2005: The Year for Africa—Results and Prospects

Ann Talbot
21 February 2006

The following article was written at the request of the journal African Renaissance*, and is published in its January/February edition. Ann Talbot is a regular contributor to the* World Socialist Web Site *and has written extensively on Africa.*

She was asked by African Renaissance *editor Jideofor Adibe to focus on "the impact of Anglo (American and British influences/pressures) on Africa's unity projects, identity and development trajectories."*

Her argument is framed as a balance sheet of the "Year for Africa" proclaimed by British Prime Minister Tony Blair in 2005.

African Renaissance *can be found at:* http://www.adonisandabbey.com/edition_detail.php?edition_id=14

The Year for Africa has drawn to a close. It has been a year in which unprecedented attention has been paid to the continent in the world's media. An alliance of charities launched a campaign under the slogan Make Poverty History. British Prime Minister Tony Blair's Africa Commission published a report on economic development. Bob Geldof staged Live 8 concerts to coincide with the G8 meeting at Gleneagles. The United Nations reported on the progress towards the Millennium Development Goals. At the end of the year the campaigning charities got into gear again for the World Trade Organisation meeting in Hong Kong. As the New Year begins and Africa enters its lean season, it is time to assess the results of the last year and the prospects for the future of this ever more deeply impoverished continent.

Geldof's assessment of the achievements of the year in the *Guardian* was self-congratulatory. He wrote, "It seems that at last the original proposition I articulated 20 years ago, that to die of want in a world of surplus was not only intellectually absurd but morally repulsive, has been utterly agreed by a towering majority, and reluctantly accepted by the leaders of the rich world. That ultimately is what happened this year."

How far has that proposition really been accepted by the world's political leaders? Their performance in Hong Kong confirms that it has not been accepted at all. The World Trade Organisation (WTO) meeting produced no benefits for the world's poor and posed Africa with new economic dangers.

Europe and the United States agreed to remove their agricultural subsidies at a future date. Even Geldof had to admit this was "thin gruel." But it is somewhat worse than that. Both these powerful trade blocs are already legally bound to remove their agricultural subsidies under WTO agreements. Neither has yet made any appreciable movement towards doing so. The promise to cut subsidies placed a perfunctory fig leaf over a piece of brutal business that saw the African countries agreeing to open their markets while receiving nothing in return.

Peter Hardstaff of the World Development Movement complained, "The EC [European Commission] has arrived at the pre-Christmas party with nothing new and demanded everyone else gives it a big present. They are behaving like Santa in reverse."

Jeremy Hobbs of Oxfam said, "The EU and the US failed to deliver on their much-lauded development promises and there are worrying signs they are reverting to their traditional 'might is right' negotiations."

The Make Poverty History campaign called on "Europe's trade commissioner Peter Mandelson [to] remove the white band he wore in Hong Kong."

The white wrist bands had been required wearing among Labourites throughout last summer as the Live 8 campaign built.

There was never any possibility that Hong Kong would produce a deal that benefited Africa. But the development charities are firmly wedded by ideological and financial ties to the agenda of the world's most powerful governments. They cannot give up the hope that the US and Europe will accede to pressure and begin to carry out their promises. They continue to look for every minor sign of a moral reawakening, even when their efforts are humiliatingly rebuffed again and again.

The idea that poor countries can trade their way out of poverty has become a key tenet of the aid industry. It is based on the fallacy that international regulations can make a fundamentally inequitable economic system, which favours the rich and powerful, fair to the weak and powerless. The WTO is not an organisation in which all participate as equals. It is a forum in which great powers attempt to renegotiate the division of the world without, at present, resorting to arms. Poor countries, like those of Africa, may be given a seat at the table, but they are not so much participants as the prize.

Nowhere is this more evident than in the most apparently altruistic action of the leading industrialised countries—debt relief. At the UN World Summit in September last year the US agreed to the proposal of UK chancellor Gordon Brown that 18 countries should be granted debt relief. The headline figure was $55 billion. That sum sounds impressive, but the rising price of oil alone will cancel out any benefit for most African countries.

Nigeria did not qualify for debt relief under Brown's International Monetary Fund scheme despite the fact that half its population live on less than a dollar a day. Its income from oil means that it cannot be classified as a Heavily Indebted Poor Country (HIPC). But it secured a separate deal. Under this deal Nigeria has to pay £7.2 billion ($12.4 billion) immediately. The biggest slice of this money—£4.5 billion—will go to the UK. In return Britain will cancel £5 billion of Nigeria's debt.

Even this rather limited act of generosity vanishes like a mirage when we consider that Nigeria has already paid $18 billion on an original $17 billion debt. Its creditors, who are among the richest countries in the world, are claiming $30 billion in interest and penalties.

The original debt was incurred under the succession of military dictatorship that the West kept in power during the Cold War. Nigeria's population did not benefit from this money. What was not spent on arms was siphoned off into the bank accounts of corrupt Sandhurst-educated generals.

For the poorer countries that qualify for debt-relief under the HIPC scheme, the cost has been high. All of them have had to meet stringent conditions that commit them to privatising significant parts of their economies, cutting public spending, sacking public sector workers, imposing wage freezes, removing subsidies and opening their markets to imports.

Zambia has just won debt relief after implementing such a programme under which its economy shrank by 1.7 percent a year. The Zambian textile industry used to produce 3.5 thousand tons of clothing a year. Since the market was opened up to imports under the IMF measures it has collapsed and produces only 500 tons. Agriculture has regressed because small farmers can no longer afford seeds or fertilizer. Hunger is on the increase in what was one of the more developed countries in sub-Saharan Africa.

In Malawi, 6 million people, about half the population, are in urgent need of food aid. The government has declared a state of national disaster. Feeding programmes are cutting the amount of food they give to children as the crisis outstrips their resources.

The famine is not a natural phenomenon. It follows the introduction of an IMF Structural Adjustment Plan that obliged the government to dismantle the state-run farm agency which used to provide seeds and fertilizers and pay guaranteed prices for crops. The IMF even forced the government to sell off the state food reserve that was intended to tide the population over periods of hardship.

Malawi is a fertile country with rivers and lakes but only 1 percent of it is irrigated. Most of the irrigated land is in the hands of commercial farmers like the sugar plantation in the Shire Valley. It has water to spare for gardens and a golf course, while the small farmers that live nearby carry water to their crops by hand.

A recent study by the UK government’s Department for International Development (DFID) reported favourably on the situation in Malawi and praised the government for stabilising its debt by “strict expenditure control and fiscal discipline.” While children forage for food in the bush, the UK government praises the government of Malawi for keeping within its budget.

Aid is increasingly being directed not at the relief of poverty, but at infrastructural projects that will benefit investors. This was one of the conclusions of the Africa Commission Report that was published last year. The commission’s report called for infrastructural spending to be increased to $20 billion a year. Projects such as the flower and vegetable farms that the Africa Commission praised need road access to airports if they are to supply the supermarkets of Europe.

Blair told business leaders gathered in London for a summit on Africa last summer that “the private sector is the engine for growth in Africa.” He called on African governments to work with business. The conference was sponsored by Business Action for Africa, an alliance of companies including Marathon Oil and BAT Industries. According to Blair this organisation “is already fostering the vigorous private sector engagement needed to create wealth, jobs and the momentum for growth.”

Foreign direct investment in Africa is currently $18 billion a year. That amounts to only 3 percent of the world total. On a per capita basis it is about $20 for every person in Africa compared to the $46 per person that is invested every year in China.

Most of the $18 billion is invested in natural resources. Oil accounts for 60 percent of foreign investment. Rising oil prices have encouraged investment in Sudan, Equatorial Guinea, Angola and Nigeria, which are the top destinations for inward investment in Africa. Sudan alone accounts for 29 percent of investment. Its oil industry is developing rapidly as the civil war in the south of the country comes to an end.

Other areas of investment are assuming greater importance as, under pressure from the IMF, state owned utilities are being privatised all over Africa. Water is becoming an attractive area for investment because everyone, even in the poorest country, needs access to water. The telephone, although still a luxury, is becoming increasingly vital as migration separates families.

South African companies are actively expanding into the rest of Africa and they are offering a platform for international investors to acquire a stake in the continent. Barclays bank recently bought 60 percent of the South African bank ABSA. In this way international finance capital is laying the basis for future mergers and acquisitions. Investment is still at a low level by world standards, but Africa is being prepared as the next scene of expansion for global capital.

The process that is being set in motion is a new wave of colonialisation, in which imperialist powers do not necessarily exercise direct political rule over African countries but operate through private companies and international financial institutions. Africa’s vast natural resources, its cheap labour supply and even the market offered by the subsistence needs of impoverished people are seen as potential sources of profit.

For all the talk about development and the smiling faces that adorn the Africa Commission report, the real drive behind this investment is the profit to be made by exploiting Africa’s people and resources.

Nowhere is the attitude of governments and corporations towards working people made clearer than in their indifference to the spread of HIV/AIDS. In the six southern African countries the level of infection stands at 20 percent of the population, which amounts to 9 million people, according to the latest estimates. Only 208,000 sufferers are getting the anti-retroviral drugs that could prolong their lives. [1]

Last year 2.3 million people died of AIDS related diseases in sub-Saharan Africa as a whole. In the advanced industrial countries the death rate has fallen as anti-retrovirals have been brought into use. But in Africa no systematic attempt has been made to introduce treatment programmes, even though the drugs can now be made relatively cheaply.

The responsibility for this criminal neglect lies with Western governments that are more concerned to protect the patent rights of pharmaceutical companies than with saving lives and with African governments that deny there is a problem. In South Africa, where a sophisticated health system would make a large-scale treatment programme a real possibility, the government has consistently refused to make anti-retrovirals available. Half of those receiving anti-AIDS drugs in South Africa have to buy them privately.

It is the poor who are suffering the most. Such is the impact of AIDS that some commentators are using the term “new variant famine” to describe the combined effect of drought, cuts in government subsidies and AIDS on the rural population. In many parts of Africa farmers are too sick to work the land, the young have died leaving only the old to provide food, or orphaned children must do the best they can for themselves and their younger siblings.

According to the World Food Programme in large parts of Southern Africa, West Africa and East Africa more than 35 percent of the population is suffering from malnutrition. The only countries with comparable levels outside Africa are Afghanistan and Yemen. In East Africa, Somalia, Ethiopia, Eritrea, Tanzania, Rwanda and Burundi are all up to 35 percent, while Kenya and Sudan are hardly better at 20-34 percent. In West Africa, Sierra Leone and Liberia have 35 percent malnutrition. In Niger, Senegal, Gambia, Guinea and Togo 20-34 percent of the population go hungry. The Central African Republic, the Republic of Congo and the Democratic Republic of Congo all have high levels of undernourishment. Almost every country in southern Africa is suffering. Madagascar, Mozambique, Botswana, Zimbabwe and Angola are among the worst hit. But Malawi and Namibia are not far behind. In Southern Africa as a whole 41 percent of the population is going hungry. [2]

The results of the AIDS pandemic and the expanding famine provide a more accurate picture of the implications of this new phase of imperialist plunder than the glossy literature produced by the Africa Commission. Inward investment and infrastructural projects are about profit, not people.

For the most part the Non-Governmental Agencies that handle much of the aid for Africa and lobby on Africa’s behalf have signed up to this agenda of investment and free-market economics. They argue that Africa can trade its way out of poverty if only the West opens its markets. The reality is that the free market is never fair to the poor. The illusion of equity in the transactions that take place is just that—an illusion.

African governments have no independent perspective. They are busy changing their legal systems to create a business-friendly environment and offering tax breaks to investors. The wealthy elites who make up the governing class can see which way the wind is blowing. They know that the only way they can hang on to their privileges is to make themselves useful to global capital.

No one looking at Africa in 2006 can now seriously doubt that the continent continued to be dominated by its former colonial masters after independence. The national movements that came to power throughout Africa from 1960 onwards failed to break the grip of London, Washington and Paris. The condition of Africa today is a testimony to their failure.

Africa is not an inherently poor continent. It is rich in resources and millions of dollars are milked from it in the form of loan repayments and profits every year. Those resources should be used for the benefit of the mass of the population. The Nigerian government could pay $12.4 billion to its creditors out of oil profits. That amount of money spent on providing assistance for small farmers, free health care or education would have benefited many millions of people rather than the shareholders of a few banks. Profits should be taken out of the hands of the transnational companies and the continent's vast resources and productive capacities placed under the democratic ownership and control of working people.

Notes:

1. www.csa.za.org/filemanager/fileview/101/
2. www.wfp.org/country_brief/hunger_map/map/hungermap_popup/map_popup.html