Report from Africa by Mary Lalevée

IMF pressure builds

Unless the stance of Peru is imitated, coups, unrest, and economic catastrophe await most nations.

While world attention is focused on the crisis in South Africa, another crisis is unfolding in the rest of Africa of potentially far vaster dimensions, an economic crisis which is approaching a "catastrophe," according to some sources. The coming months will be crucial in determining whether the continent will be crushed under the weight of its debt and IMF conditionalities, or will follow the example of Peru and fight for its development, mobilizing its population and all resources available.

Nigeria is a case in point: The bloodless coup that overthrew the regime of Gen. Muhammed Buhari on Aug. 27 must be seen in the light of the pressure applied by the International Monetary Fund on Nigeria to accept conditionalities in exchange for a $2.5 billion loan. The British *Financial Times* commented that Nigerians must be "wryly reflecting that it is probably the first time that a government's overthrow has been caused—in part at least—by failure to reach agreement with the IMF." Of course, other governments have been destabilized and overthrown for that very reason, but it is the first time the IMF issue has been so clear. The business daily expressed the hope that Nigeria would now agree to IMF demands.

Buhari steadfastly refused to submit to IMF demands for the devaluation of the currency, the naira. However, the policy he implemented was to make payment of foreign debt a priority. Lack of foreign exchange for urgently needed imports meant that factories were operating at a fraction of their capacity, and that unemployment was on the increase. This year, 44% of export revenues were due to be used purely for debt service, while imports at a projected naira 3.15 billion would be 70% below 1981-82 levels of N11.3 billion.

Dissatisfaction with the economic situation led to unrest and strikes: The response of the Buhari government was to ban various trade union and student organizations, and to clamp down on the press. Decree Number 4 was issued on July 23, banning political comments and discussion of Nigeria's future.

However, the key issue is the economy. The new head of state, Maj.-Gen. Ibrahim Babangida, in his first radio broadcast to the nation, announced: "It might well be in the interests of Nigeria to reach agreement with the IMF." But using 44% of export earnings to pay foreign debt is "unrealistic," he is reported to have said.

A Nigerian source commented: "There will be no major changes in economic policy, if in fact the previous government had an economic policy. Basically, Buhari made a lot of noise about resisting the IMF, but our economy is in disarray. Nigeria has no alternative but to go to the IMF. Nigeria needs to bow to stay alive; at least, that's the way the government has seen the country developing. The policy has been to export oil, and borrow money to pay for imports. What's the alternative? Unless you mobilize all your population and all the resources that you have for another kind of development, there is no alternative."

That alternative mobilization, however, is exactly what must be done.

The summit of the Organization of African Unity had called for an urgent summit meeting on the question of African debt, declaring that most of the continent's countries were approaching "economic collapse." A recent meeting of the U.N. Economic and Social Council in Geneva called on the General Assembly to hold a special session on the African crisis. The statistics are a shock: By the end of 1985, Africa's debt is estimated to reach $170 billion, or 59% of the continent's Gross National Product. In 1984, one-quarter of Africa's total export earnings went to debt service, and that amount is increasing. Total debt service paid by sub-Saharan Africa was $5.7 billion in 1983, $9.7 billion in 1984, and $11.1 billion in 1985.

Resistance to the IMF is strong: Congo is facing severe economic difficulties, following the fall in the oil price (Congo is the fourth-largest oil producing country in Africa) and increasing debt, the country is approaching a point where it will be unable to pay either debt or debt service. Its foreign debt is $1.5 billion, not an enormous sum, but debt service consumes 45% of government revenues, or one-third of export revenues. The government is refusing to submit to IMF demands, rejecting such "interference."

Guinea is also reluctant to implement IMF "reforms," for fear of provoking unrest in the country, almost bankrupt after 26 years of rule by Sekou Touré. However, international banks and France, to whom Guinea appealed for help, have refused to aid the new regime until they sign with the IMF. An attempted coup last month was no doubt an attempt to persuade the authorities that they should submit.