UNICEF report blames the IMF for death and misery in Africa

The 1985 report of the United Nations Children's Fund carries a strong attack on the International Monetary Fund and related financial institutions for precipitating the misery and death now being suffered on the continent of Africa.

Even in 1980, the report states, before the onset of the present crisis, some 30% of children in Africa were undernourished. In 1984, at least 5 million children died from hunger, malnutrition, and related causes. Malnutrition among children under five has risen sharply.

The report then documents the devastating effects of IMF-imposed conditionalities on African economies, proving that IMF "adjustment programs" hit the poor hardest, and are responsible for the increasing rate of malnutrition and death of young children in Africa.

The following is taken from the foreword to the report, by Cheikh Hamidou Kane, Minister for Planning and Cooperation of Senegal, President, Environment and Development in the Third World (ENDA), and UNICEF Regional Director for West and Central Africa.

Africa: beyond survival

The future of Africa's children and young people is threatened by a fashionable view of development which fails to look beyond the short-term or beneath the surface of Africa's problems. As a result, many Africans are being saved from death only to be thrust into permanent dependency. And as long as certain key misunderstandings persist, the generosity and effort that so many have devoted to Africa's plight stand very little chance of creating the conditions for true development.

Nowhere are these misconceptions more evident than in the outside world's response to Africa's debt crisis and its attitudes towards the need for "economic adjustment."

And the reaction of the International Monetary Fund, the Bank for International Settlements and the World Bank has been to impose Draconian austerity measures in the name of economic adjustment.

In large part, this crisis has been caused by forces outside Africa's control—the oil crisis, the international recession, the strong dollar, and fluctuations and speculation in the international money markets. But it is the countries of Africa that are being held to blame. And enforced austerity, imposed by the developed countries, is the price we have to pay.

The economic adjustment measures which have been enforced are practically identical from one country to another. This undoubtedly introduces a certain element of tidiness into our economic affairs, but unfortunately the common premise of these policies is that the countries they are being applied to are homogeneous and function according to a standard macro-economic model. And the a priori assumption is that all these entities are interlinked and governed by market forces.

But the fact of the matter is that the African countries cannot be fitted into this simplified view. For example, a measure like increasing the proceeds paid to peasant farmers for the goods they produce (a measure which is unquestionably a step in the right direction), presupposes a peasantry made up of small independent producers, capable of switching rapidly to new crops if the situation warrants, and able to afford tools or buy other tools that will stimulate the economy. . . . So, freeing up the market, while it seems beneficial, only works if the government can also protect the poor against even greater exploitation than they suffered before. Price deregulation may redress some inequities, but it does not miraculously resolve all the questions of how a country should organize and run its production system. It strongly influences the way that economic surpluses are generated and spent, but in the short term it penalizes the weakest. . . .

The denial of development

The prospects for learning from experience, and steering a different course towards a new style of development for Africa, are now threatened by the kind of policies which are being imposed in response to the present crisis.

If what little capital we have goes primarily to repaying our debts, then we will have difficulty raising the funds to maintain and renew even our existing infrastructure and industry. Certainly, there will not be enough funds to invest in national development efforts. And since many other countries are in the same straits, finding export markets for our goods is likely to become harder. To make matters worse, there is good reason to fear that the prices for Africa's raw materials will continue at their present low levels, at least for a while, at the same time that the developed economies are increasingly resorting to a barely disguised protectionism in order to cope with their own economic problems. And nothing we can do will be of any use if, as seems likely, interest rates continue to rise world-wide and the dollar maintains its strength.

Adjustment policies, therefore, placing as they do severe restrictions on credit and on budget deficits, face us with the prospect of no economic growth at all for an indefinite period of time.

The experience of Indonesia, the Republic of Korea, Mexico, the Philippines, Venezuela, and Argentina, has taught us what to expect, at least in theory, if we accept such policies. We will be able to make a certain level of repayment to the lending banks, improve our balance of trade, and reduce our imports—but at the price of bringing economic growth to a standstill, with the probable accompaniments of inflation, a fall in real wages, and increasing unemployment.

It is not only long-term development that is set back by adjustment policies focusing entirely on debt repayment. They also mean more immediate hardship and suffering for the poorest social groups and for today's generation of children.

One of the main threats to the poor and the young comes from the cut-backs in public spending which are a standard part of the adjustment package. Since countries are rarely able to fire government employees en masse, cut-backs in public spending usually mean cut-backs in the operational costs of the social services. The dispensaries will always have staff but not enough drugs; the schools will have teachers but not enough teaching equipment.

So even the least controversial aspects of adjustment policy raise some major doubts.

But in the short-term, by far the most serious consequence of present adjustment policies is the rise in the prices of staple foods. The poorest spend most of their budget on basic foodstuffs; and there is no question that the nutritional status of children, pregnant women, and breast-feeding mothers is likely to be jeopardized. . . .

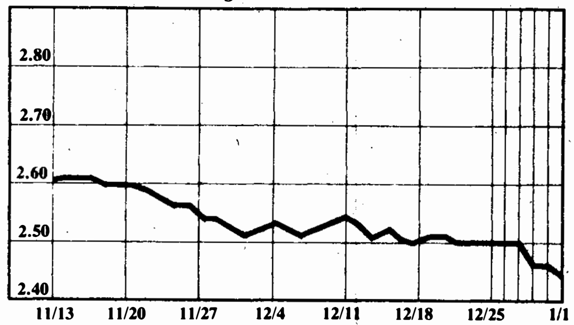
Many heads of state, driven by necessity and anxious to avoid defaulting on their debts, have had to accept adjustment policies in order to show good faith. But the truth is that power has been transferred: the rules are now dictated from outside the country, by purely financial considerations, instead of evolving from the country's own development needs. . . . Are our children—in Nigeria, in the Congo, in Mozambique, in other African countries—entering a future when their nations have less and less power to make decisions, and are more and more at the mercy of the vagaries of a world economy run by others?

In sum, present adjustment policies derive from an overriding preoccupation with international monetary concerns, and are consequently
to Africa. Both the underlying thinking and the consequences are punitive. And the brunt is borne by the poorest sectors of the society. . . .

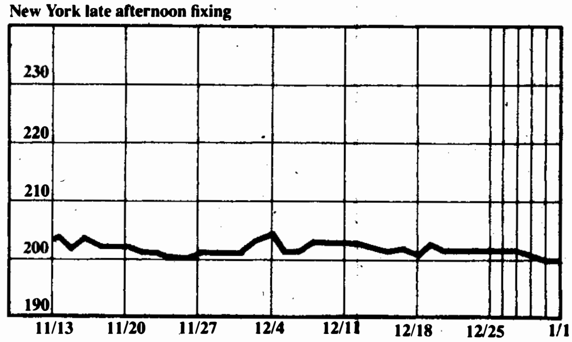
Saving hundreds of thousands of young children, who are at risk of dying from malnutrition or infection, is an immediate imperative. But it must be only one stage in the progress towards other activities, and one element in the truly comprehensive approach which in the long-term is the only way to enable Africa's children, not only to survive the current emergency, but to go beyond, into development.

Currency Rates

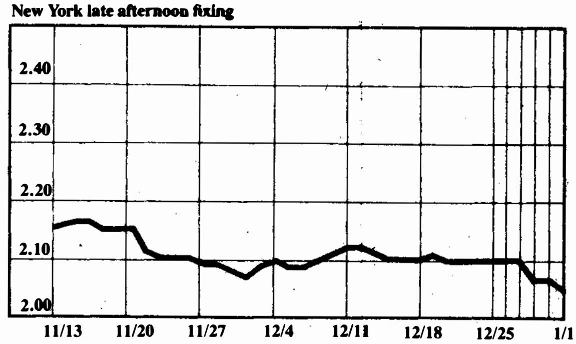
The dollar in deutschemarks
New York late afternoon fixing



The dollar in yen
New York late afternoon fixing



The dollar in Swiss francs
New York late afternoon fixing



The British pound in dollars
New York late afternoon fixing