How the World Bank is recolonizing Africa

by Douglas DeGroot, Africa Editor

Africa is an example of what the rest of the developing sector will soon look like if the political forces behind the present world monetary system are not successfully challenged.

The Malthusian colonial oligarchy that ran Africa until independence was granted in the 1960s never had any intention of leaving Africa, no intention of allowing the underpopulated but vastly rich continent to be more than a provider of mineral resources and agricultural cash crops in market conditions controlled by the oligarchy.

The following economic profiles of African nations today show the results of this oligarchy's neo-Malthusian policies. In parts of Africa civilization has already been destroyed, with populations reduced to the conditions of the colonial period. Education is deteriorating, there is no money to pay teachers or purchase supplies; health care is deteriorating across a continent which has the highest death rates in the world, and the shortest life expectancy (47 years)—between 25 and 50 percent of the children die before the age of five; transport grids in parts of the continent no longer function—shortages of fuel, the collapse of roads, and crumbling basic infrastructure are cutting sections of the continent off from one another; whole segments of the population no longer operate within the money economy, and are reduced to grubbing out a subsistence living.

This is precisely the situation desired by the colonialists who created this situation by imposing International Monetary Fund lending conditionalities which dictated cuts in imports (food, fuel, and capital goods); demanded an increase in cash crop exports; cut investment in industry, focusing investment instead on labor-intensive and inefficient agriculture; demanded cuts in food and fuel price subsidies, and other economy-wrecking measures.

Disappearance of nation-states?

If continued, these policies portend a new era in Africa, an era in which central governments will disappear. What will remain in their place will be relics of the governments of the independence period that will do no more than play the role, as formerly, of colonial administrations, to organize cash-crop and mineral exports.

This was the way Africa was run before independence by the colonial powers. The individual had no sense of being part of a nation, in whose development he could play a part, thereby taking control of his own destiny.

Kwame Nkrumah, Ghana's first head of state, led the fight to free Africa from these colonial interests, unsuccessfully attempting to prevent the continent's balkanization into a large number of small countries with limited populations, a condition which left Africa greatly weakened in its attempt to build nations in the face of the opposition of the colonial interests. Twenty-four of the 39 sub-Saharan countries have less than 5 million people, and 12 of these have less than 1 million people. Only six have more than 15 million.

Nkrumah's ally in the Belgian Congo (now Zaire), Patrice Lumumba, was assassinated in order to prevent that potentially rich nation from developing. Had that strategically important nation developed successfully, the post-independence history of Africa, radiating in every direction from Zaire, would have been radically different.

The colonial oligarchy which ran Africa before independence descended from the families which ran the slave trade from Africa from the 15th through the 19th centuries. This grouping set up the Bretton Woods system after World War II, and with it the IMF and World Bank. Now, they are the neo-colonialists, unconditionally opposed to the development of the former colonial sector, and preventing this de-development through the International Monetary Fund and the World Bank.

The World Bank in Africa

The latest World Development Report by the World Bank concludes that the situation in Africa "is even more desperate than a year ago," and predicts a decline in GNP per capita of 1.0 percent for the rest of the decade.

It is the World Bank itself which bears the responsibility for this state of affairs in Africa, through its consistent refusal to fund large infrastructural and industrial development projects. Somali President Siad Barre, for example, has been seeking funding from the World Bank since the mid-1970s for a series of dam and irrigation projects along the Juba River. At the time the projects were first proposed, their total cost was set at around $1 billion. Moreover, the project would have provided a decent standard of living for the nomadic Somali population, much of which wanders outside of Somalia in Ethiopia and Kenya, a situation which has created regional frictions and tensions in the Horn of Africa. The

© 1982 EIR News Service Inc. All Rights Reserved. Reproduction in whole or in part without permission strictly prohibited.

Juba River project, which remains on the shelf at the World Bank, could have prevented the cycle of regional tension, war, and hundreds of thousands of refugees that have plagued the Horn of Africa since the later 1970s.

The government of Gabon found itself in a similar situation vis-à-vis the World Bank in the 1970s. The World Bank refused to fund a project to build a national railroad. Determined to go ahead with the project, President Bongo said he would make a deal with the devil if necessary to get the railroad built. That is what he did: the Gabon government borrowed on the usurious Eurodollar market to begin building the railroad, and soon found itself in the throes of a debt crisis which resulted in the government being given the IMF conditionalities treatment, and strong doses of austerity.

Draper and the politics of genocide

This hatred of development in the former colonial sectors of the world is exemplified by the late Gen. William Draper, Jr., founder of the Draper Fund-Population Crisis Committee, one of the initiators of the movement in the United States to reduce the world's population. Draper was a top-ranking official in the Wall Street firm Dillon-Read, and his son, William III, is continuing his father's policies from his post as President Reagan's Export-Import Bank Director.

In the spring of 1971, General Draper compared the human species to animals on the "world famous animal reserve—the Kruger Park in South Africa. There the elephants were getting too numerous, pushing over and killing too many trees, and thereby threatening the food supply of other animals," said Draper. "So the park rangers will act as judge and jury. They will arbitrarily reduce one or another species as necessary to preserve the balanced environment for all other animals.

"But who will be Park Ranger for the Human Race?

"Who will cull out the surplus in this country or that country when the pressure of too many people and too few resources increases beyond endurance?"

The Berg Report

The World Bank, attempting to take advantage of the crisis it created in Africa, issued a report about a year ago which is a blueprint for the self-appointed park rangers who want to reduce especially the dark-skinned populations in the developing sector.

Coordinated by think-tanker Elliot Berg, and named for him, the report proposes that African countries respond to the worsening economic crisis by giving up any desire to industrialize and thus support a growing population density, and become instead a collection of what will amount to self-ruling colonies providing minerals and cash crops. The Berg Report, issued as a World Bank appraisal of the Organization of African Unity's Lagos Plan of Action development program, dictates the dismantling of African governments, which it justifies with a piece of sophistry so crude that it betrays Berg's low estimation of an African's intellectual capability.

After first admitting that the international economic crisis is the cause of the crisis in Africa, Berg turns around and asserts that the crisis is also due to domestic African policy mistakes. The report, however, avoids all discussion of the monetary system he is defending, and focuses all attention on these "mistakes" which Berg shows clearly he recognizes and despises because they are efforts by African governments to direct the process of development. Under the guise of opposing corruption of government agencies, Berg proposes the elimination of the role of government altogether, thus eliminating government as a vehicle to develop a nation.

The road to ecological disaster

In the face of the growing economic crisis, governments in Africa are taking a growing percentage of what their farmers produce—farmers being the majority of producers in largely undeveloped Africa—in hopes of keeping governments functioning, and achieving development goals. Berg proposes, on the other hand, to give a higher percentage back to labor-intensive farmers working with hand tools, to encourage additional production. However, any attempt to force an increase in production in this manner, without the introduction of advanced technologies will lead to ecological disaster, as is most evident in the Sahel countries of West Africa.

It was in the Sahel region of Africa—in the Senegal River Basin—that the World Bank opposed a project of dams and irrigation and water transportation infrastructure in Senegal, Mali, and Mauritania, since rice produced as the result of this project would cost more than rice imported from Asia, according to a diplomat. "As if the countries in question would not realize a whole series of other benefits from building this infrastructure," commented the angry diplomat.

The LaRouche alternative

In April 1981, while the Berg Report was being prepared, *EIR* founder Lyndon LaRouche responded to requests by African diplomats that he give his appraisal of the Lagos Plan of Action by writing a book on nation-building in Africa.

LaRouche's development manual proposes a strategy for the high-technology industrialization of African nations which is diametrically opposed to that of the Berg Report (see excerpts from both, following). LaRouche explains the necessity of a new international monetary system if the developing sector is to industrialize successfully, and elaborates why strategies for development put forward by the IMF, World Bank, and the United Nations are not intended to succeed in the first place.

If African countries follow the dictates of the Berg Report, they will destroy their nations and will be meekly returning to colonial status. LaRouche's proposals are the only effective alternative. Leaving no room for compromise, the message of the Berg Report is: Abandon your nation-states and go back to colonial economics, or else.

Documentation

Berg Report: cash crops and raw-materials loot

From Accelerated Development in Sub-Saharan Africa: An Agenda for Action, *a 1981 World Bank report coordinated by Elliot Berg.*

On industrialization: "The pace of industrialization should not be forced. In many cases the choice is not between having or not having an industry, but between having a small-scale, high-cost industry now or an optimum-scale, efficient industry a few years from now. Proper sequencing is vital. Rapid growth of metal engineering, for example, depends on competitive supplies, and this growth may, in time, provide demand for basic metal plants. But setting up a basic metal industry will retard the expansion of metal-using industries, for it is these which are the really important agents of development."

On trade and exchange-rate policy: "The key changes needed are: correction of overvalued exchange rates that have emerged in most countries; improved price incentives for exports and for agriculture; lower and more uniform protection for industry; and reduced use of direct controls."

On services: It is clear that the only hope of broadly based provision of services in a self-reliant Africa is through greater emphasis on charging beneficiaries for the services they receive."

The report cautions against "the traditional approach to health planning, in which planners use international "norms" to determine the "required number of hospital beds per thousand people, dispensaries per health center, and nurses per clinic," saying this encourages diffusion of effort and excessively grand attempts in particular programs."

Plantation agriculture

On agriculture: The only large-scale agriculture endorsed by the report is old colonial-style plantation agriculture: "Governments should also consider giving more room to agro-industrial enterprises (perhaps through concessions) whose external capital and technical know-how could be applied to plantation or irrigation crops as well as used in industrial processing."

In discussing agriculture, the report states that: "The general problem outlined above are exacerbated by the common practice of government subsidization of inputs, in particular fertilizer."

The report later again hits at this attempt to increase productivity. ". . . a policy aiming at food security at the price of lessened emphasis on exports has a further pitfall: most methods of intensification imply increased use of inputs such as fertilizers, insecticides, and fuel for pumping (in irrigation schemes), i.e., they rely heavily on imported inputs. Thus, agricultural production under these known methods of intensified cultivation becomes more vulnerable to external disequilibria."

The report proposes instead animal-drawn carts for farmers, and advocates that African countries protect themselves from fluctuating cereals prices on the world market by using the futures market.

On infrastructure: The report warns explicitly against construction of dams and irrigation systems, arguing that it is cheaper to import rice than to build up all this infrastructure.

On the other hand, the report is gung-ho on mineral exploitation: ". . . Market prospects for many minerals may brighten considerably by the mid-1980s. Minerals production, therefore, can become a great source of growth in Africa in the decade ahead."

On energy: Subsidies on energy, making supplies more accessible to the population, are strongly opposed: "An essential tool for increasing energy efficiency is a pricing policy which ensures that . . . the price of energy in various uses reflects its real economic cost," and calls for the "removal of inappropriate government-imposed pricing restrictions. . . ."

'Reduce fertility'

On population: The report points out that African women have the "highest total fertility rate in the world," and that Africa's population "has the highest rate of growth in the world," and is obsessed with reducing this population. "It is crucial now to take steps to reduce fertility." The report "envisages pressure on the land, extremely rapid urbanization with declining quality of life, and little increase in the share of population provided with basic services" as a result of the population growth. "Land is no longer plentiful on most of the continent," claims the report, adding: "Population growth, already very rapid, threatens to become even more onerous in the future."

"The serious consequences of rapid population growth are increasingly recognized by African leaders. . . . Nevertheless, within many African countries there is substantial ambivalence about population growth, and occasionally there is even the suggestion that Africa would be better off with more rapid population growth. A different view is presented here." The report again states: "The consequences of rapid population growth for economic development and welfare are very negative."

Documentation

LaRouche's industrial development blueprint

From Critical Comments Appended to the Lagos Plan of Action: The Economics of Nation-Building, *by Lyndon H. LaRouche, Jr., April 1981.*

On industry: "The leading feature of successful development of the so-called developing regions is the accomplishment of a shift of ratios of households and labor-force from rural to urban occupations and modes of life. This is accomplished chiefly by the deployment of industrial technology (including improvement of transportation) to transform agriculture from labor-intensive to capital-intensive modes of specialized production of food and fiber. . . .

"In order to develop agriculture in a developing nation, we must develop a modern urban superstructure as the instrument through which the transformation of the rural areas occurs. This requires the supply of capital goods of agriculture from urban centers to rural areas. *The emphasis on the capital-goods sector must therefore be higher than in presently industrialized nations,* in such forms as high-quality steel production and related fabrication, in the development of the petrochemical industry, and in the development of high-technology energy supplies and transportation."

On trade and credit policy: "No nation is truly a sovereign state until it governs its own national credit and currency through a national bank under control of the national government. Whoever has the power to regulate the creation of national credit, to judge on what terms and to whom credit shall be extended, and so forth, holds the powers of ultimate life or death of the nation's economy in his hands. . . .

"It is in the vital interest of the government and nation to promote world trade, and to also promote private discretion in *useful forms of trade*. However, it is directly contrary to the most vital interests of the nation that individual citizens, or public or private entities of the nation, incur debts against the national currency or foreign-currency obligations which impair the credit of the nation. . . .

"Generally speaking, a developing nation must restrict the use of all but the smallest portion of its foreign-currency assets to use as capital for import of technology of productive activities.

On services: "Health care is a high-technology, predominantly labor-intensive service. The average age of specialist physicians completing residencies defines the limited number of years of practice of the trained specialist. For delivery of health care, there must be an increasing ratio of total physicians per specialist physician, and increasing ratios of biological scientists, technicians per active physician, as well as required ratios of nurses, paramedical employees, and nonmedical logistical support for hospitals, clinics, and other institutions of medical practice.

On agriculture: "To expand food production in developing nations at rates consistent with the needs of populations, there must be high ratios of capital investment (irrigation, disease control, soil treatment, fertilization, and mechanization). In large parts of Africa, the lack of adequate transportation is an exemplary obstacle to developing specialized market-agriculture in a rational, economical way. The farmers generally cannot support such transport services on present levels of earnings. Therefore, the amount of investment per hectare in Africa must be much larger per unit of present direct cost than in an OECD nation's agriculture. If we compute the rate of required investment for African agricultural land on this basis, then the combined dirct and capital costs per unit produced in Africa are comparable to combined direct and capital costs for the United States.

"Either the African farmer must receive a parity price, or he must receive productive capital investments in enhanced technologies which add to the same effect as a parity price. If the former, then the developing nations must include a food-purchase subsidy for lower-income ranges of the population as a capital cost added to other developmental costs. If the latter course is adopted, subsidizing technology supplied for improvement of agriculture, the capital cost occurs in this form."

On infrastructure: "The development of regions of Africa should be defined in terms of military-campaign-style projects of developing infrastructure, and deploying large-scale agricultural-development efforts aided by heavy engineering, as well as putting into place key elements of the nations' energy-production needs and fostering the development of selected key capital-goods-producing industries. . . .

"Admittedly, the heavy engineering required to develop the Sahel region (regions, to be exact) as the future breadbasket of Africa is one of the world's great undertakings. In addition to water projects, a complex of transportation networks is required. New cities must be planned as part of the effort, and the nucleus of such new cities begun.

It is costly? Therefore, shall it be done slowly? *Since the benefits begin only after the project is undertaken, it is far better to do it quickly."*

On population: "Directly contrary to the Club of Rome and its accomplices, a relatively high birth rate is a precondition for rapid rates of economic development.

Mr. LaRouche's book is available for $25. Contact Peter Ennis, EIR *Director of Special Services, 304 W. 58 St., 5th floor, New York, N.Y. 10019, (212) 247-8820.*

Zaire: 50 percent die before the age of five

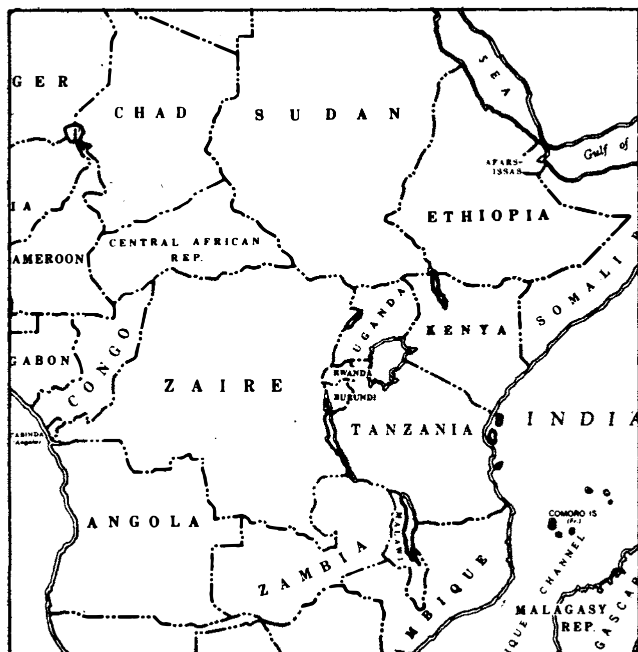
A group of private European bankers has determined "to make an example" of Zaire since that nation failed to pay $30 million in debt service due Oct. 1. Zaire, a nation five times the size of France, and so rich in mineral resources it is considered "a geological scandal," is now facing total economic destruction.

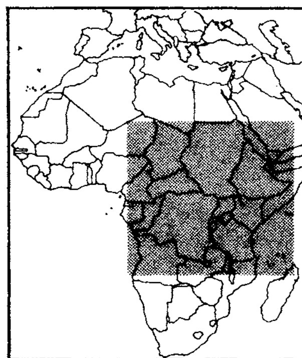
Zaire is seriously underpopulated. Zairean sources report that the actual population is less than the 27.5 million reported by the World Bank, as the death rate escalates due to economic collapse. The policy of the Carter administration-sponsored program Global 2000—of reducing population not just through zero growth, but by increasing the death rate—is now in effect in Zaire. Malnutrition is widespread. Kwashiorkor, the killer protein-deficiency disease, is spreading. Over half the babies born in Zaire now die before the age of five.

The country's usable road network has shrunk from 90,000 miles at the time of independence from Belgium in 1960, to 6,000 miles in 1979. With the depletion of vehicles in the country and the fuel shortage due to the nation's lack of foreign exchange to buy oil, there is now essentially no transportation system in Zaire. Farmers and other producers are unable to get their goods to market, and the population in large sections of the country has been forced to revert to a primitive subsistence economy. Agricultural production in this once food-exporting nation has collapsed by 30-40 percent, and use of industrial capacity to only 25 percent, as factories close due to lack of fuel and spare parts.

Zaire reached this condition in less than two decades. After the initial period of crisis following its independence from Belgium, despite almost crippling conditions as a result of colonial rule, Zaire developed into the economic success story of black Africa, with a rate of growth second only to oil-exporting Nigeria, and a currency so stable it was quoted on the European exchange, a first for black Africa. Zaire is the world's largest producer of cobalt and industrial diamonds, although its copper production has dropped to seventh. Some reports estimate that Zaire has 30 percent of the world's hydroelectric potential on the Congo River, which has the second-greatest flow in the world, after Brazil's Amazon. Before the bottom fell out of the copper market in 1974, serious efforts were made to channel a good part of the $1 billion in foreign aid invested in Zaire by the United States, United Nations, and World Bank, into the establishment of industry, as well as the extraction of copper. Zaire had anticipated building an aluminum factory near the Inga hydroelectric dam project, among other development projects.

But in the context of the international financial crisis,





Africa's problem is that it is underpopulated, not overpopulated, as the neo-Malthusian opponents of African development claim. Sudan, the biggest country in Africa, more than a quarter the size of the United States, has a population density of only 7.14 per square kilometer. Zaire, nearly five times as big as France, or nearly as big as Sudan, has a population density of only 11.73 per square kilometer. Zambia, which is larger than Texas, has a population density of 7.44 per square kilometer. Tanzania, which is more than twice the size of California, has a population density of 19.05 per square kilometer. Kenya, which is slightly smaller than Texas, has a population density of 24.26 per square kilometer. Uganda, which is slightly smaller than the United Kingdom or West Germany (these two European nations are about the size of Oregon) has a population density of 54.24 per square kilometer.
By way of comparison, the United Kingdom has a population density of 228.21 per square kilometer; West Germany has a population density of 247.11 per square kilometer; and Belgium has a population density of 323.92 per square kilometer.

Zaire had no chance.

Belgium left Zaire with little capacity to run itself, or take leadership in the development of Africa. In 1960, there were only 15-20 Zairean university graduates, and 300-400 high school graduates in the nation. There was not a single Zairean physician, engineer, lawyer, or army officer. The government maintains a huge political patronage machine to hold on to a semblance of national unity—a situation still manipulated to the advantage particularly of the Belgian interests.

The Belgian Société Generale des Minerales (SGM) which refines and markets the cobalt and copper mined in Zaire, continued to pull huge profits out of the country after independence. One Belgian banking consortium, sources report, lends funds to Zaire at 80 percent interest, through hidden incremental interest rates and commissions.

The 1973 oil-price rise, and the 1974 collapse of copper prices made it impossible for Zaire to maintain both development, and its foreign debt. The "Zairean disease," the loss of a significant part of government revenues, which end up in the accounts of Belgian interests, crippled the country's finances further.

By 1975, after copper prices fell from a high of $1.75 per pound to $.50 per pound, Zaire stopped making interest payments, and went into debt default.

World Bank orchestrated collapse

The lending policies of the World Bank from 1970 to 1982 were central to this collapse. Forty-five percent of World Bank loans in this period were strictly to the mining sector, with most of the remainder going to transport of minerals for export. The exclusive development of copper and cobalt mining left Zaire helpless when prices collapsed.

Yet an internal World Bank report of 1977 blamed Zaire's collapse on the country's attempts to diversify and industrialize prior to 1974. The destructive terms of world trade and the Angolan war (which cut the Benguela railroad from Zaire, used for copper shipment, off from the sea) were not the basic cause of Zaire's problems, the report stated. Rather, these factors "triggered off a mechanism that was wound up to a breaking point by the policies pursued since 1969-72, culminating in 1974." And a 1980 World Bank study, *Zaire: Current Economic Situations and Constraints,* claimed that "although the downswing of the Zairean economy started in 1975, the current difficulties of Zaire are in many respects the result of developments which took place in earlier years. Among these are: the progressive accentuation of the country's dependence on the mining sector, accompanied by the relative neglect of agricultural production. . . ."

It was Zaire's desperate efforts to expand its mining sector—the only sector of the economy the IMF and World Bank would invest in—to meet massive debt payments and oil bills that exacerbated the crisis. In the 1970-82 period, at least $1.9 billion was poured into the copper and cobalt industries. The Inga-Shaba 1,100-mile electric line was built, as well as a series of power project and transport improvements, and an expansion of mining facilities. Approximately one-third of these funds came from the World Bank, the African Development Fund, and the U. S. Export-Import Bank.

But beginning in 1976, Zaire was forced to reschedule its debt payments every year, except 1978. In that year, the International Monetary Fund installed an officer in Zaire's Finance Ministry, and Erwin Blumenthal in the Zaire central bank, to monitor those institutions to ensure debt service payments. In 1978, 50 percent of Zaire's foreign exchange went to debt service.

Blumenthal accomplished what he termed "essential economic reforms," by reducing imports to make foreign exchange available for debt service. Another "economic reform" began to destroy Zaire's capacity to produce: In early 1980, the government declared that the 45 percent of the state mining company's income which had been earmarked for building up and maintaining the mining industry, must go directly to the government to facilitate debt payments. The state mining company must now apply specially to the government for foreign exchange for necessary spare parts and capital goods, thus undercutting Zaire's longer-term ability to generate income from mining to keep the country's head above water.

In September 1982, the Triad group of Lehman Brothers Kuhn Loeb, Lazard Frères, and S.G. Warburg, (Zaire's financial "advisers" recommended by the international private banking cartel) along with the IMF, World Bank, and U. S. Export-Import Bank, reportedly pressured the companies which had finished building a 1,100-miles electric transmission line, not to sign an operations and maintenance contract with the country to keep the line working. The companies have kept the line working at their own expense, but it is doubtful if this arrangement will endure.

In June 1981, Zaire negotiated a three-year, $1 billion loan package approved by the IMF, to be prepared quarterly, subject to IMF evaluation that Zaire was meeting its conditions. Zaire received only two payments before the IMF suspended the deal earlier this year.

This cancellation, due primarily to further declines in copper and cobalt prices, which provide 50-75 percent of Zaire's foreign exchange, made it impossible for Zaire to meet 1982 debt payments. Although the total $770 million due this year was rescheduled, the $200 to $250 million demanded, plus $175 million in arrears, was utterly beyond Zaire's capacity to pay. Total foreign exchange income for Zaire is expected to reach $1 billion in 1982.

In July, the Zaire central bank notified lenders that it would be unable to pay its entire rescheduled debt. Zaire's debt advisers threatened to stop "advising" the nation on its debt problems if it could not impose further austerity measures. When Zaire made only $3 million of a $31 million payment Oct. 1, the bankers decided to go for the kill. A restricted meeting of private bankers in Paris in October determined to refuse to reschedule the debt or issue Zaire any new credit. Negotiations are continuing.

Sudan: a breadbasket remains a wasteland

Sudan, the largest country in Africa, remains one of the least developed—despite its continuing potential to become a key part of the "breadbasket to the world" Franklin Delano Roosevelt and his advisers envisioned for development in northern Africa in the 1940s. The country has roughly 200 million feddans (1 = 1.039 acres) of arable land with either adequate rainfall or easy access to water provided simple irrigation projects were undertaken. But as of 1977, despite the once ambitious planning of President Nimeri, only about 15 million feddans, 8 percent of the arable land, was under cultivation, and only about 2 percent irrigated. As a result, although 80 percent of the population is engaged in agriculture, they produce only 40 percent of the nation's gross national product.

The reason for this continuing backwardness? Various "deals" imposed by the International Monetary Fund.

In the early 1970s, the Nimeri government, which had ended 17 years of intermittent civil war by promising the southern half of the country a unified political status and an economic development plan, helped set up an Arab Authority for Investment and Agricultural Development. The authority devised and prepared to finance large-scale agricultural and livestock projects in Sudan's rain-fed areas, and some irrigation projects. In 1976, the authority announced plans to finance 100 projects totaling $6 billion, the largest a 1.2 million feddan grazing project, which was leased to Saudi Prince Mohammed el-Faisal (the man called the "iceberg prince" for his scheme to tow icebergs to the Persian Gulf to provide fresh water).

When it became clear, however, that the authority intended no development of the southern region, but would concentrate on creating large ranching and grazing estates—colonial-style plantations—Nimeri pulled back from the scheme. Its continuation might easily have revived civil war between the Muslim north and non-Muslim south.

Although the Nimeri government borrowed heavily to finance infrastructural development in anticipation of investment by the authority and other hoped-for investors, the agency had invested only $15 million by mid-1981, placing the nation in a precarious financial position which the International Monetary Fund was quick to take advantage of. Sudan wound up with the largest debt payments in Africa.

In 1978, the IMF came forward with offer of a loan with "conditionalities" that included cancellation of key development projects—amounting to a demand that the Nimeri government commit political suicide. Since the Saudis supported the IMF, however, the Sudanese president had fundamentally no choice but to agree to the conditions for the three-year loan.

But in June 1981, the IMF suspended pay-out of the loan, with the usual explanation that Nimeri had not stuck to the conditions demanded, and issued a new set of demands. In November 1981, as a result of the ultimatum, the Sudanese pound was devalued 12.5 percent; the subsidy on petrol was removed, and subsidies on sugar—a special government project which has been operating at a loss—as well as wheat and flour, were reduced. The IMF has demanded that such vital foods subsidies be entirely phased out by mid-1983.

The 'IMF riots'

The political results of Nimeri's capitulation were predictable.

Seeking to head off unrest, the government launched a "decentralization" scheme in October 1981—directly opposite to the agreement which had ended civil war. The Southern Region's People's Assembly was dissolved and replaced by an interim government headed by a northern Muslim. Twenty-one politicians of the south who had taken part in forming a new political party were arrested.

No matter. By January 1981, the country was hit with riots over the slashes in food and fuel subsidies—the "IMF riots," they are called.

The IMF and World Bank are currently pressing Nimeri to adopt a policy of increasing cotton production for export (the small manufacturing sector is primarily cotton processing, about 7 percent of GDP). Should Nimeri capitulate again—on threat of being cut off from all international credit—Sudan will become little more than a cash-crop colonial plantation.

At present, the nation's debt reportedly stands at between $5 and $6 billion. By the end of 1980, foreign exchange reserves were adequate for only two-weeks of imports. By the end of 1981, they were adequate to only a few days. Oil imports for 1981 consumed 80 percent of all export earnings. Food and fuel import costs for 1981 exceeded total export earnings. Only remittances from Sudanese working primarily in the Gulf sheikdoms has provided the margin that kept the country from being pushed over the brink into economic collapse, and political disintegration.

It is exemplary of the outcome of implementing the kind of economic program the IMF is pushing on many developing sector nations that Sudan now teeters on the brink of both economic catastrophe and renewed civil war, whereas, with a judicious approach to large-scale infrastructural and agricultural development projects, this nation by now could have been—and still could be—feeding much of the world.

Uganda: institutional breakdown threatens

The International Monetary Fund thinks Uganda is "a critical test case for Africa," as the *Financial Times* of London put it last month. If Ugandan President Milton Obote implements the IMF's so-called recovery program, which is the IMF/World Bank model for all African nations, "Then the Fund (IMF—ed.) would owe him a debt of gratitude." Uganda is a trial-case for the Berg Report.

The period of rule by Idi Amin and his band of thugs led to the complete disorganization of the Ugandan economy. The coup that put Amin in power was run by combined Israeli and British networks operating from neighboring Kenya. One look at the networks that put him in power explains his ability to stay in power for eight years. Most of the economy was in the *magendo* (black market) during Amin's reign of terror, based on smuggling, an activity which also reportedly enriched highly placed Kenyan officials.

By the time Amin was driven from the country in April 1979 (Amin first went to Libya; he now resides in Saudi Arabia), there were only enough foreign reserves left for two weeks of imports. Obote returned to power in December 1980, and by then the previous decade had seen personal income drop by one-fourth.

Under Amin, the country's infrastructure deteriorated badly, very few investments were made in spare parts or new capital equipment. Productive businesses were run until machinery or raw materials were no longer available, and then abandoned. During the war that drove Amin out, the country lost almost four-fifths of its transport fleet. Social investment also collapsed: yearly expenditure on primary education per student dropped in real terms from 102 shillings in 1970 to 43 shillings in 1978. Exports dropped, the deficits rose, and inflation exceeded 1,000 percent.

What economy there is left is primarily made up of rural smallholders. Ninety percent of the population of Uganda is rural, and 80 percent of the population earns their living through farming. This economy returned to subsistence levels under Amin.

With no economy, and threatened by armed opposition groups, some of then funded by Libya's Colonel Qaddafi and aided via Kenya in part, the Obote government thought it had no option but to go with the IMF all the way. The government has had to struggle to assert control over the capital city of Kampala, let alone the rest of the country.

A leading IMF demand has been devaluation of the Ugandan shilling. Since 1981, the shilling has been devalued over 1,000 percent, from 7.8 to the dollar, to 80 to the dollar, and then 100 to the dollar. The black-market rate for shillings is still in the area of 300-350 to the dollar, however, and a kind of two-tier system has been set up which essentially recognizes the *magendo* and allows for trading activity of the sort in which a person may fly to Abu Dhabi, for example, buy shirts for $2 or so, take them back to Uganda, and sell them for $20.

"Absolutely nothing productive is going on with this kind of activity," asserted one African source. The severe devaluation also "really hurt Uganda," as one African economist put it, "but they thought they had no other options." The decontrolling of prices also amounted to a recognition of *magendo*.

The government is now divesting state-run organizations of their assets, as per the Berg Report blueprint, and abolishing others. At the same time, British colonial companies that had formerly run tea and sugar plantations in Uganda are being allowed back in, and are building up their former estates. The government is desperately trying to increase production of its major export, coffee, as well as its other cash crops.

U.S. aid: picks and shovels

U.S. aid has been granted for the manufacture of machetes, hoes, picks and shovels to help in this effort, that is, primitive technology completely within the parameters of the Berg Report.

The basic wage in Uganda is now about 1,000 shillings per month, which is enough to feed a family for three days, according to reports in the British press. People in towns can only survive by cultivating their own plots, moonlighting on second jobs, pilfering and taking bribes. It was precisely these low wages, and the lush conditions of Uganda for their plantations, that led the British during the colonial period to call Uganda their "pearl."

The local population was not allowed to get in the way during the colonial period. At the time of independence in 1962, there were only two African officers in the Ugandan army. One of them was Idi Amin.

The economy is so undeveloped at this time that there is unused electrical capacity at Owen Falls dam, at the beginning of the Nile, despite the fact that part of the electricity produced is sold to Kenya.

There can be little doubt what the future holds for Uganda. A country whose people subsist at such low wage-levels is a country whose people are teetering on the brink of genocide. A "natural disaster," or perhaps concerted civil war between different armed camps, would be sufficient to put them over the edge.

At that point, the British plantation and estate-owners would happily recolonize for the white race, reclaiming their "pearl."

Tanzania: warning of mass starvation

Tanzania, one of the world's ten poorest countries, has been the World Bank's leading model in Africa because of the features of its *ujamaa* or "villagization" system advocated by Tanzanian President Julius Nyerere. The system has involved "back to the land" collective farming with very primitive technology.

But now, as even Nyerere admitted in a somber opening address to a ruling party conference in October, "The standard of living of our people has gone down." In fact, it has gone down so far that genocide is an immediate threat.

In 1980 and 1981, Tanzania had to import around 200,000 tons of corn, the staple of the country's diet. With not enough food, and no foreign exchange, Nyerere has been warning of the danger of famine and starvation. The problem of a weakened population due to food shortage is compounded by a shortage of medicine. The inability to import additional supplies because of the lack of foreign exchange is causing an urgent health danger.

The Berg Report called for the elimination of Tanzania's state-run companies; there are increasing pressures from the IMF and World Bank; the socialist international-dominated Scandinavian countries which have traditionally granted much aid to Tanzania are threatening to stop doing so.

In the 1960s, Nyerere put forward his theory of socialism, equating socialism with man's "original state" in Africa. Nyerere defined socialism as "familyhood" or *ujamaa* in Swahili. In this condition, natural African tribal man lived in harmony with his fellows, and therefore this kind of society was free of social conflict. The job of an African leader, according to Nyerere, was to take African society back to that pristine condition, which was to be done by ending private ownership of land and other means of production, and organizing all human activity along communal lines.

Kwame Nkrumah once said that African socialism "appears to be more closely associated with anthropology than with political economy," and dismissed it as "meaningless and irrelevant." But Nyerere is still holding to his principles.

Tanzania had received large amounts of international aid, designed to complement *ujamaa*. This resulted in projects that brought clinics to over 35 percent of the villages, and clean tap water to over 40 percent. As a result, life expectancy had increased by 10 years. Advances were also made in primary education, from 25 percent of the school-age population before independence, to 95 percent. Adult literacy has also increased dramatically, from 10 percent to 70 percent. However, an extremely low number of students obtain secondary education, according to reports, limiting severely the number of well educated cadre in the country.

All the aid seemed to make Nyerere's system work for a while—but no longer.

While the international economic crisis, and the measures enforced by the IMF and World Bank are the causes of Tanzania's immediate plight, Nyerere's system itself has preempted any possibility of serious industrial development. The country is completely dependent on agriculture—96 percent of the population of Tanzania is rural. The international economic collapse is mirrored in the collapse of the country's agricultural production for export. Exports of Tanzania's main agricultural products such as coffee, tea, and sisal have fallen back to 1962 levels. Exports by 1980 were not much more than half the 1972 totals. The country now has sufficient foreign reserves for just a few days imports.

The country is also confronted with the necessity of closing factories because there is no fuel to run them. Upwards of 60 percent of export earnings is now going for oil imports. In 1970 a ton of exported tea bought 60 barrels of oil. Today the same amount of tea brings 4 to 5 barrels of oil.

Colonial statutes reintroduced

As a result, for the first time since independence the old colonial statutes demanding minimum production quotas from peasants have been reintroduced. Although to little avail: in 1981 coffee production was increased by 50 percent; however, prices plummeted, and income from coffee exports was only up 10 percent.

The Tanzanian government had to go through months of tough bargaining with the IMF to get a $235 million balance-of-payment support loan in September 1980. However after only a small part was disbursed, it was suspended because the government had "violated" IMF restrictions on spending.

A delegation from the IMF was in Tanzania again last month, but a deal still hasn't been finalized, because Tanzania is refusing IMF conditions, including devaluation of the Tanzanian shilling. Tanzania has devalued by 15 percent, but the IMF is demanding something on the order of 45 percent.

Nyerere told the October ruling party conference that the next three years would be a period of "consolidation, not of expansion." There will be "hardly any" new factories started, no new cars imported, severe restrictions on travel abroad. Nyerere said that in 1981 the country's imports totaled $1.087 billion, while exports amounted to $482 million.

Last year Nyerere had said that the time had come for the peasants to discard primitive methods of farming inherited from their fathers, and engage instead in modern farming by using fertilizers and other advanced techniques. However, the Berg Report does not call for anything larger in scale than individual peasant holdings. Even Nyerere's collective villages are now on the chopping block.

Kenya: collapse of a cash-crop economy

Kenya is the one "former" colony in Africa in which it is most obvious that the colonialists never left. With an economy based on tea and coffee exports, it was long considered one of the most stable countries in Africa. Income from the tourist trade, based on the extensive game parks established by the British, was used to make up for the balance of payments deficits.

Now, say African sources, Kenyan leaders are realizing that their labor-intensive cash-crop agriculture and light import-substitution industry has left them at the mercy of the international financial crisis. But it may be too late.

Things started turning down in 1977 when prices for their commodity exports began falling. Deficits grew, with exports running about $1 billion per year, while imports run about $1.8 billion, a gap tourism cannot cover. By early this year, foreign exchange reserves fell to only six weeks of imports.

Then, on Oct. 1, Kenya was hit with a suspension of a one-year financial aid package by the IMF because of alleged failure to reshape its economy along the lines demanded by the loan's "conditionalities."

By September, Nairobi faced a severe oil shortage because of central bank curbs on imports. Oil shipments to neighboring Rwanda and Burundi were suspended.

The harsh austerity first began to be imposed after a currency devaluation in 1981. This led to a significant increase in tensions between the different factions making up the patronage machine which runs the country. An attempted coup by factions opposed to President Moi was an expression of this patronage breakdown.

Broader quotas imposed on imports also added to the economic hardship and the tensions. The import substitution industry, the only kind built up, depended on imports for 70 percent of its goods and machinery. The quotas forced immediate, sharp contraction.

Orville Freeman's Business International consulting outfit is advising staying away from Kenya, citing the possibility of another coup, or violence between haves and have-nots.

Zambia: producing its copper at a net loss

The nation of Zambia was granted the biggest loan ever given to a nation by the IMF, in April 1981—more than $1 billion over three years. The loan, however, has already been canceled because Zambia had exceeded the IMF's demanded limits on government spending.

The cancellation has left the country in desperate straits. Last month, the finance ministry issued curbs on currency leaving the country; foreign workers lost the right to remit earnings to their home country; banks cannot issue the customary allowances for children in foreign primary schools; only the central bank can issue business-travel allowances.

The IMF will send a delegation to Zambia this month, and will reportedly demand a new and drastic devaluation of the currency.

Zambia (Northern Rhodesia) was an area taken over by Cecil Rhodes and his British South Africa Company before the turn of the century to prevent the region's industrialization by German interests.

He succeeded. At independence, Zambia's economy was based on a single mineral: copper. (It is the world's third-ranking copper producer.) Some reports say 96 percent of all foreign exchange comes from copper and its by-product, cobalt. But since the mid-1970s copper has been produced and exported at a net loss, requiring government subsidy. Since the country is highly urbanized by African standards (60 percent) the government has had to keep the mines running to provide employment.

Not only the mines. Since what other industry has developed since independence, including tire manufacture, and auto assembly, depend on imports of parts and raw materials, the inability of copper to earn the foreign exchange needed for those imports threatens to shut down the entire economy.

Currently, there are shortages of housing, food (50 percent imported) and other vital commodities. The result, as elsewhere, is growing political tension.

A labor-church anti-government grouping is now forming, an ominous sign for the political stability of the country.