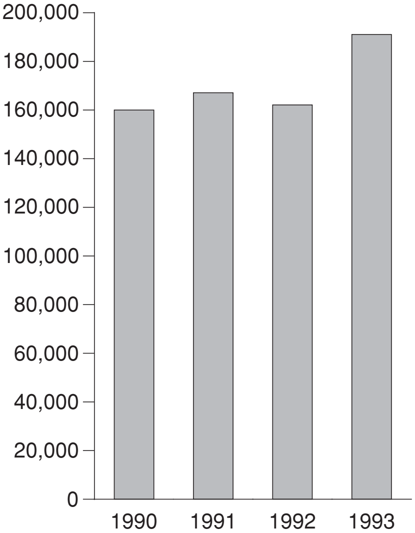
Similarly, the crude death rate, or deaths per 1,000 people per year, is now at 22.3, more than double that of the United States, and continuing to rise (**Figure 4**).

In the case of infant and child mortality, infant mortality has suffered a steady rise since 1989, according to the UNDP (**Figure 5**). Mortality rates for those children under five years, have also risen (**Figure 6**). And in 1993, the last year that the UNDP published this highly revealing statistic, 191,000 children under the age of five died in Uganda (**Figure 7**).

Although there are no accurate statistics for Uganda's total population, the unabated rise in mortality shows that the Uganda's national economy is unable to reproduce itself: The total productive capacities of the country are unable to produce and deliver a market-basket of goods capable of maintaining and reproducing the Ugandan family unit. The productivity of the average member of the labor force has steadily declined, in large part due to the physical depletion of the individual members of the labor force.

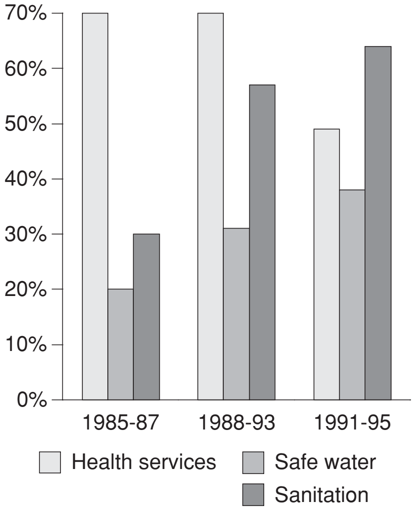
Infant mortality has not risen at as fast a rate as overall mortality, indicating that early death is afflicting the adult population—Uganda is a nation of orphans. This is in part due to the human immunodeficiency virus (HIV), which has Uganda as its epicenter. However, reported HIV infection rates appear to be on the decline, according to the *Economist*. At Lacor Hospital in Gulu, infection rates among pregnant

FIGURE 7
Children dying before age 5
(number of children)



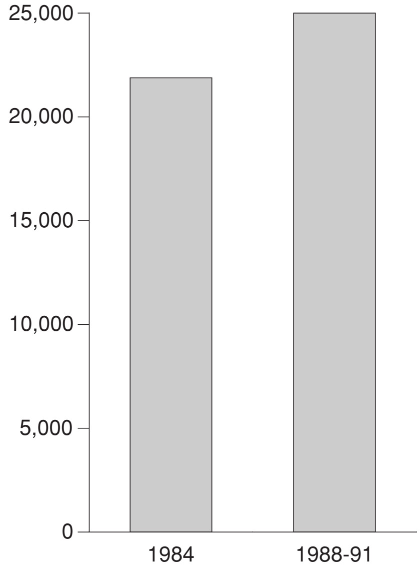
Source: UNDP.

FIGURE 8
Access to health services, water, and sanitation
(percent of popuation with access)



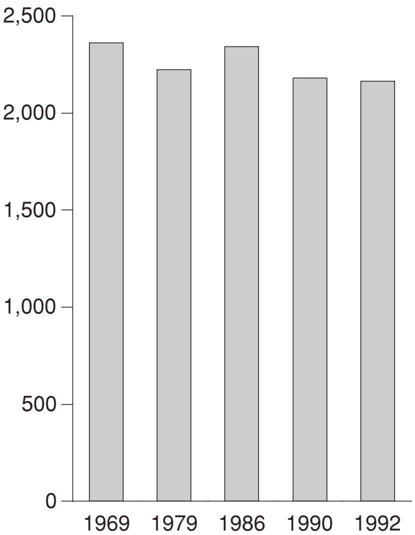
Source: UNDP.

FIGURE 9
Medical doctors per capita



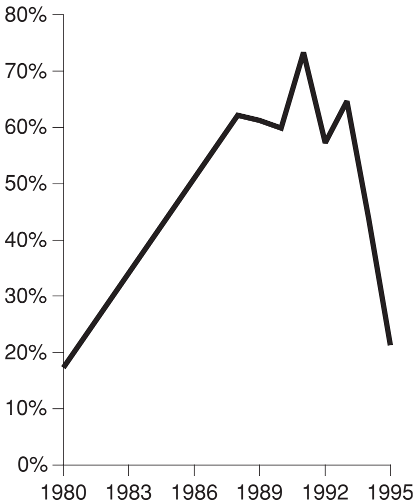
Source: UNDP.

FIGURE 10
Daily caloric supply
(calories per person per day)



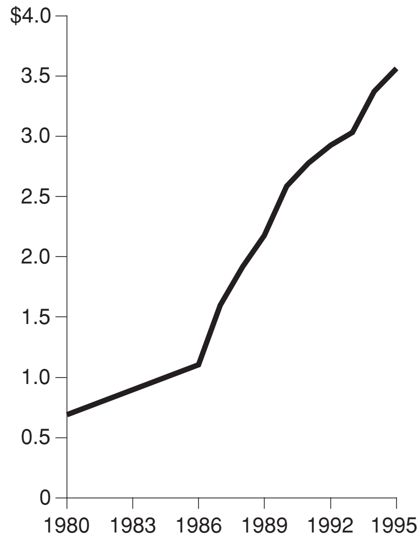
Source: World Bank.

FIGURE 11
Total debt service, as percent of exports of goods and services



Source: World Bank.

FIGURE 12
Total external debt
(billions $)



Source: World Bank.

women fell from 25% in 1993, to 13% in 1996. But coincidental with HIV, has been the rise of an entire host of diseases that were virtually eradicated in Uganda during the first government of Milton Obote (1962-70).

Tuberculosis has been on the steady rise, with reported cases increasing from 19,016 in 1991, to 26,438 in 1996. Outbreaks of yellow fever, meningitis, and sleeping sickness have all been registered in the last four years. However, the biggest killer in Uganda may well be malaria. Since 1995, malaria has been killing 2 million Africans every year, doubling the rate since 1992. According to the Ugandan *Crusader* on July 3, "Malaria has become part of life in almost all of Uganda. Many of our people, especially the rural poor, suffer and die from malaria. Due to inappropriate treatment, malaria has become pandemic in the blood of its victims."

But as Charles Atwoki Kagenda states in his interview (see p. 43), Ugandans are dying of *neglect*. Annual per-capita expenditure on medical services is $5, reports the *Economist* (see **Figures 8** and **9**).

And Uganda, despite its climate and rich agricultural potential, is not without hunger. Daily caloric supply per person has been incrementally, but nevertheless falling since 1986 (**Figure 10**). A drought in north and northeastern Uganda this year brought 2.1 million people to the brink of starvation, reported Minister for Labor and Social Services Paul Etiang on March 10. Uganda asked the donor community for emergency food relief, because the government had no reserves. The food crisis was exacerbated by the uprooting of peasants in the north to "protected villages" where they are no longer able to cultivate their farms, but have to live on concentration-camp-level daily rations.

The nation's many orphans are also under-fed, it would appear. In Kampala, on July 22, "a group of hungry street children attempted to march into President Yoweri Museveni's State House, where they were received with a beating by security guards at the main entrance. The kids, numbering about 100, . . . carried placards reading 'Museveni come to our rescue; we are dying of hunger,' " reported the Kampala *Monitor*.

The national budget

It is at the point of presentation of the national budget that the "two economies"—the globaloney one of the London *Economist* and the national economy of Uganda's dying people—intersect. Here it can be seen that the dictates of the "globaloney" economy, and the geopolitical dictates of London take priority.

Priority #1—the Debt: Following the Structural Adjustment Program of the International Monetary Fund since the late 1980s, Museveni has devoted his government to paying Uganda's debt service as a top priority. In 1993, Uganda's payment on debt service reached a high of 64.7% of its total revenue from exports of goods and services (**Figure 11**). Donor funds—$750 million pledged for this year—are being recycled to pay the debt.

Despite this, and despite substantial write-offs of debt and other forms of write-downs, Uganda's debt has continued its steady rise (**Figure 12**).

Priority #2—the Military: Permanent Secretary of the Ministry of Finance Emmanuel Tumusiime-Mutebile announced in his presentation of the budget on July 3 that there

Rewards for the marcher-lord

The International Monetary Fund and World Bank on April 22 made Uganda the first beneficiary of its debt-reduction plan. The announcement came earlier in February from British Chancellor for the Exchequer Kenneth Clarke, who said that Uganda qualified because it is one of the "good-performing countries with a sufficient track record."

The idea, according to IMF spokesmen, is to "reward" those countries that have followed strict policies of debt repayment and debt reduction. Although Uganda's debt has not been reduced (see **Figure 12**), IMF-World Bank confidence in Museveni is such that Uganda came in as a selected beneficiary anyway. The debt reduction scheme will begin in 1998. Under the plan, Uganda will have $68 million of its $3.4 billion debt sliced off the top.

Although the money thus freed up is allegedly to be used for "schools, hospitals, and other social purposes," there is no indication in Museveni's track record so far to show that a drop of such monies will reach their officially designated destinations—a fact that cannot be unknown to the donors.

Although Germany and Italy proffered weak protests that the Museveni government spends too much on its military, the debt reduction scheme will be used by Museveni to free up funds for his continuing military assaults on the region, which now include targets of Central Africa Republic, Sudan, and Kenya, not to mention Museveni's desire to put down insurgencies inside the country.

Uganda's winning the first debt reduction from the IMF-World Bank is but the latest break to Museveni's government from the Paris Club of creditor nations and their IMF-World Bank duo.

Denmark is today Uganda's number-one donor, with the United Kingdom, Japan, and the United States also among the leading donors. For 1997, a total of $800 million was pledged to Uganda, a whopping sum for an African country, nearly commensurate with the $2.5 billion pledged to Ethiopia over two years.

Efforts have also been made to reduce the overall debt. Since 1988, a total of $151 million has been forgiven outright, and the debt stock has been reduced by another $181 million since 1993. This compares with Kenya, which has nearly twice the debt, but has received no debt-stock reduction or cancellations of any size in the 1990s.

would be no rise in the wages of civil servants, and that non-wage expenditure in the various ministries would be cut by as much as 56%. However, the allocation to the Defense Ministry would be increased by 20%.

This is really the tip of the iceberg, as many Ugandans will report that the military is the only recipient of government money, and that all funds coming into the country are siphoned off to maintain an army of at least 100,000 men under arms, supplemented by thousands more in the paramilitary local defense forces of the National Resistance Movement inside the country. In addition, precious foreign exchange is squandered on armaments and equipment for the military. These armaments are not only distributed to Ugandan forces, but to Rwandan forces as well. Even so, the Ugandan military functions not as a national security force in defense of the country, but as a mercenary force to secure the east African region for the globaloney investments of the British Commonwealth.

Priority #3—Corruption: Despite Museveni's widespread reputation as a Mr. Clean, three of his cabinet ministers and many of his political cronies and military honchos are currently under investigation for their role in looting state enterprises.

Take the case of the Uganda Commercial Bank (UCB). For months, the government has been attempting to privatize the UCB, Uganda's premier state banking institution. But this plan ran into some difficulty when it was discovered that the coffers of the bank were bare; on the books were scores of non-performing loans held by the top operatives of the Museveni government.

In fact, it would appear that the Uganda Commercial Bank was looted to pay for the Rwandan Patriotic Front's conquering of Rwanda, with current Rwandan Defense Minister Paul Kagame owing 24.29 million shillings to the bank. In addition, two top Presidential advisers are high on the list of defaulters to the bank.

The government has vowed that it will pump 70 billion shillings of taxpayers' money in the form of bonds into the Uganda Commercial Bank as recapitalization, in order to enable the bank to be privatized—or, piratized—again!

Meanwhile, due to the privatization campaign, the UCB has closed many of its up-country branches serving rural communities. For many Ugandans, the money economy is ceasing to exist completely.

A similar tale of peculation is unfolding in the case of the Ugandan Railway Corporation. Both Museveni's Prime Minister Kintu Musoke and Information Minister Ruhukana Rugunda are under investigation for their role in robbing the till at the Railway Corporation, according to the *Monitor* of July 20. In June, the Transport Minister Kirundu Kivejinja was forced to resign under charges that he had looted the company.

Last October, the government announced that *due to lack of money,* the Ugandan Railway Corporation would suspend all passenger service on its 770 miles of track. It is now virtually impossible for a normal citizen of Uganda to get from one area of the country to another.

The result

What does this mean for Uganda's people? While the money is being drained in directions dictated from outside the country, within, desperately needed social services are being shut down. With the exception of those areas protected by the military or by personnel from British special forces security agencies, which are part of the globaloney economy, the rest of Uganda, through a policy of malign neglect, is being turned into a *terra incognita.*

In 1996, Museveni "ran" for President on a promise of guaranteeing primary school education for the first four children in every family. But in June, it was reported that the services of the 900 teachers recruited in Lira District to carry out this policy, had been terminated for lack of funds. District officers said that the government had *never* budgeted the money for their pay. In Apac district, 700 teachers similarly recruited are going on strike, because they have not been paid since January.

Perhaps the report card on Uganda should be revised to read: Exciting investment opportunities abound in Museveni's Uganda—as long as you are not investing in the future.

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Friedrich List to Charles J. Ingersoll, July 10, 1827

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