World Bank Report catalogues a social catastrophe in Africa

Ann Talbot
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Almost half the population of Africa lives on less than 65 cents a day, according to a new report from the World Bank. The report, *Can Africa claim the 21st Century?*, sets out in stark detail how Africa has become poorer than at any time since many of its countries achieved independence in the 1960s.

The total income of the 48 sub-Saharan countries, excluding South Africa, is roughly equal to that of tiny Belgium. Their average Gross Domestic Product (GDP) is $2 billion a year, no more than a town of 60,000 inhabitants in the West would produce.

The entire continent accounts for less than one percent of global GDP and less than two percent of world trade comes from sub-Saharan Africa. The region has lost market share in almost all its main export crops. While in 1970 about 70 percent of the cocoa on the world market was African, by 1997 this figure had fallen to just over 40 percent. Over the same period, Africa's share of the world groundnut market fell from over 60 percent to less than 10 percent. In manufactured exports, Africa's contribution is close to zero.

Communications and transport facilities are poor. If South Africa is excluded there are fewer roads in sub-Saharan Africa than in Poland, and only five million telephones.

Social conditions have deteriorated drastically after minor gains that were made in the years after independence. Only one in five Africans has access to electricity and two-thirds of the rural population has no clean water supply, while three-quarters lack sanitation. More people are dying from infectious diseases than at any time since the beginning of the twentieth century.

The World Bank report reveals a picture of catastrophically declining economic and social conditions. Yet for the past 20 years the World Bank itself has, with its sister institution the International Monetary Fund, largely dictated the policies of African governments through its structural adjustment programmes, and has acted as the coordinator of foreign aid efforts.

With such a record, and mounting public protests at its role, the World Bank cannot avoid making certain formal self-criticisms of its past policies when, the report says, the bank backed "ill-conceived" projects. Since then, however, it has "reinvented how it manages aid". With breath-taking arrogance, World Bank officials speak of the "challenges" that face Africa and the "hidden growth reserves" that wait to be tapped if only it continues to follow their directives.

"The temptation is to retreat into pessimism," the bank's vice president for Africa, Callisto E. Madavo, said, "but I think if you look at what we have been doing recently, you can see that we're really on the right track." Madavo means tying continued aid to a strict programme of economic and political measures that are intended to open up African economies to the world market. African governments must make themselves "transparent" and "accountable" to foreign investors, in World Bank parlance. State spending has been slashed and the limited welfare measures introduced after independence destroyed in country after country.

The report reflects what has become the consensus among economists, journalists and aid professionals—that Africa is responsible for its own poverty. Andrew Marr recently wrote in the *Guardian* newspaper, "The West's populace is coming close, once more, to regarding Africa as the dark continent, where every bright idea from market reforms to Marxism, is doomed to end in corruption and violence." The *Economist* asked, "Does Africa have some inherent character flaw that keeps it backward and incapable of development?"

This deliberate historical amnesia airbrushes out both the recent past, in which the IMF and World Bank have dominated government policies in Africa, and the more distant past in which Africa was first a hunting ground for slaves, then subjected to direct imperial rule and colonial oppression for over half a century.

It has become acceptable to claim that Africa alone has failed to develop, while other former colonial countries have surged ahead. Asia, so the argument runs, suffered colonial domination but has achieved greater levels of economic development—so imperialism cannot be the reason for Africa's poverty today. This is a misleading comparison. The economic crisis of 1997-98 brought the Asian "economic miracle" to an abrupt end and has revealed just how vulnerable the economic development of the "Asian tigers" was.

Nor has the limited amount of economic development that took place in Asia been evenly spread. Only a few countries, with considerable investment from Japan and the US, experienced a short-lived economic growth while many more did not.

The World Bank has played a vital role in maintaining Africa's post-independence subordination to the industrialised world. It was founded at the Bretton Woods conference in 1944 as the International Bank of Reconstruction and Development. Aimed at repairing the economic damage of World War Two, it became most closely associated with the colonial and semi-colonial countries for which US-financed Marshall aid was not available. According to a recent account by Catherine Caufield, author of *Masters of Illusion—the World Bank and the Poverty of Nations* (Pan, 1997, £6.99), it was quickly recognised that the bank was "carrying on the work of empire" in providing the finance for infrastructure projects such as ports and railways.

With decolonisation, the bank provided a secure channel through which the financial markets could invest in semi-colonial countries that would otherwise have been considered too risky. Apart from the money that it raised on the world financial markets, the bank underwrote the flow of funds directly from private lenders into these economies. In this way it allowed capitalists to make a profit out of former colonies without the costs that a previous generation of imperialists had to accept as a necessary part of their colonial adventures.

A major change took place in the late 1960s when it began to lend on a much larger scale. This change is associated with the appointment of Robert McNamara as its president. McNamara had previously been Secretary of State for Defense under US President Lyndon Johnson, as the Vietnam War reached its height. He had learnt from this experience that revolutionary movements could not be defeated by high-tech weaponry alone, but that aid could be a powerful political weapon.

Within weeks of taking office, bank officials found themselves, as one told Caufield, "bringing out of bottom drawers proposals that had been rejected for lack of funds, working out new proposals for countries that had previously been considered as having had their full share and even proposing some projects for countries previously rated too backward to be able to cope with Bank-style development."

McNamara doubled the bank's lending and set targets for loans to individual countries. Bank staff found that McNamara "generated tremendous pressure within the institution to reach lending targets ... he felt it was a personal embarrassment to the institution if he said we were going to make 182 lending operations and we only did 176." By the end of the financial year, officials would be scrambling to meet their targets so that 40 percent of all loans were pushed through in the last two months of the fiscal year. The bank's slogan became "Redistribution with growth". It was a recognition that the prolonged economic expansion in the industrialised world had left the former colonial countries more impoverished than ever, and in a politically explosive condition.

His lending policies, which led to what the report now condemns as "ill-conceived projects", were a product of the Cold War. By making loans available, the West hoped to prevent African countries allying themselves with the Soviet Union.

McNamara particularly favoured Tanzania because, despite his socialist rhetoric, its president Julius Nyerere remained firmly allied to the West at a time when the intransigence of the apartheid regime in South Africa was encouraging many nationalist leaders to align themselves with the Soviet Union.

Not only did McNamara lend money directly from the World Bank, but he also encouraged commercial banks to make loans to African countries as the price of their exports increased during the mid 1970s. On the strength of this, many of them borrowed heavily. But this rise in export prices was short-lived and by 1986 commodity prices had fallen to their lowest level since the depression of the 1930s. Plunged into a debt crisis in the early 1980s, one African country after another turned to the World Bank, giving it even greater power over them. By the mid-1980s debt repayments outstripped what they received in the form of loans, foreign investment and aid.

Some of the least developed countries in the world became net exporters of capital. A massive global redistribution of wealth was taking place from the poor to the rich. Nor did these repayments reduce the debt burden of poor countries. In 1996, the total debt of developing countries was $2 trillion, a 32-fold increase from 1970.

Throughout its history the World Bank has served the needs of the powerful imperialist countries, which are its main shareholders, and of the US in particular. While its policies have changed over the years, the World Bank has indeed been "carrying on the work of empire" in making sure that big business could continue to make a profit out of Africa after independence. Whether through the loans that the impoverished African masses have to finance, aid projects that provide lucrative contracts for foreign companies, or the destruction of peasant agriculture, the World Bank has made sure that the corporate world gets its pound of flesh out of Africa. The present report itemises the results of that cannibalistic process.

It also provides a justification for today's new imperialist ventures in Africa, such as that by Britain in Sierra Leone. The report is a self serving document, which assures Western governments that if Africa has failed to prosper after independence, then they are entirely justified in sending in troops to set up colonial-style administrations that will ensure them continued access to this continent's immense natural resources.