

Kenya draws the line against the IMF's 'cure'

by Linda de Hoyos

Kenyan President Daniel arap Moi, a long-time ally of the United States, sent a shockwave through the international banking community on March 22 with the announcement that Kenya would no longer carry out measures demanded by the International Monetary Fund (IMF). "As a sovereign nation, we will no longer submit to economic arm-twisting of any kind," Moi stated.

Kenya has been cut off from international donor aid since December 1991, and carrying out IMF demands to the letter is now the prerequisite for resumption of the \$40 million a month Kenya used to receive.

Throughout the last year, Kenya has been consistently implementing IMF reforms, even to the point that the Kenyan shilling has suffered an effective 60% devaluation in 1993. The price of bread has risen 45-fold in the last year. Yet, in its last mission to Kenya on March 6, IMF officials declared that Kenya had not gone far enough. Specifically, the IMF mission demanded that Kenya raise interest rates to the ultra-usurious rate of 45%; reduce its strategic reserve of maize; lay off 40% of its civil service; and immediately privatize its state industries.

Presaging the government's decision, President Moi stated on March 19 that "Kenya will no longer agree to policies which are economically suicidal. . . . Since November 1991, the IMF and the World Bank set for Kenya unilateral, harsh, and dictatorial conditions to be fulfilled before quick disbursement aid could be released. The government continued to fulfill these conditions, hoping that the IMF and the World Bank could honor their promises. They have so far not done this."

Kenya's drawing of the line sent a shudder of fear through New York and London. The British press fretted that other African countries, their economies shriveled by IMF austerity demands, might follow suit. As the London *Independent's*

Richard Dowden wrote on March 25: "If Mr. Moi is serious in his escape bid from the economic regime of the [World] Bank and the Fund, there are many other African countries who will want to follow Kenya—27 countries in sub-Saharan Africa have now adopted agreements with the IMF and the Bank on economic policy. Others are shadowing these policies. The western donors will therefore try to tough it out. They cannot allow Kenya to establish a precedent, but on the other hand, if Mr. Moi is serious, can the West allow Kenya to hit the buffers?"

The Somalia treatment

With this action, President Moi is desperately trying to save his nation from becoming another Somalia. If IMF demands were acceded to, it would mean the downfall of the Moi government. However, as in Somalia, the opposition to Moi is bitterly divided along tribal lines. There is no institutionalized force prepared to take power—creating the acute danger that Kenya would disintegrate into tribal warfare.

Kenya is a key target of the malthusian blueprint in Henry Kissinger's National Security Study Memorandum 200 of 1974, which declared that growing populations in underdeveloped countries are a national security threat to the United States. With a population of 25 million, Kenya has enjoyed the highest birth rate in Africa, at 4%, and has normally been able to feed its population without resort to food imports. In the last period, Kenyan sources say, donor money was often available only for family planning programs.

As with the case of Siad Barre, former President of destroyed Somalia, the real demands of the IMF and the western governments and donors are not economic but political: Moi must go.

The siege against Moi began in May 1990, when U.S.

Ambassador Smith Hempstone gave a speech to a Rotary Club meeting averring that U.S. aid would go to those countries that "nourish democratic institutions, defend human rights, and practice multi-party politics." The speech was taken as assurance by leading dissidents, culled from the privileged elite of the country, that "they could oppose the government and they would have the support of a major world power," according to the press. The U.S. embassy reportedly gave \$31 million to opposition parties—the Forum for Restoration of Democracy and the Kenya Democratic Party.

According to the *Washington Post*, "Every time a dissident was arrested or a newspaper shut down, he issued a denunciation, and he went out of his way to be seen with leaders of the opposition, even inviting them to parties at his residence."

By November 1991, Kenya's western donors informed Moi that aid would cease unless he held "multi-party" elections. While warning that the crusade for democracy invited tribal warfare, Moi called elections for December 1992. In that year, 800 people were killed in tribal violence.

As early as March 1992, the opposition Forum for the Restoration of Democracy broke down into its tribal components, with Ford-Kenya representing the Luo, Kenya's second largest tribe, and Ford-Asili representing the Kikuyu, the largest tribe. Moi's own Kenya National Union is multi-tribal, also encompassing Kenya's many tribal minorities.

During the election campaign, Kenya faced its worst drought of the century, and was forced to divert foreign exchange earnings to importing maize, to ward off starvation in famine-stricken areas. Even as late as Feb. 22, the United Nations was warning that Kenya required \$192.3 million in immediate food aid. The U.N. reported that "1.5 million people are struggling under a continuing drought despite recent rains, and relief aid is needed" to stave off mass starvation. Also, in 1992, Kenya was inundated with 500,000 refugees from Sudan and Somalia, which posed logistical and legal and order problems in the country's border areas. Despite its treatment at the hands of the U.S. ambassador, the Moi government agreed to Washington's requests that Kenya open its facilities to aid the U.S. Armed Forces' presence in Somalia. For many months, the only reliable route for aid to Somalia was through Kenya.

Nevertheless, this did not stop 103 U.S. congressmen in July 1992 from demanding that Bush cease all funding to Kenya because of U.S. "dissatisfaction with the pace of reform."

In November 1992, Moi declared that the West "has starved us for the past 12 months." The western countries, he said, "are partisan. They are supporting the opposition, so if there is civil war in Kenya, they will be supporting that also."

Thanks in part to the split in the opposition, Moi's KANU party won the elections, despite the presence of numerous foreign "observers" on hand to throw the election to the

opposition. London and Washington reluctantly sanctioned the election results.

Donors up the ante

Donors then insisted that Kenya meet new IMF demands. In late February, British Overseas Development Minister Lynda Chalker told Kenya that aid would be resumed only if the country were able to get a "seal of approval" from the IMF.

An IMF mission arrived in Nairobi in the first week of March. According to a Reuters dispatch, although the IMF team "appeared impressed by the flotation of the shilling"—which had resulted in the 60% devaluation—the IMF team had upped its demands. The IMF team reportedly felt that "Kenya had woken up too late and is working too slowly in meeting economic conditions, key to resumption of foreign aid."

However, as Kenyan Finance Minister Musalia Mudavadi reported: "The devaluation of the Kenya shilling by 60% could barely be absorbed by the economy, but if the currency stabilized at this rate and balance of payments provided to maintain essential imports, the country might have been able to adjust to the situation, though with great pain. However, with the continuing speculation and the clear signals that balance of payments resources will not be provided for whatever reason, the liberalization measures introduced under the Shadow Program of the IMF cannot be sustained. The continued depreciation of the currency is seriously undermining the economy and will certainly ruin the economy if not stopped immediately. The remedy offered by the IMF to these problems is that the government should liberalize further and that the government should also push interest rates upwards to a minimum of 45% in order to induce Retention Account holders to release the funds they are holding.

"The implementation of the IMF prescription would lead to the instant collapse of a large number of companies, mass redundancies and massive recession affecting both the private and public sectors. The measures, especially high interest rates, will stifle agricultural activity, lead to food shortages and make essential commodities unaffordable by the majority of Kenyans. The government rejects such a prescription, given as it is, without moral or material support either from the Fund, the [World] Bank, or donors generally."

Not surprisingly, the government's move has come under strong attack from the opposition. Leaders of the Forum for the Restoration of Democracy told the *Washington Post* that Moi had "plunged Kenya's economy back into the Dark Ages and back into inefficient and corrupt state control." Robert Shaw, an economist for Ford-Kenya often quoted by the western press, told reporters that the government's refusal to agree to IMF demands was "catastrophic. This has eroded the last grain of confidence that the business community had."

To be sure, the Fund and its banking sponsors hope that

the Kenyan government will back down, and re-embark on the route to certain political and economic suicide. As the *Independent's* Richard Dowden wrote on March 25, Moi's move is "the strongest challenge yet to recent western policy on Africa. . . . Once the closest ally of the West in Africa, Kenya is the first country to turn its back on western aid since Zambia tried unsuccessfully to break out of the IMF straitjacket in 1986." But "London and Washington believe there is no alternative to working with the international financial institutions and the Kenyans will be forced to return to the fold."

However, the IMF prescriptions for genocide are not the only option for Kenya or any other developing country. The only economic rationale for IMF demands is the belief among western governments that the bankrupt Bretton Woods system must be saved—no matter the cost to human lives. However, Kenya's ability to "hold out" against the IMF siege will depend upon the level of immediate support forthcoming from other developing countries. London's fears that other nations will follow suit must become reality.

Documentation

IMF policies on Kenya will lead to hell

Lyndon LaRouche issued the following statement on March 27:

The mass murderous demands which the International Monetary Fund, supported by Anglo-American political institutions, have made upon Kenya, are nothing more nor less than genocide; not only genocide, but willful genocide. What the IMF, with the support of certain forces in the United States and Britain, is trying to do, is to give Kenya the genocidal Somalia treatment.

The crucial fact for me, is that the [President Daniel arap] Moi government, which has resisted this genocide, is a national party, whereas, as in the case of the opposition to [ousted President Siad] Barre in Somalia, the opposition to Moi is composed of tribal groups. Once they were rid of Moi and his party, the KANU party, they *would soon be at each other's throats*, in the same way that Somalia degenerated into a holocaust of New Age irregular warfare among warring tribalist groups.

It has been my understanding for a long time that circles around the Club of Rome, and those who express similar policies, like *Global 2000* and *Global Futures* in the United States at the beginning of the 1980s, were out to collapse world population levels by collapsing the economies and

letting famine and epidemic disease, aided by the bestiality of one man beating another to death with a club or a rock, take its course.

We see, in the case of Zambia, that IMF policies there *have* contributed to a vast epidemiological genocide against that country, formerly led by Kenneth Kaunda, and throughout the rest of Africa.

Anti-black racist genocide is the general rule of IMF policy toward *all* of Black Africa; and that's simply a brutal fact of life. These fellows are worse than Nazis.

The question is, what the remedy is.

One country by itself cannot resist this policy. I have resisted it for a long time, and for this as well as other reasons, I was put in prison on completely fraudulent charges, to get me out of the way.

Unless countries or leading political forces among many countries band together, and stop the kind of nonsense among Third World fellows who are saying, "Well, doesn't the kind of economics taught at the London School of Economics say we must submit to these perfectly rational demands, even though they are a bit strenuous?" That must come to an end; and the word *genocide* must be applied to IMF conditionalities, especially in the extreme form in which they are so freely applied to Third World countries.

Unite against IMF genocide

It should be observed in this connection that although the Russian leadership has so far managed to keep its house in order in the present crisis there, *it is IMF conditionalities and shock therapy demanded of Russia* which bring the threat of either civil war in the former Soviet Union itself, or the emergence of the alternative, a dictatorship of some form or other, with its nuclear arsenal, poised with provoked hatred against those in the West—especially the Anglo-Americans—who have recommended and supported the shock therapy and IMF conditionalities imposed upon Russia, as well as upon the other states of eastern Europe.

The greatest fear of the forces behind this genocide, is that the states of eastern Europe, and the states of the oppressed and looted developing nations of South America, Central America, Africa, South Asia, Southeast Asia, might unite in common cause to bring to an end these IMF conditionalities, and, to use plain words, this IMF genocide.

Unless that is done, and unless the course of action which I have recommended consistently over the past decade and longer is taken, there is no hope for *any* country, Kenya or any other, *especially* in the developing sector; and unless this is done, the deterioration of the situation in Moscow under continued pressure to conform to the so-called democratic reforms, including IMF conditionalities and shock therapy, will bring about a thermonuclear standoff between two internally decaying superpowers, under which thermonuclear standoff non-nuclear hell, as typified perhaps by the Serbian mass murder and genocide in former Yugoslavia, will dominate increasingly, continent after continent, on this planet.