

# Famine in Malawi as IMF policies bite

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The government of Malawi recently announced that a major famine was affecting the country. President Bakili Muluzi made an urgent appeal for food and declared that Malawi is facing a national disaster. Government officials have warned that food shortages are affecting up to seven million people out of a population of 10 million. The government says it needs \$21.6 million in aid to stave off starvation in the country, but so far has only received \$1.6 million.

Agriculture Secretary Ellard Malindi told reporters that famine had affected up to 80 percent of rural households in the south of the country, 73 percent in the central region and 50 percent in the north. Malindi stated that 76 percent of farming families were now without food, up from 31 percent during the same period last year. Up to 80 percent of Malawi's population live in rural areas.

Vice President Justin Malewezi was reported to have made a tour of 32 food distribution sites in the country. He said that local leaders had informed him that people were going hungry and resorting to eating unripe, or green maize, and that the food shortages were likely to be prolonged because people were eating the maize before it had been harvested. Some farmers had also begun harvesting the maize early to avoid theft and to gain some income. The maize harvest, which begins in April, was expected to be 1.9 million metric tonnes but this had now been reassessed at 1.5 million metric tonnes. The national demand is 2.2 million metric tonnes.

A report by the World Food Program (WFP) points to a number of factors that have contributed to the food crisis. These are the devastating floods that hit the south of the country in early 2001, wiping out maize crops, the withholding of aid by Malawi's main donors—the US, Britain and Denmark—and the government's decision to sell off a large part of the national grain reserve.

According to *Financial Times* report on the sale of grain reserves was carried out under “unclear circumstances.” What is clear is that the price was extremely low. Maize is now being imported at three times the price for which the grain reserves were sold.

The grain market was liberalised and deregulated under Muluzi's United Democratic Front (UDF) government as part of economic directives dictated by the International Monetary Fund (IMF), and replaced with unregulated private traders. Many of these private traders have close ties to the ruling regime.

Lucius Chikuni, the commissioner of disaster preparedness, relief and rehabilitation, told reporters that children were dying and that his department lacked the funds to adequately deal with the crisis: “In our budget we asked for K100 million [\$1=71.9120 Malawian Kwacha], but treasury has just given us K4 million.”

Donor countries finance the vast majority of Malawi's budget and one of the main factors in the food crisis is the Western powers' insistence that the Muluzi government fully implement IMF deregulation proposals and privatisation programmes and their suspension of aid until this is done.

Denmark recently announced that due to economic developments in Malawi moving in a “negative” direction development and environment assistance would be “radically reduced in 2002 and finally phased out in 2003”. The country has given the UDF government \$27.8 million in aid since 1997 and had allocated a further \$87 million up until the end of 2004.

Britain, which is Malawi's single largest donor, recently suspended aid of \$18.6 million allocated to the country, stating as its reason the Malawi governments “over expenditure and lack of fiscal discipline”. British financial secretary to the treasury, Paul Boateng, told reporters that the government wanted, “Malawi to be

back on track on macro-economic targets. We have to be satisfied with the mechanisms in place for sufficient control over budget expenditure”.

A delegation of IMF representatives was in Malawi on February 25 meeting with government representatives. Alfred Kammer, the IMF mission chief for Malawi, stated, “Overspending by [the Malawi] government during 2001 resulted in high interest rates and crowded out private sector activity, which has only depressed investment and growth.”

Horst Kohler, the IMF’s managing director, called on the government of Malawi to make “urgent expenditure cuts to improve the investment climate”. He insisted that to win a “sympathetic ear” from the Western institutions, the Malawi government must work harder to “control expenditure, curb corruption and improve the country’s governance.”

The Bush administration now favours a “trade over aid” policy for African countries and has stated that it views this as the “surest route to prosperity.” Speaking on the US government’s strategy towards Sub-Saharan Africa, US trade representative Robert Zoellick told reporters that there was no longer an “ideological” debate over models of development for African countries, but that “its now a question of how market-based development will work in a very poor region...”.

The inflation rate in Malawi is currently 22 percent and interest rates have risen to 46 percent. According to the country’s finance minister, Friday Jumbe, the government had borrowed heavily—leading to a significant over-expenditure on the national budget—and the situation had been made worse by delays in the arrival of donor aid. The national budget faces a \$45 million deficit and the external debt for Malawi currently stands at \$2.6 billion.

Western governments are seeking to distance themselves from the catastrophic consequences of policies that they have dictated. They portray the devastating social and economic situation in Malawi as the result of mismanagement by the Muluzi government and not as a consequence of the deregulation and privatisation programmes implemented by the UDF on the dictates of the IMF. Western analysts are now warning that “propping up” governments like the UDF can do “more harm than good.”

Malawi is already one of the poorest countries in the

world. A report from IRIN (Integrated Regional Information Networks, part of the UN Office for the Coordination of Humanitarian Affairs) states that 65 percent of Malawians have to live on less than a dollar a day. The poor in Malawi make up 65 percent of the population and 30 percent live in extreme poverty. Health care is inaccessible for the vast majority of people.

During the last five years life expectancy at birth has dropped from 43 years to 39 years. In 2000 the infant mortality rate was estimated to be 104 per 1,000 live births and the maternal mortality rate was 1,120 deaths per 100,000 live births.

The report also states that 53 percent of the population do not have access to safe water and that 56 percent of all pregnant women attending antenatal clinics are anemic.

Schools are closing and primary school attendance in the areas affected by food shortages is down, as children help their parents to search for food. There is a crisis in the hospitals because patients are being readmitted with malnutrition soon after they have been discharged because there is no food for them when they return to their homes.

According to press reports there are currently 10,000 people in the country affected by cholera and 175 people died of the disease in one week at the end of February. The real figure is expected to be higher, as the data provided only deals with 16 of Malawi’s 27 districts. Drug supplies to treat the disease are rapidly diminishing. The official infection rate for HIV/AIDS in the country is put at 15 percent.



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