IMF under attack in African debt fight

by Mary Lalevée

At a meeting of the United Nations Conference on Trade and Development in Geneva, starting Sept. 30, the situation of the Least Developed Countries (LDCs) will be discussed. The two-week meeting, called to "review the implementation of the substantial new program of action for the 1980s for the Least Developed Countries," will have as one of its main foci the question of debt in Africa. Out of the 36 LDCs which have a Gross Domestic Product of $200 per capita (2% of that in the developed countries), 25 are African.

While Africa's foreign debt, estimated at about $170 billion, seems insignificant compared to Ibero-America's, the burden on the individual countries is massive. Some examples from the list of the LDCs: Benin's debt grew from $484 million in 1980 to 603 million in 1983, which means that debt as a percentage of Benin's Gross Domestic Product grew from 43% to 60%, and debt service as a percentage of exports grew from 44% to 124%. Somalia's debt grew from $749 million in 1980 to $1269 million in 1983, so debt as a percentage of the country's GDP grew from 56% to 83%. Uganda needed 27% of its export revenue to pay debt service. Lesotho's debt increased from 18% of its GDP to 44% in 1983, with debt service increasing from 10% of exports to 60% in 1983.

"Many Africans are now protesting against being strangled by the IMF," said one high-level African source. "Some countries are now using 80% of their export revenue to pay debt service."

The debate on the advisability of submitting to IMF demands came into the open in Africa at the Organization of African Unity summit meeting in Addis Abeba in July, where Tanzanian President Julius Nyerere said, "Should we let our children starve to pay our debts?" In August, Kenya's President Arap Moi, addressing a meeting of the governors of Africa's 33 central banks, called for more flexible IMF policies, more appropriate for each nation. He warned that if this did not happen, many African countries were threatened with "complete economic bankruptcy."

In Sierra Leone, according to the weekly *Le Journal de l'Economie Africaine*, President Siaka Stevens recently convoked all foreign ambassadors in the capital to explain to them his conflict with the IMF. "I really am sorry," he said, "that the leaders [of the IMF] refuse all negotiation. They arrive from their distant offices with instructions that they want at all cost to make us swallow, without caring about our economic problems." He pointed out that if Sierra Leone removed the subsidy on rice, as demanded by the IMF, the price would rise between 200% and 300%.

Nigeria's case

In Nigeria, where the overthrow of the strongly-IMF government of Buhari seemed to presage Nigeria's submission to IMF demands, General Babangida's new government may not be quite as submissive as first hoped by international bankers. The government has announced that a "national debate" will occur on whether Nigeria should accept IMF conditions or not, with articles in the press, public debates, and seminars on the subject. One view came from the Nigerian magazine *Concord*, where an article on Nigeria and the IMF made a case for "a self-reliant solution to national and sub-regional development." The writer, Fidel Odum, called on President Babangida to be guided by Brazil's experience. "Brazil owes a record $103 billion in foreign debt, thanks mainly to the IMF's courtesy. But only a fortnight ago . . . President José Sarney accepted the abrupt resignation of his key monetarist/IMF apostle, Finance Minister Dournelles, and Central Bank Governor Lemgruber. They were replaced with non-monetarists, patriotic-type thinkers who are expected to usher in a new era away from the IMF and foreign creditors.

"Africa can, with Nigeria's leadership, attempt to marshal its forces in order to grapple with issues of debt and trade. . . . Within the nation, it would appear that emphasis must fall on growth and social spending. This means that as much emphasis must be placed on agriculture and such crucial projects as the liquified natural gas, the petrochemnical and the iron and steel industries, as on education and good health." He concludes that "the key to the future lies solely in the stipulations of the Lagos plan of Action for the twin principles of national and collective self-reliance for Africa's development. It is a master plan which has its own dynamic distinct from the goal set for Africa by the World Bank and the IMF. President Babangida must therefore give the utmost attention to the ECOWAS as the first building block in the context of the Lagos plan, the only guaranteed alternative to the vicious circle of IMF loans."

The executive secretary of the Economic Commission for Africa, Dr. Adebayo Adedeji, in a recent interview also criticized the IMF, and called for implementing the Lagos Plan of Action for the industrial and agricultural development of the continent. He stressed that, while this might seem a "miracle," the economic situation of most African countries "is so serious that there is a risk of political destabilization. Even more than in the past, leaders are forced to act. . . . Our states have no alternative if they want to escape the grips of the IMF, and if they want to feed their people. It is a question of determination."