

AFRICA IN THE DEBT CRISIS

U.S. Ignores Continent's Heavy Debt Burden

U.S. authorities are doing very little about the Third World debt crisis. Reason? Some believe that in contrast to 1982, the crisis is over today; that because key commercial banks increased their loan loss reserves recently and because U.S. Treasury Secretary Jim Baker keeps recommending more debt in return for telling Third World nations how to run their political economies, U.S. and Western economies are no longer threatened.

Is The Crisis Over?

That the debt problem is not over is quite clear. First, debt has resulted in worsened economic performance and deterioration in already dismal living standards all over Africa, the Philippines, the Caribbean, and Latin America. Second, the threat to the U.S. economy has not evaporated; it has only become less visible, yet more intractable: The twin U.S. economic problems—budget and trade deficits—are unlikely to be eliminated so long as these Third World areas (which contain some 1 billion souls as well as real estate that is considered vital to U.S. interests) are in economic turmoil. If left unsolved, the debt problem will lead to economic dislocation, social unravelling and political instability in the Third World. This, eventually, will demand and receive precious U.S. attention and resources. It is a classic case of paying a little now or a lot more later.

How Did This Happen?

Two things stand out about the minimal official American attention to the Third World debt. First is the refusal to discuss causality. Few American opinion makers seem interested in why and how the debt crisis

arose. Nor does anyone question whether lasting solutions can be found if the causes are not understood.

Africa Is Being Ignored

The second defect is the ignoring of Africa in debt discussions. This has shown up in many ways. For example, in the recognition that a problem existed: the U.S. paid attention only in mid-1982 when Mexico warned it might fail to pay installments due months later. Interestingly, Africa had complained for at least ten years before this, starting with Ghana's temporary refusal to pay in 1974 and continuing with debt rescheduling in 1980 by Zaire, Sierra Leone, Liberia and Togo.

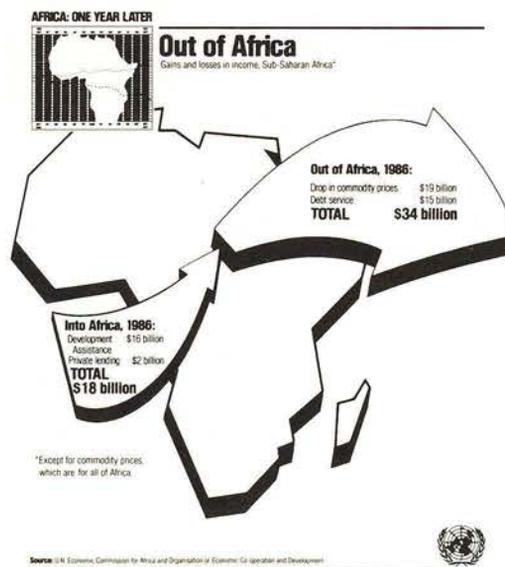
Ignoring Africa also shows up in the very naming of the problem: U.S. opinion leaders continuously call it the "Latin debt problem." It also shows up in the solutions suggested in the U.S.: Invariably these are disproportionately targeted at the giant Latin four—Mexico, Venezuela, Brazil and Argentina.

How Heavily Is Africa Indebted?

In reality, the debt problem is most acute in Africa. This is made particularly clear when one contrasts Africa's profound need for external funds for development (indicated by the low per capita

GNP) with the huge bite that debt repayment takes out of Africa's meager and declining earnings of hard currency.

Why does Washington ignore Africa's crushing debt burden? Some observers assert this is usual: on almost any issue African concerns get little attention in Washington—despite the presence of some 30 million African Americans. Additionally, other analysts believe



South Africa: ***RUNNING SCARED***

The Pretoria government's policies of censorship, detention of political prisoners and international terrorism have forced policymakers around the world to more seriously consider intensified economic sanctions. Inside South Africa the administration continues its practice of repression of the black majority. Simultaneously, it has resorted to increasingly flagrant acts of violence and political intimidation in foreign countries, including sponsoring assassination attempts and threatening to cut-off strategic minerals if additional sanctions are imposed. The white minority South African government is desperately trying to maintain its stranglehold on the country.

The Power of Silence

Press restrictions, bannings, and political detentions have created a veil of silence intended to curtail anti-apartheid activity both within South Africa and abroad. For example, in late February Pretoria announced a "crackdown" on major anti-apartheid organizations, severely restricting their ability to organize or to share political information.

Among the 17 banned groups were: the United Democratic Front (UDF), a coalition of over 700 activist groups; the Detainees' Parents Support Committee, which advocates an end to torture and the release of the thousands in political detention; and the Coalition of South African Trade Unions (COSATU) a leader in the struggle for economic justice for black workers. Even peaceful activity is considered threatening by a government fearful of the increasingly widespread appeals for basic human rights for black South Africans.

Those it cannot silence, Pretoria subjects to detention, torture, or unjust political trials. In recent months Amnesty International has raised



Courtesy Washington Office on Africa

concerns about many black South African political prisoners. Many people, including young children, have been beaten, detained without charge or fair trial, and tortured. International human rights groups have requested that letters or telegrams be sent urging the release of political prisoners.

External Violence

In addition to the atmosphere of fear created inside the country, South Africa wages a multi-faceted campaign of external violence. In its regional policy, it continues to use its own forces, and to support surrogate groups for the purpose of destabilizing black-led governments.

Pretoria's fear of freedom has also led to a resurgence of violent attacks on political leaders—especially exiled members of the African National Congress. On March 29, ANC representative Dulcie September was shot to death in Paris. A day earlier, South African commandos had gunned down Solomon Molefe, an ANC member, in Botswana. They also murdered three women with no connection to the ANC. On April 7, ANC member Albie Sachs, a lawyer, was maimed by a car bomb in Mozambique.

The South African government acknowledged the killing of Molefe as its own "surgeon's incision against the ANC" but has officially denied responsibility for the attacks on September and Sachs. Still, a variety of international observers have condemned the attacks as Pretoria-sponsored.

Windowdressing

Observers argue that the well-funded campaigns intended to create an image of South African progress toward reform are mere propaganda. They point to Pretoria's recent actions as evidence of its opposition to true reform. These observers believe that only concerted action—including comprehensive global sanctions—will force the government to share power among all of South Africa's people. □

CONGRESSIONAL ACTION

H.R. 1580, which would severely restrict U.S. investment in imports from and exports to South Africa, has been approved by the House Foreign Affairs Committee. An identical bill has been introduced in the Senate by Senators Kennedy, Weicker, and Simon. □

AIDING AFRICA'S DEVELOPMENT

Development—"nation-building"—is an expensive proposition. For African countries, aid—the charity and good will of rich nations—is now a particularly important way of acquiring foreign currency which is needed to purchase machinery, expertise, and other inputs required for development.

Africa Needs Aid Badly

More than any other part of the globe, Africa has an acute need for aid. The continent is by far the poorest, with per capita income below \$400 in most countries. Moreover, this dismal situation has been worsening: For example, per capita income in Nigeria—Africa's most populous nation—fell from \$800 in 1984 to \$375 in 1988. Early in 1988, the UN's special Advisory Group judged that merely to keep this decline from accelerating, Africa needed additional aid of \$15 billion over 3 years beyond what it had been promised. A knowledgeable observer—Canada's Ambassador to the UN, Stephen Lewis—has called the \$15 billion 3-year figure "a massive underestimate of Africa's need."

Three Flaws In American Aid To Africa

The U.S. gives aid to Africa from which both parties benefit. However, American aid to Africa is flawed in at least 3 ways:

- Africa receives a miniscule—and thanks to Gramm-Rudman, diminishing—slice of the U.S. aid pie. While each Israeli for instance received more than \$750 in 1987, each sub-Saharan African received 96 cents.
- Of the negligible American aid that Africa receives, too large a share is devoted to arms and weaponry.
- In selecting which African country will receive American aid, wrong criteria are used: Too much emphasis is placed on ideology. Conversely, too little is placed on need for aid, ability to use aid well, and the human rights record of the recipient regime.

How are these and other flaws to be corrected? In particular, how do we ensure that each African gets an equitable share of American aid? What are the special roles of the U.S. Congress? of Black America? Clearly, these issues will have to be tackled and resolved if the U.S. is to play its full role in Africa's development. □

Africa's Debt cont. from page 1

that Africa's debt, because it is smaller than Latin America's, is judged too unimportant to warrant Washington's time.

As of early 1988, the Third World owed an estimated \$1.2 trillion. By some estimates, sub-Saharan Africa owed about \$200 billion while Latin America owed about \$600 billion. This Third World external debt may be divided into three groups on the basis of to whom the money is owed: bilateral debt (owed to donor governments); multilateral debt (owed largely to the IMF and the World Bank); and commercial debt (owed to such international banks as Citicorp). As of mid-1987, 34 sub-Saharan African countries owed the U.S. government 4.4 billion dollars.

Solutions Targeted At Africa

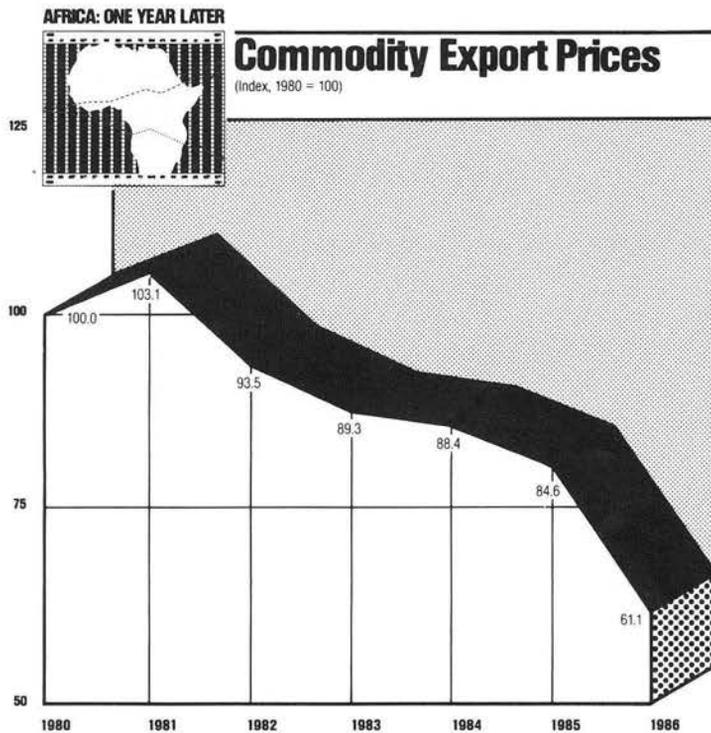
Despite the official U.S. nonchalance, various entities have suggested a great many proposals for solving the debt problem. The *Christian Science Monitor* for example has identified some 70 proposals!

For Africa, three debt proposals appear to be particularly promising: 1) Debt forgiveness—Canada, the UK, the Scandinavian countries, the FDR, and France have all written off portions of debt owed by African countries. 2) The UN solution—which calls for an additional flow of \$5 billion per year into Africa (in the form of aid and concessional debt). 3) The African Development Bank experiment—which involves a mix of rescheduling and securitization, and which reportedly will be tried by Madagascar.

Not surprisingly, U.S. efforts toward special debt help for Africa has been reluctant and begrudging. It took unprecedented—and even public—pressure at the 1988 Toronto economic summit for the Reagan administration to agree in principle that the poorest African countries could be offered debt relief.

What Next?

Typically, an African country has 4 ways of increasing the flow of hard currency into its economy: trade, debt, foreign investment, and/or aid. Consequently these are the 4 options available to an African debtor nation to acquire the external capital needed to retire its debts. It is highly significant that every single one of the debt solutions advocated so far conspicuously avoids looking at trade revenue as a solution. In dealing with Africa's serious debt burden, this and the other omissions will have to be corrected if meaningful progress is to be made. □



HAITI UNDER MANIGAT: AN INTERVIEW

In the following interview, Raymond Joseph, publisher of the New York-based Haiti Observateur, assesses the situation in Haiti since the February 7 installation of Leslie Manigat as Haiti's President.

What is the general atmosphere in Haiti since the January 17 elections?

JOSEPH: The situation has deteriorated . . . Every morning you find a new corpse riddled with bullets and nobody knows, nobody explains. The people don't want to be killed by the Armed Forces so there are no demonstrations. When the president's limousine goes by, people turn their backs. They don't care. That's the feeling you get.

Some analysts call for immediate U.S. sanctions against the CNG election coup while others support a "wait and see" attitude. Where do the majority of Haitians stand?

JOSEPH: It's not the Haitian people who are hurt by sanctions. The people who are really hurting are the businessmen who would benefit from trade preference programs such as CBI. That's why for the first time, these businessmen are sending lobbyists from Haiti to pressure Congress not to pass any laws that would further cripple their businesses. And they have never really cared about the Haitian people.



Are U.S. legislators moving in the right direction with H.R. 4152/S. 2170?

JOSEPH: Yes. I think that they are moving in the right direction. However, I am not in agreement with the Reagan administration which thinks that we should do "business as usual" in Haiti.

What is needed most in Haiti at this time?

JOSEPH: What's needed most is a high level international conference to begin hammering out a real "contract" on how Haiti is going to be developed over the next few years. I would include everybody—the opposition, the so called government, the donor countries, even the military—at the table and say, Here is what we have; what are your proposals? Let's negotiate. □

CONGRESSIONAL ACTION

Congressman Fascell (D-FL) and Senator Graham (D-FL) introduced H.R. 4152 and S. 2170 in the House and Senate which would impose punitive measures against the Manigat regime until "significant progress toward establishment of a democratic government and the rule of law" has been made. □

—STOP PRESS— MANIGAT OVERTHROWN IN COUP!

On Monday June 20, Gen. Henri Namphy ousted Leslie Manigat and proclaimed himself Haiti's president. Only days earlier, President Manigat had dismissed Gen. Namphy as armed forces head and placed him under house arrest. Circumstances surrounding the coup are rather murky. TransAfrica Forum is monitoring the situation and will cover any significant developments that emerge. □

Vol. 7, No. 2

SUMMER 1988

TransAfrica Forum Issue Brief®
545 Eighth Street S.E., Suite 200
Washington, D.C. 20003

Niikwao Akuetteh Research Fellow
Hope Lewis Research Fellow
Mwiza Munthali Librarian
Maryse-Noelle Mills Production Assistant
Kelly Brown Administrative Assistant
Randall Robinson Executive Director
ISSN 0730-88X

TRANSAFRICA FORUM

545 Eighth Street, S.E.
Suite 200
Washington, D.C. 20003

TransAfrica Forum
Non-Profit
Organization
U.S. Postage
PAID

TRANSAFRICA FORUM

A Quarterly Journal of Opinion on Africa and the Caribbean

TRANSAFRICA FORUM is a quarterly journal of opinion on matters pertaining to Africa and the Caribbean. The journal presents an independent review of differing perspectives on political, economic and cultural issues affecting black communities globally. The intent of the journal is to provide an expanded analytical framework which can be useful to a broad audience with a continuing commitment to African and Caribbean advancement.

"TransAfrica Forum's ISSUE BRIEFS and TRANSAFRICA FORUM JOURNAL are among the best informative and insightful writings on African and Caribbean affairs available to readers today."

Andrew Young
Mayor, Atlanta, Georgia

"TransAfrica Forum's ISSUE BRIEF provides the black nation with the most pertinent, concise, and substantive information on development in Africa and the Caribbean."

Walter E. Fauntroy
Member of Congress,
District of Columbia

"TRANSAFRICA FORUM is an invaluable resource for those in the foreign policy arena. Its consistently balanced and insightful analyses earn it my highest commendation."

William Gray
Member of Congress,
Pennsylvania

Please enter my subscription for: **TRANSAFRICA FORUM**

NAME _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

Organizational Affiliation _____

Mail Check & Subscription Form To: Transaction Periodicals Consortium
Dept. #9001
Rutgers University
New Brunswick, N.J. 08903

*Subscription includes 4 Journals and 4 Issue Briefs.

Individual

- 1 Year—\$20.00
- 2 Years— 35.00
- 3 Years— 50.00

Institutions

- 1 Year—\$35.00
- 2 Years— 65.00
- 3 Years— 95.00

Add overseas postage of:
\$ 8.00 annually for surface
\$30.00 annually for airmail