Africa Report by Mary Lalevée

Africans move on the debt front

Ivory Coast shows debt crisis far graver than some realized, by declaring it can no longer service its foreign debt.

On May 28, one of the most prosperous nations in Africa, the Ivory Coast, told creditors that it was no longer able to service its external debt. With a per capita average annual income of $710, compared to Zaire's $120 or Kenya's $340, the country had long been regarded in international banking circles as an example of how an African country should develop itself, concentrating on producing agricultural commodities (in this case coffee, cocoa, and palm oil), upgrading agriculture, and reducing the role and number of state-run enterprises.

For all its orthodox behavior, the former French colony has not been spared the economic fate of poorer African nations such as Zambia and Zaire, which, faced with mounting debts and reduced revenues due to falling commodity prices, have finally rejected yet further demands for austerity measures from international financial institutions like the International Monetary Fund.

Ivory Coast, led by veteran President Houphouet Boigny, President since independence in 1960, has pursued pro-Western pragmatic policies over the last three decades, remaining a firm ally of France. The government's announcement of its inability to pay external debts was met with some surprise. French President Mitterrand said that knowing the sense of "civic duty" felt by President Houphouet Boigny, and his commitment to abide by the country's obligations, the announcement meant that the debt situation in Africa was "far graver" than yet realized in the countries of the "North." Mitterrand said that he would raise the issue at the Venice summit, and there are reports that the French government will make a major proposal on African debt at the July meeting of the United Nations Committee on Trade and Development (UNCTAD) meeting in Geneva.

The French daily *Le Figaro* described Ivory Coast as "the richest African country, the leading world producer of cocoa, and third largest producer of coffee." Cultivation and processing of coffee is the main source of income for about one-half of all Ivorians, and it employs more than 2.5 million people. The Ivory Coast is now the third-largest producer of coffee in the world, after Brazil and Colombia. The Ivory Coast became the world's largest producer of cocoa in 1978, doubling its production of cocoa beans between 1970 and 1979. The drastic fall in the prices of these two commodities, with coffee falling by 20%, has meant a loss of 13 billion francs in export revenue since the beginning of this year. The country's external debt, estimated at $8 billion, has been repeatedly rescheduled since 1984.

A source involved in negotiations on African debt reported that other African countries would follow the moves of Zaire, Zambia, and Ivory Coast against the IMF. "The IMF is no longer a myth. I told you the thing was going to blow up. The countries just don't have the money to pay."

In an interview with the French daily *Libération*, Zambian President Kenneth Kaunda explained that "the IMF had imposed very harsh conditions on us, which led to the progressive contraction of our economy. And yet, we were obliged to pay them back everything on the due date, otherwise we would have no more aid from them. The economy was not developing, children were dying of malnutrition. We discovered that we could not solve the problems in this way. We think that with the cooperation of the Zambian people, we must do more than survive, we hope to revive our economy, with our own resources, our own sweat."

Kaunda warmly praised French Premier Chirac's approach to Africa's economic problems, saying, "Jacques Chirac's approach is simply marvelous. If the great powers who are in the IMF thought like J. Chirac, many African countries would return to the IMF. And Chirac talks about economics, not politics."

The prime minister of Congo, Ange Edouard Pongoi, strongly criticized the IMF in a recent declaration to the AFP news service. He stressed the "negative consequences on the social level of the discipline imposed by the IMF on the indebted countries, and the reschedulings that only delay a real solution to the problem." He said that the "problem of African debt must be approached and dealt with in a different way."

Despite all the evidence that IMF "medicine" tends to kill the patient, the Ugandan government has just implemented a series of drastic austerity measures, dictated by the IMF. A "currency reform" involving the issuing of new currency, included a 30% tax on all exchanges of old currency for new. The currency was devalued by 400%, gasoline prices were doubled, and the prices of basic goods were increased. There was "near-chaos" in the capital, Kampala, as the measures were implemented, according to a UPI wire on May 18.