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World Bank/IMF Policy Lays Waste to Africa

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Professor Sam Aluko: America should adopt the approach that President Franklin D. Roosevelt used during the New Deal, to encourage the development of Africa today.

Globalization and Africa

The Exploited Continent

26. An examination of the nature, scope, and effects of globalization on the world economy, shows that globalization has violated, and that it continues to violate, the principles of free and fair world trade and just distribution of world income. Globalization has failed and it continues to fail to reconcile the interests of the economically rich and strong and the economically poor and weak peoples and nations of the world. In fact, globalization is diminishing the economic competitiveness of an increasing number of peoples and countries outside the Triad [the European Union, North America, and the Pacific Rim countries, notably Japan], because the countries are finding it increasingly difficult to be fully integrated into the global economy. On the other hand, many of the weaker countries are being once again recolonized, economically and politically. Africa is obviously the hardest hit by the globalization process and the financial and economic institutions that promote and sustain the globalization paradigm.

27. The African continent has suffered and it is still suffering from the problems of delayed development. The continent and its peoples have been the victim of exploitation, whether in the form of slavery, colonization, neo-colonization, structural adjustment, international money-lending and money-changing, or of the ongoing globalization or Triadization. Any attempt by Africa to catch up or bridge the gap between it and the other continents had been frustrated by Africa's technological and organizational inferiority vis-à-vis the more dominant economies. Globalization is daily increasing the competence gap and reducing the propensity to perform and to innovate on the part of the African stragglers. Africa's competence seems to be fizzling out from year to year, since the "vanguard economies" use their technological and economic superiority to the disadvantage of Africa. The continent continues to be marginalized or peripheralized, as it continues to succumb to the dictates of the IMF, and the World Bank, which are controlled and manipulated by the Triad. The result is that the Africans, in almost all cases, continue to undergo a disintegration of their traditional lifestyles and suffer social, political, and economic regression and instability. The African governments and people are becoming increasingly overwhelmed and are becoming mere appendages and outposts of the more developed economies of the world.

28. Since African governments have not been able to protect themselves, or have refused to protect themselves, against the onslaught of globalization because of their deference to free enterprise, free trade, deregulation, and privatization, the level of development in a majority of the countries in Africa has deteriorated since the 1980s, and it continues to deteriorate. The main indices to exemplify the deterioration can be seen in the behavior of the currencies of the African countries, their per-capita income, and their external public debts over time.

29. If one considers the official exchange rates in terms of the U.S.A. dollar between 1980 and 1997 in each of the 54 independent African countries, one sees that, apart from Libya, there was a drastic devaluation of each and every one of the currencies. The fact that every one of the countries of Africa now dollarizes its currency and has a black market in dollars, which black market determines, and is used to further devalue, its currency, is symptomatic of the dominance of the U.S.A. as the leading country of the Triad. Black markets in currencies in Europe, North America, and Japan are not tolerated, but it is used by the IMF/World Bank as the benchmark for the determination of the value of the currency of each country in Africa. During year 2000, for instance, the

value of Nigeria's naira fell from about N85 to $1 to N110 to $1. Between 1998 and 2000, Ghana's cedi fell in value from 2,600 cedis to 6,400 cedis to the dollar. Sudan's dinar fell from 165 dinars in 1999 to 256 dinars to $1 between 1999 and 2000. All the African currencies continue to be devalued from month to month, in response to the IMF/World Bank claim that the currencies are overvalued for global trade.

30. The consequences of the devaluation of the African currencies on the per-capita income of each of the countries in 1997 compared with 1980, were a deterioration which has considerably reduced the productive and competitive capacity of most of the African countries since the 1980s. While almost all of the other countries improved their per-capita income, in this timeframe, in spite of globalization, almost all of the African countries suffered reduction in their per-capita income between 1980 and 1997. . . .

32. The African continent, with a population of about 745 million in 1997 or about 12.5% of the world population, carried only 1.5% of world trade and controlled only 1.3% of world income. Africa's per-capita annual Gross Domestic Product (GDP) of about $530, or a continental total annual gross income of about $392 billion, in 1997, was less than the annual GDP of the states of Texas or New York in the U.S.A., or about half of the annual GDP of Canada in 1997.

33. Africa's contacts with the world have caused a collapse of the external purchasing power of the currencies of its governments and weakened its international and global economic competitiveness, particularly since the early 1980s. The result is that famine has erupted in large parts of Africa. Health facilities have declined. Schools, colleges, and universities have either been closed down, or poorly maintained or sustained. Many African children have been denied the right to primary education. This is why the rate of illiteracy in Africa is the highest in the whole world.

34. In almost all of the African countries, the "economic reforms" imposed on them by globalization, deregulation, privatization, and minimal governmental intervention in their economies have given rise to a resurgence of diseases like tuberculosis, typhoid, malaria, and cholera, that were almost wiped out from the continent in the late 1970s. Today, because of poverty, the emergence of AIDS has made Africans the highest victims. A policy that weakens investment in people also weakens the capacity of the same people to achieve rapid economic growth or development and to resist diseases and pestilence. Thus, at the heart of the global economic system lies an unequal structure of trade, production, and credit which is increasingly impoverishing Africa as a member continent of the global economy.

35. If we consider the external debts of each of the African countries between 1980 and 1997, we note an increase in the annual and total African indebtedness, compared with the individual country's annual per-capita incomes. Almost all the debts of the African governments are owed to the member governments of the Triad and their financial institutions, including the World Bank and its tributary financial agencies, all of which are under the control and direction of the rich countries of the Triad. Even though most of the African countries had repaid much more than they borrowed from the globalizers, each of the African countries is still owing much more than it originally borrowed.

36. The example of Nigeria is a classic one. The total externally borrowed money by Nigeria was about $17.5 billion between 1978 and 2000. Although $32.5 billion had been repaid to the external creditors between 1978 and 2000, Nigeria was still owing the external creditors $28.5 billion as at the end of year 2000. However, the IMF/World Bank had been contending that at the beginning of year 2001, Nigeria was still owing $34.5 billion and not $28.5 billion, and that Nigeria must reach an accord with the London Club and the Paris Club of creditors on the debt issue, before any debt rescheduling or relief to her would be considered.

37. The fact of the matter, however, is that neither Nigeria nor any other African country borrowed any money from either the London Club or the Paris Club of creditors. African countries borrowed money from individual banks, individual financial institutions, or from individual governmental agencies. Later, a group of these countries that deny any significant role to government in the economy, constituted themselves into clubs, in order to collect debts on behalf of their respective countries' banks, financial institutions, and agencies. The double face of the globalizers is thus obvious. While these creditor countries are ever ready to use their governments to protect the financial and economic interests of their respective countries, they preach non-governmental interference in the main planks of the African economies. It is, possibly, time that the African debtor-countries formed debtor clubs to confront the creditor clubs.

The Laggard Continent

38. Following from our analysis above, the African continent harbors 33-35 of the world's 50 poorest countries and 51 out of the 87 countries under the control of the IMF/World Bank. Africa is perhaps the only continent in the world which, if the ongoing globalization should continue, will surely experience an increase in absolute poverty during this decade. The retrogression will occur as long as the existing payments for debt servicing, continue to be in excess of the possible inflow of foreign capital, in the form of foreign investment and foreign aid, and the creditor countries, through their instrumentalities of the IMF/World Bank, prevent the African debtor-countries from embarking upon independent economic, social, and political policies. The African economic situation will worsen as long as a majority of the African governments continue the privatization of public enterprises in a weak, private-sector environment, and which is dominated by foreigners. As long as the African governments, in response to the "market," embark upon the dismissal of public-sector employees, drastic cuts in social-sector programs, and make wages of their employees continue to lag much behind inflation and devaluation, the continent will continue to lag behind

the other continents

39. In British and French West African countries, for instance, the devaluation of their currencies by about 25-30% in the late 1980s and early 1990s, reduced immediately the real value of wages and government expenditure by up to 50-60%, and has since continued a downward process. The consequence is that even though average wages in Nigeria had recently increased by about 10-20 times of what they were pre-devaluation in 1986, since the currency is now worth only about 1/200th (0.005%) of its pre-devaluation value, the wage earners' purchasing power and their general standard of living had considerably fallen, and, so their demand for goods and services. Even though the productive capacity of most Nigerian industries had considerably fallen from about 75% pre-devaluation in 1986 to only about 30% today, there are unsold stocks in the warehouses of the industries. The effects on government finance have also been deleterious. For instance, even though the 2000 budget of the Federal Government of Nigeria was only about one-third in dollar value of the 1980 budget, yet the year 2000 budget in naira terms was about 74 times that of 1980. Since about 50% of every naira collected by the Nigerian government finds its way abroad, the exchange rate of the naira has always had a direct impact not only on the capacity of the government to provide goods and services for the population, but also on the ability of the Nigerian elite to purchase goods and services, particularly imported goods and services which are so much in demand in Nigeria.

40. One direct effect of the devaluation of the Nigerian naira is the influx of second-hand goods into Nigeria since after the devaluation of the naira in September 1986. Today, second-hand clothes, second-hand footwear, second-hand vehicles, and vehicle spare parts are the only goods that Nigerian wage-earners can readily buy. Also, because of the increased costs of production at home and the dumping of inferior or second-hand goods from abroad, Nigerian industries have been collapsing one by one, in rapid succession. Even public-sector parastatals and institutions cannot be maintained at their pre-devaluation standards, because of the increased costs of imported and local inputs: hence, the present urge to privatize them. Devaluation has also adversely affected agricultural production. For instance, in 1985, Nigeria produced and exported 300,000 tons of high-grade cocoa, but by 1998, the total annual cocoa export fell to only 152,000 tons of poor-quality cocoa. This was partly because, in 1986, the Cocoa Marketing Board, like the other agricultural Commodity Marketing Boards, was scrapped, cocoa export trade was privatized, and government assistance, regulation, and promotion ceased. The production and the export of cotton, groundnuts, palm produce, and rubber have similarly been adversely affected. The experiences of most other African countries in their industrial and agricultural sectors have been similar to Nigeria's.

41. It means that increasing globalization is leading to the disintegration of African economies in the global economy. Consequently, the experience of most of the African countries is the dumping into their markets of goods and services from the advanced industrialized economies, and the raping of their industrial environment. The use of African countries as dustbins for second-hand and inferior goods and for untouchable rubbish, such as radioactive wastes, which richer and industrial countries are increasingly unwilling to keep in their countries, is a particularly destructive aspect of globalization. The rich countries of the Triad are increasingly taking advantage of the economic weakness of African countries to produce and dump toxic or dangerous goods that are no longer acceptable in their countries. Such toxic wastes had been occasionally deposited into Nigeria and had been the subject of controversies.

42. The African continent as the laggard and the dustbin continent is not a new phenomenon. The London weekly *Economist* of the 8th February, 1992, reported that, in a memorandum written by a Chief Economist of the World Bank, it was suggested that the Bank should encourage the migration of dirty industries into the least developed countries of Africa and Asia, which are vastly under-polluted, and that health-impairing pollutants be concentrated in countries where wages were low, as the lives of poor people are worth less than those of the rich. The economist concluded that the economic dumping of toxic wastes in the poorest countries is highly defensible. Also, an OECD study in 1995 calculated that while a human life was valued at about $1.5 million in the West European countries, it was worth only about $100,000, that is 1/15th, in the poorest countries.

Globalization and Social Conflicts in Africa

43. Finally, globalization is increasingly polarizing the African societies, in the same way that the unequal gains of the 19th-Century industrial revolution gave rise to social discontent and to communism or socialism in many countries. In many African countries, today, an increasing number of urban professionals, upper-class, and upper-middle-class elites go about with pagers, cellular mobile telephones, and watch CNN, BBC, and other foreign satellite-dish programs in countries where more than three-quarters of the population does not have access to potable water, electricity, or fuels, and where an increasing number of high school, college, and university graduates are unemployed. The uneven spread of economic opportunities within African countries, brought about by globalization, is increasing discontent and marginalization, especially among the youths, the urban poor, or among other disadvantaged groups. The result is increased crime rates, social upheavals, which, at times, have led to rebellion against the governments or to inter-ethnic rivalries and wars. The rise of inter-ethnic violence in Africa has been frightening. In Nigeria, for instance, many ethnic groups, in a country of about 250 different ethnic groups (each of which now calls itself a nationality) are, today, individually complaining of being marginalized by either the Federal Government or by the state governments or by both, and are calling

Rwandan refugees in Zaire during the genocide of 1994. The youngsters are wearing second-hand American clothing (notice the "Barbie" sweatshirt on the right)—as domestic African textile production has been shut down.

for either the dissolution of the country or for a national conference to discuss and determine the basis of continued association in a loosely governed Nigeria, and to settle the mode of sharing the wealth (or the poverty) of Nigeria. Globalization is thus threatening the very existence of many African countries.

Globalization and the Destruction Of African Economies

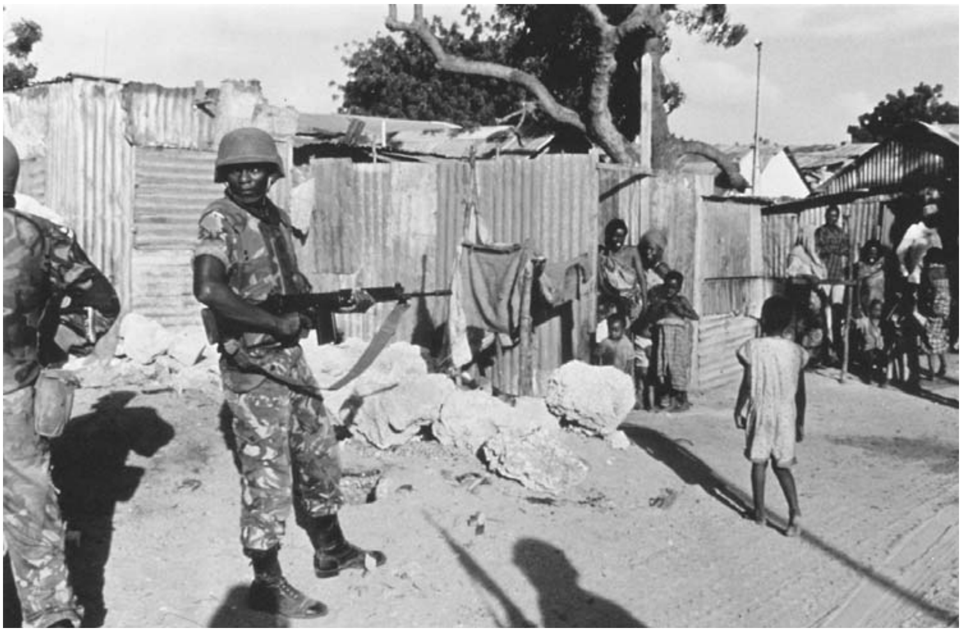
44. The threatening and the destructive effects of globalization in Africa can best be exemplified in Somalia and Rwanda, where, because of failed states, the component ethnic groups decided to go their separate ways in their intenecine struggles for existence.

Somalia

45. Somalia became an independent country in 1960. Up till 1975, in spite of occasional droughts and floods, Somalia was self-sufficient in food and was reasonably politically stable. A military coup d'état, engineered from outside, in 1967, disturbed the political and economic equipoise, yet Somalia continued relative prosperity under President Gen. Siad Barre. But Somalia as a sovereign and united country collapsed under Gen. Siad Barre in January 1991, at the height of a civil war largely fuelled by economic hardship.

46. Somalia's economy was largely a pastoral economy, supported by small-holding, peasant agriculture. Nomads constituted about 50% of its population, with livestock contributing about 80% of Somali's export earnings up till 1975. Despite recurrent droughts and floods, Somalia remained self-sufficient in food until 1975. The Somali economy was struck by a serious drought for the first time in 1974-75. The drought frustrated the economic policies of the government. In the attempt to stem the tide, Somalia resorted to external borrowing. Thus Somalia's economic and financial situation, which had been tolerable up till 1981, became increasingly difficult from 1984, mainly because Saudi Arabia, which was the main importer of Somalia's livestock, got cheaper beef and cattle products from Australia, New Zealand, and the European Union, which began to dump inferior beef into Saudi Arabia. Consequently, foreign trade and payments worsened, Somalia's Central Bank's external reserves dried up, and the Somali government was unable to service its foreign debts. External debts, including from the IMF, the Arab Monetary Fund, the OPEC Special Fund, the Islamic Development Bank, the African Development Fund, and the government of Saudi Arabia, Iraq, the People's Republic of China, the Soviet Union, the United States, the United Arab Emirates, and Italy, which amounted to about $1.5 billion in 1984, put financial strain on Somalia.

47. Even though some friendly governments agreed to cancel some or all of Somalia's debts and reschedule others, in order to overcome her economic problems, Somalia's government turned to the IMF in 1984 for the IMF stand-by credit, with its harsh conditionalities. These conditionalities included the liberalization of Somalia's foreign trade and the devaluation of the Somali shilling, from 6.35 per U.S.A. dollar in 1984 to 85 shillings to a dollar in 1987, and to 2,616 to the dollar in 1991, in the mischievous attempt to reintegrate Somalia's economy into the global economy, increase the inflow of foreign exchange from export transactions, and make the country more attractive to foreign investors and lenders. None of this was achieved in Somalia, as the outflow of capital from Somalia was not compensated by foreign direct investment or by new stand-by loan arrangements. Further, the IMF compelled a cutback in the public-sector expen-



A soldier from the Botswani Defense Force raids the Bakara arms market in Mogadishu, Somalia, in search of illegal weapons, during the war in Somalia. IMF/World Bank policies led to the disintegration of Somalia into warring factions, until today.

diture as well as less state influence in the economy of Somalia. Subsidies on basic needs, the schools, colleges, universities, hospitals, transport, and other public utilities were removed or considerably reduced. Somalia was advised and compelled to cut back on publicly owned companies and to raise taxes and charges on public services. Thirty to forty percent of civil servants were retrenched, retired, or dismissed, and many state enterprises were privatized. The privatization of state companies ran into difficulties, because of inadequate local private capital to purchase them and inadequate local entrepreneurial capability to manage them, apart from the fear that the process of privatization could be reversed by a future government.

48. The IMF programs in Somalia led to increased dependence of the economy on the import of grains. The influx of cheap, surplus wheat and rice sold in the local market led to the displacement of local Somali producers, as well as to a major shift in food consumption pattern to the detriment of local crops of maize and sorghum. The recurring devaluation of the Somali shilling led to hikes in the prices of fuel, fertilizers, and farm inputs. Urban purchasing power declined drastically, government extension programs were curtailed, infrastructures collapsed, and the domestic population became increasingly impoverished. The large population of Somalia cattle was decimated, and the pastoralists, who constituted 50% of the population, were ruined. The economic reforms imposed on Somalia marked the disintegration of health and educational programs. School enrollment declined by almost 42% within five years, textbooks and other teaching materials disappeared from the classrooms, school buildings deteriorated, and nearly a quarter of the schools were closed down, while teachers' salaries declined to abysmally low levels. Small farmers were displaced as a result of the dumping of subsidized U.S.A. grains being sold on the Somali market. In addition to the hike in the price of farm inputs, state support for irrigation agriculture stopped, production in the state farms declined, and the firms were eventually closed down or privatized under the supervision of the World Bank. By 1990, public-sector wages had declined by about 90% of what they were in 1974, leading to the inevitable disintegration of the Civil Service, which had dismissed up to 40% of its employees and eliminated salary supplements. All these, combined with the restructuring of Somalia's Central Bank, the liberalization of credit, and the liquidation and privatization of most of the state enterprises, led to the collapse of the government of Gen. Siad Barre in January 1991, and the disintegration of Somalia into warring factions until today.

Rwanda

49. Rwanda became independent in 1962. The 1990 Rwanda ethnic strife between the Tutsis and the Hutus was largely fuelled by the collapse of the Rwandan economy under the tutelage of the IMF. The Civil War that led to the massacre of the Hutus by the Tutsis was preceded by deep-seated economic inequalities between aristocratic Tutsis and the largely peasant Hutus. The colonial structure of the Rwandan economy played a decisive role in the development of the Rwandan crisis. The economy depended largely on the export of coffee, which used to provide Rwanda with about 80% of its foreign exchange earnings. The Tutsis constituted a rentier class that profited from coffee export, which coffee was grown mainly by the Hutus. However, local self-sufficiency in food was achieved, and protection for local production existed up till 1990, when it was lifted with the adoption of an IMF structural adjustment program.

50. Since the rural economy, based largely on the export

of coffee, provided the largest share of government revenue, a collapse in the price of coffee precipitated a financial crisis in Rwanda public finances. The Rwanda debt crisis increased, following the collapse of the export price of coffee between 1987 and 1991, when export earnings declined by 50%. Consequently, famine erupted throughout Rwanda's countryside. The World Bank and the IMF intervened and imposed trade liberalization and currency devaluation on Rwanda, alongside the removal of subsidies to agriculture, the phasing out of state protection, the privatization of state enterprises, and the dismissal of civil servants. A 50% devaluation of the Rwandan franc was carried out in November 1990, a little over a month after the invasion of Rwanda from Uganda, which was supporting the rebel army of the Rwandan Patriotic Front, manned by Rwandans that had felt sidelined by the worsening economic situation. The economic crisis and thus the political and military crisis reached its climax in 1992, when Rwandan farmers, that is the Hutus, in anger destroyed over 30,000 of their coffee trees, so as to further strangulate the finances of the Rwandan government. In 1992, at the height of the Civil War, a further devaluation of the franc and the deregulation of the economy were ordered by the IMF.

51. Under the free-market system imposed by the IMF/World Bank, heavily subsidized and cheap food imports and food aid from Europe and America entered Rwanda and further impoverished the local producers. Under the free-market system imposed on Rwanda, neither cash crops nor food crops production at home was any longer economically viable. The state administrative system crumbled; civil war escalated as a result of the increasing austerity measures, diminishing civil service salaries, and an increasing insecurity of life and property, which fuelled the outbreak of hostilities in October 1990. The various austerity measures of the Somalia type, imposed on Rwanda, further polarized the Tutsis from the Hutus and exacerbated the ethnic genocide. The deliberate manipulation of market forces destroyed the economic base of Rwanda, increased unemployment and created the situation of widespread famine and social discontent. An idle hand is the devil's workshop. Although the ethnic hatred between the Hutus and the Tutsis had long existed, there is no doubt that the disintegration of economic, social, and political relationships fuelled the crisis in Rwanda.

52. The 2 million Rwandan refugees abroad, mainly in Zaire [Congo] and Tanzania, now have nothing to return to, even after the cessation of hostilities. Their agriculture has been destroyed, local food production and their coffee economy have been shattered, and the government of Rwanda is now laid prostrate. The reconstruction of the country will require more than a government that obeys the market. The government of Rwanda will have to have a blueprint and an economic program designed and implemented by a socially oriented and purposeful government, free from the shackles of the IMF/World Bank and of the globalizers of the West, and from the donor interventionists. Any assistance to Rwanda worth its salt, must be without strings.

Conclusion

53. The examples of Somalia and Rwanda have been cited to demonstrate the failure of globalization of the Triad and of the IMF and the World Bank and their local collaborators in Africa. There are many Somalias and Rwandas in Africa and in the developing poor countries where, as was indicated earlier, about 87 countries are, today, implementing similar reform programs. Throughout Africa, nomadic and commercial livestock, infant industries, commercial enterprises, governments, and states are being destroyed by globalization and by the activities of the IMF/World Bank programs in much the same way as in Somalia and Rwanda. The subsidized beef and dairy products (in spite of the "mad cow" disease) imported at times duty-free from the European Union and from the U.S.A., have led to the demise of Africa's economies. Also, even the expanding famine in Africa is not a result of shortage of food, but is fuelled by the global oversupply of imported grains, which are used systematically to destroy the peasantry and destabilize the national agricultural industrial and commercial systems. For instance, grain imports into African countries increased from 4.5 million tons in 1975 to about 9.5 million tons in 1995 and to 12.5 million tons in 1999. Food aid increased from about 100,000 tons in 1975 to about 9 million tons in 1999. Much of the food aid is now channelled to countries like Zimbabwe, Malawi, Tanzania, Sierra Leone, and the Republic of Congo, which were once regarded as the food baskets of Africa. This is because, during the 1980s, the IMF/World Bank, acting under the influence of the rich countries, imposed severe austerity measures on African governments, almost all of which consequently reduced government assistance to the promotion of rural development, which led to the collapse of agricultural infrastructure, social discontent, and civil strife and wars. A hungry man, is an angry man.

54. It can thus be said that famine in the age of globalization is man-made, and is not the consequence of a scarcity of food due to inability to produce it, other things being equal, but of a structure of global misdirection of policies which undermine food security and destroy national food production, particularly in Africa. The impoverishment of the countries in Africa in the era of globalization is caused by the systematic undermining of all the categories of economic activities in both urban and rural areas, for the interests of the richer countries in the global market.

55. The dominant problems of globalization since the early 1980s have not received enough critical academic discourse and research, because of the dominance of the Triad, not only in the governments of the poor countries, but also in their academic and intellectual institutions and groups. Critical analysis is strongly discouraged; social and economic realities are seen through the single set of fictitious economic relations which seek to conceal the real global economic agenda. Ruling economic and political leaders produce facts without theory, and theories and policies without facts to back

them up. In most cases, the rulers in Africa admit neither dissent from, nor discussion of their actions. The universities and the workers in most African countries are regularly in conflict with their governments. Strikes and riots are common in the universities and among the workers who are underfunded, underpaid, and who see their standard of living continually being eroded. The universities in most African countries today, produce teachers and students who hardly have the competence or the facility to unravel the causes and the consequences of the globalized economy. The internationalizing and the globalizing of the economics of African countries continue to criminalize, pauperize, and degrade their peoples in world economic relations. As long as the African leaders acquiesce and venerate the existing world economic system, they and not the globalizers will be the losers.

56. Africa will not be able to wish away the pull of globalization in this age of technological advances. However, there is the need for Africa to be a participant on its own terms and as a subject, rather than as the object and the victim of globalization. Cooperative globalization must be based on the recognition that global citizenship can exist only if it is based on justice to all. If the world is now a "global village," we all know the norms in the village square. Such norms include solidarity, participation in the decision-making process, justice, mutual support, and communal sharing of the [pleasures] and the pains of the village. The village is not the theater for ruthless competition, destruction, and graft. The village is an example of an inclusive community for all, rather than an exclusive body for a select few. The present globalized economic world has become an important arena for emphasizing the conflicting tensions of our time. It has put an unfair burden on the countries of Africa.

57. If Africa is to participate effectively as a member-continent of the "global village," its people and its governments must first undertake two tasks. The first is to borrow a leaf from Friedrich List, the 19th-Century German-American economist who was faced with how a left-behind economy could catch up. In 1825, he wrote that when a gap in know-how and organizational capacities exists between economies carrying on frequent exchanges with each other, or when such a gulf is a consequence of unequal technological and organizational innovations, the more advanced economy is in the position to sell its goods (and services), which it turns out with greater productivity and efficiency, more cheaply, in national and international markets. If no protective measures are put in place, the goods (and services) turned out with lesser productivity will lose out in the competition, and the propensity to perform and innovate on the part of the stragglers will fizzle out completely, since the more competent and leading economy can use its superiority to good advantage in every respect. Thus, any society subject to a competence gap is easily pushed aside. It is marginalized and peripheralized. If it succumbs to peripheralization, then it either undergoes a disintegration of its traditional lifestyles or social regression and is overwhelmed, or is converted into an appendage or outpost of the more highly developed economy. In order to catch up, the straggler-economy should view the gap between it and the vanguard economy as an opportunity to take suitable protectionist precautions and embark on purposive development projects which are designed to reduce or eliminate the gap. The motto then should be, "catch up," or indeed, "overtake," through the activities of a far-sighted and efficient government that ensures the cohesion of a nation in the process of development.

58. In deference to Friedrich List's advice, the African governments, today, should not only take reasonable measures to protect their respective economies, but they should also ensure the integrity of their respective countries as sovereign and viable members of the international community. The philosophy of minimal government should give way to the philosophy of effective and dominant national governments in the African national economies.

59. The second and more important task is, that within the protected economies, the African governments should adopt the economic policies similar to those pursued by President Franklin Delano Roosevelt of the United States, during 1933-36, when, faced with a depressed and oppressed economy, he used the powers of the American government to upstart and reinvigorate the tottering economy of the U.S.A.

60. When President Roosevelt became the President of the United States in March 1933, the economy of the U.S.A. was in shambles; the financial system was disintegrating; industrial and agricultural production had collapsed, about 13 million unemployed U.S. workers (constituting about 25% of the labor force) were wandering around, homeless, hungry and starving (in Africa, today, such armies of the unemployed are either fighting, rebelling, terrorizing, or starving). In a program which he labelled the "New Deal," Roosevelt put in place measures to improve agriculture and industry, grant debt relief to farmers and private households and the needy and, in a planned manner, ensure that the government strictly supervise banking, credits, and investments by ending speculation with people's money. That is, under government control, he ensured a disciplined attack on the economic problems of the U.S.A.

61. In the "New Deal," the U.S. government issued credit to finance public works and large-scale infrastructural projects. The rural areas were electrified, canals, tunnels, bridges, highways, streets, sewage systems, houses, hospitals, schools, universities, multi-purpose dams, power plants, fertilizer factories, and flood control locks were built. Farmers were given fertilizers at heavily subsidized cost. Wages were increased and minimum wage legislation was enacted. Insurance for the unemployed, the sick, and the old, and a decent health-care system were introduced. Child labor was abolished and a "Bill of Rights" for the American workers was introduced. The American government was not indifferent to the plight of the American people, nor did the government leave the economy to "market forces." Rather, the organic power of the state was used to uplift the American citizens

from economic morass. It was the "New Deal" that took America out of depression and put it on the path of economic growth which today has made her the most economically powerful country in the world.

62. The African governments may not be as powerful and as efficient as the U.S.A. government was in 1933-36, but one thing is clear: America, which today is the leading champion of the market, did not rely on the market when it was faced with economic problems which were much less than are facing the African countries today. Rather, America accepted that one of the duties of the state in such circumstances was to care for its citizens who found themselves the victims of adverse economic circumstances which denied them the necessities for existence.

63. The African governments, or those of them that have the will, must use state powers to stop the recurrent devaluation of their currencies by returning to fixed exchange rates. They should control the escalating rates of interest, assist agriculture, industry, and commerce, and pursue a policy of full employment, alongside mass literacy and good public school education. The national resources of Africa are second to none in the world. The African countries must rapidly develop the physical resources as well as the equally large human resources for the benefit of its people, rather than for the benefit of those countries and people that already have an unfair share of the wealth of the world.

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Uwe Friesecke

Globalization Left A Suffering Africa

EIR*'s Uwe Friesecke spoke to the Jan. 14-17 conference on "Peace through Development along the Nile Valley," in Khartoum, Sudan. His address was entitled, "The Economic and Political Failure of Globalization in Africa." Subheads are the author's.*

The state of affairs on the African continent clearly shows the utter failure of those economic policy prescriptions, that were implemented by the old Bretton Woods institutions, more than 20 years ago, as so-called market reforms and structural adjustment programs. The process of globalization has ruined one African economy after another. The resulting suffering of the vast majority of the African people is the clearest indictment of the incompetence and injustice, which is inherent in the post-1971 world economic system and which the governments of the G-7 group fanatically insist must be continued, at all costs.

According to the "Least Developed Countries 2000 Report" of UNCTAD [UN Conference on Trade and Development], the number of really poor countries, LDCs, has almost doubled between 1974 and 1998, from 25 to 48. Today, of these 48 LDCs, 33 are situated in Africa. On a list of countries ranked in descending order of their estimated 1998 under-five mortality rate, UNICEF's "State of the World's Children 2000" report ranks 41 African countries among the first 60.

If these figures reflect some of the results of the development of the world economy in respect to Africa, then who must take responsibility for it?

Was the direction of the world economy during the last 25 years decided in Lagos, Nairobi, Khartoum, or Addis Abeba? Where was the power situated that determined interest rates, borrowing conditions, or the prices of raw materials on the world market?—clearly not in Africa, but in London, Washington, and Paris, with the other G-7 governments always getting in line.

The lack of development, the abysmal and, in most countries, deteriorating standard of living for the overwhelming majority of the people, the rampant poverty, the widespread breakdown of health and education systems, and the seemingly unrestrained spreading of old and new diseases, such as malaria and AIDS, are the result of the brutal austerity that the IMF/World Bank policy has forced upon African countries, since the middle of the '70s.

Today, we must realize that African countries gained for-