

African leaders are challenging the credibility of the IMF system

by Linda de Hoyos

There is no way to build democracy in developing countries without debt relief. This was the message delivered by Nigerian President Olusegun Obasanjo during an address to the Harvard University Kennedy School of Government on Oct. 31. As characterized by the Panafrican News Agency, the new Nigerian President, who is the first elected civilian President to come to power in Nigeria in years, said that "it would be hypocritical of advanced countries to expect young democracies in Africa to persist in their efforts to sustain the democratic culture without the advancing countries giving the necessary concession that would make such an endeavor possible. Insisting that democracy is a global project, he said Nigeria needs debt forgiveness to be able to provide for the needs of the people. Without improving the living conditions of the people, the President warned, democracy cannot be sustained in any country, since frustrated citizenry would become a threat to democracy."

With this challenge, the Nigerian President is pinpointing the contradiction in the policies that the so-called "donor community" has sought to impose on Africa and other countries. While demanding the institution of democracy as the form of government, the Western countries have also demanded that African nations obey all the rules of the neo-colonialist system of the International Monetary Fund (IMF), and thereby impose the conditionalities and economy-destroying measures that create the economic and social conditions that make the growth of democratic institutions completely impossible.

No help from Albright

The Nigerian President is now experiencing this donor whiplash first-hand. In late October, U.S. Secretary of State Madeleine Albright travelled to Nigeria in a highly publicized trip, in which she lavished praise on President Obasanjo for his "wisdom and his understanding of what Nigeria can do." But, when queried by reporters on Nigeria's expectation of a "democracy dividend" in the form of relief on its \$30 billion debt, Albright suddenly became "inaudible": "Yes, let me just say that we all understand the difficulties for a democracy (inaudible). It is clearly a burden, and difficult for the people to absorb, and the President and I did talk about the debt that Nigeria has can be dealt with in terms of the possibilities of rescheduling, and this is obviously a discussion that President Obasanjo will carry on when he is in Washington with the

appropriate authorities. It is very important that there be an agreement with the International Monetary Fund so that whatever debt rescheduling takes place be done within that (inaudible)."

In Washington at the end of October, President Obasanjo was introduced to top American corporate leaders eager to do business in his country, but on the question of debt, the only offer was debt rescheduling. Nigeria, President Clinton explained, does not qualify for debt relief (cancellation of some of the debt) as one of the Highly Indebted Poor Countries (HPIC), because of its assets in oil. However, President Clinton said on Oct. 28 that Nigeria should take the offer of rescheduling, since it would alleviate the problem now, and that, given the low per-capita income, high infant mortality, and indications of high levels of poverty in Nigeria, he would seek to enable Nigeria to qualify for HPIC in the future. (The United Nations Development Program report lists Nigeria as the twenty-fifth poorest country in the world.)

In his address at the Kennedy School of Government, President Obasanjo explained what all leaders of developing countries know from bitter experience: Debt rescheduling only adds to the debt burden. According to the Panafrican News Agency, he said that Nigeria's debt to the Paris Club of official creditors was \$5 billion, but today stands at \$21 billion, even though Nigeria has taken no new loans within this period. "Rescheduling is a mere palliative. It does not address the substantive problem of a huge and unwieldy debt exposure," he said.

Speaking just at the point when it was being announced that Nigeria had spent \$8 billion on its military peacekeeping operations in Sierra Leone and Liberia, with the West's political backing, Obasanjo said that "Nigeria has kept faith with its international responsibilities, preferring that its people make additional sacrifices for the country to be able to participate actively in regional and global affairs. Very few of our citizens are ever likely to accept that fulfilling our international obligations justifies the inevitable deprivations they must suffer." He then asked: "What is the dividend that we can legitimately anticipate in so deliberately courting internal hardship and possible social upheaval, as we meticulously continue to discharge our international responsibilities in world affairs, without a visible and reciprocal concern by the rest of the world for our own difficulties?"

Obasanjo did not call for the creation of a new monetary system, a New Bretton Woods, as proposed by American Presidential candidate Lyndon LaRouche. However, his calls for debt relief and his actions back home call into question the conditionalities and presumptions of the IMF system. For instance, Obasanjo has insisted on a full review of all loans, to see which are legitimate and which are not—that is, which never came into the country, in which case, he has argued, they should not be paid. Although he has adopted a policy of privatization of government enterprises, the government is stating that it will move slowly on this, in order to assure total transparency; enterprises sold so far have been sold to Nigerian companies. He has instituted subsidies for fertilizer to the country's farmers, as increasing agricultural output and modernizing farming is the government's stated number-one priority—the Fund has complained of this measure. And, the government has refused IMF on-site surveillance of the country's central bank. The IMF claims it is standing by with a \$1 billion loan for Nigeria, if its conditions are met. But there is no indication of progress on this point.

IMF denies sovereignty

Other African governments are continuing to bitterly call into question the credibility of the IMF system. The IMF is locked in a battle with Zimbabwe, in which the Fund, operating on behalf of the British Commonwealth extraction companies that seek to loot the Democratic Republic of the Congo (D.R.C.), has essentially made the removal of Zimbabwean troops from the Congo a conditionality for the release of a \$193 million stand-by facility that had been agreed upon before the 1998-99 Congo war even started.

Setting new "goal posts," the IMF has come up with one excuse after another not to issue the loan. Now, it says that it is "investigating" a report in the London *Financial Times* that says the government is withholding the truth on how much money it has spent on its military presence in the Congo. "The IMF should shut up its mouth," Zimbabwe President Robert Mugabe stated. "Yes, we have spent the money in the D.R.C., but we have not died because of that. We continue to be productive." The Fund, he said, is "incompetent" to judge whether Zimbabwe should be involved in the Congo war. Speaking in Paris at a UNESCO conference, President Mugabe declared that the "IMF has no right to interfere in the issue of what Zimbabwe does or does not do militarily in the Democratic Republic of the Congo. . . . The IMF is disqualified because it gets involved in matters that don't concern it. The IMF should stop this interference. We have been independent for years, and the IMF has never done us any favors. Whether we are involved in the Congo is no business of the IMF."

Zimbabwe is in the Congo, where it is defending the country against invasion from Uganda and Rwanda, on the basis of a principle that is "shared throughout Africa—the principle that the people have the right to rule themselves. It's there in

the United Nations Charter, it's there in the OAU [Organization of African Unity] Charter, and we went there to support it."

Zambia, which has not sent troops into the Congo but spent millions of dollars on a Western-backed peace effort, has also harshly criticized the IMF, which dried up all funds to that country until it had sold its copper fields to the London-based Anglo American mining giant. In a September forum of the Economic Commission for Africa, Zambian Deputy Finance Minister Godfrey Simasiku put it loud and clear: "Zambia is calling for outright debt cancellation and immediate debt relief." He cited the plummeting of the world copper price as one reason that the country requires immediate relief. Asian countries "are major customers of copper, so if their economies collapse, there's no way that Zambia and others dependent on that market can survive that serious shock." Official development assistance debt, he said, should be cancelled, and aid given only as grants.

Zambia had carried out IMF conditionalities, but there was no relief and no money yet in sight that would improve the situation, Simasiku said. Even with 80% of its people in poverty, Zambia pays for education and health combined only 67% of what is allocated to debt service. He said that all funds released by debt cancellation would "definitely go into the grossly underfunded social services—more money to build more clinics and more district hospitals, to put medicines in those hospitals, to build and refurbish schools."

In South Africa, the contradiction between democracy and the assumptions of the IMF system is coming to the fore, in the battle by the trade unions to protect jobs and fight for wage gains in the post-apartheid era. "The national sovereignty, which we fought dearly for, is progressively being eroded by unelected institutions," declared Zwelinzima Vavi, general secretary of the COSATU trade union confederation, to a conference in Johannesburg on Oct. 25. "The powerful countries, supported by the international financial institutions, sometimes acting in concert with or on behalf of transnational corporations, dominate the discourse and dictate the terms of globalization," he said. Many countries are being effectively mortgaged to the transnational corporations through the economic fundamentalism of privatization, liberalization, and so-called free-market policies. Although COSATU has been battling the government of President Thabo Mbeki over jobs and privatization, the COSATU general secretary pointed the finger at the interests beyond the government and outside the country, and said that he backed Mbeki's call for "Africans to reclaim their identity and chart their own destiny, as succinctly captured in his call for the 21st century to be the African century."

The battles now shaping up in Nigeria, Zimbabwe, Zambia, South Africa, and other African countries against the murderous intent and effect of the IMF system, indicate that creation of a new monetary system will be required to meet that goal.