

The Poor need Greater Control of Own Destiny

By Douglas Ngwenya

When the North abandoned all forms of barbaric colonialism which revolved around the revolver and looting of resources, their quest to maintain resource flows from the South to the North did not end. A more humane way of ensuring a continuous inflow of resources to the colonial masters had to be found and adopted rather urgently.

The current paradigm which is characterised by skewed trade in favour of the North is not accidental. It is as a result of deliberate effort and unwavering determination and diligence by the North to continue siphoning resources from the South. It is a reflection of a cunning and calculative mind which unleashed a more elusive way of colonialism – neo-liberalism. The adoption of Northern neo-liberal policies by the South has been instrumental in sustaining poverty and suffering of the poor.

Nearly 70% of African countries rely on agriculture for export earnings, and yet they face continually declining commodity prices, and continue to compete with subsidised imports from Europe and America. The so-called inherently good principles of free trade are amiss in the conduct of the North in its dealings in agriculture. Subsidies distort free trade, and curtail free competition, the basis of neo-liberalism. The North therefore is reluctant to compete freely where the South has an upper hand. There has to be consistency in ideology if liberalism is to earn its credibility, no wonder the ideology has received heavy criticism.

“They don’t understand economics. They believe in free trade. Now free trade does not work. The essence of production and economy is physical, not monetary. And therefore you must have monetary systems which respect the physical realities of production and consumption, not the simply money as such,” said Lyndon LaRouche in a television interview filmed on 2 April 2004 in Leesburg, Virginia.

The fact that Africa has a comparative advantage in agriculture is indisputable. And the fact that the North did not develop through liberalism is common knowledge. The question, therefore, is why prescribe and impose an ideology that has never worked anywhere in the world to the South? Africa has religiously and slavishly followed prescriptions of former colonial masters to her demise. According to LaRouche, by implementing IMF policy, “you destroy the capital investment...you also destroy the essential infrastructure of society: water systems, power generation, and distribution systems, mass transit systems, hospital systems, health care systems and educational systems. You destroy the physical structure upon which modern life depends.”

There is living proof of the IMF’s destructive policies. The privatisation of water in Tanzania not only resulted in expensive water, but also failed to improve the quality of service delivery. The privatisation of Dar es Salaam Water and Sewage Authority (Dawasa) was a conditionality for qualifying for debt relief under the Heavily Indebted Poor Countries (HIPC) facility administered by the Bank and the Fund. Tanzania is understood to have privatised over 350 state-owned firms out of just over 400 public institutions following recommendations by the Department for International Development (DfID). DfID imposes the privatisation of public services and engagement of private consultancy firms as a condition for accessing development aid. Ghana is also on the pipeline of water privatisation despite the dismal failure in Tanzania. In Senegal, the privatisation of water resulted in poor groups in urban areas paying at least three times more for water than their richer counterparts. Also in Senegal, the privatisation of the country’s groundnut

sector, according to the IMF prescription, had a ripple effect on the transport company, SONAGRAINES, which rendered more than 400 people jobless on dissolution.

Unfair trade is part of the reason for Africa's debt that has been rising exponentially to a whopping US\$330 billion. The opening up of African markets to transnational corporations has been disastrous. This has seen indigenous businesses being outwitted home and away – both in domestic markets and in highly structured foreign markets. If Africa is incurring trade losses, then how is it expected to generate income to pay back its debts? It is clear that trade and debt are Northern ways of tightening their grip on Africa to ensure its subservience to colonial masters. The North continues to call the shots through the World Trade Organisation (WTO) and the Bretton Woods Institutions under the guise of averting poverty, yet it is pushing for global capitalism, thereby driving the poor into further debt.

It is important to appreciate the context, nature and characteristics of the Bretton Woods Institutions and the WTO – the main drivers of neo-liberalism. Of late, there has been an increasing role of developing nations in the world economy as compared to the early years when these institutions were formed. However, it is sad to note that these institutions have not evolved to reflect the incorporation of the Third World into the global economy. Instead, the Bretton Woods institutions have been steadily drifting away from their cause that was mandated to them about sixty years ago. Slowly, they have been transforming into agents of globalisation and not development. It is against this background that the Inter-government Group of 24 (G24) nations recently questioned the relevancy, legitimacy and credibility of the Bretton Woods Institutions citing under representation of poorer nations.

“Were I President, today – I would put the IMF into bankruptcy with the cooperation of a number of governments in the world. It (IMF) is a creature, whose authority and existence depends upon the consent and support of governments,” said LaRouche dismissing the relevancy of IMF.

Poor nations want to take a more proactive role in shaping the lending processes and development programmes by having sheer representation in the institutions. However, the current representation and voting system, which is determined by a country's financial contribution to the Fund – known as a quota, clearly sidelines African nations. The current framework for representation is clearly pro-donor nations. Debtors' concerns are neither important nor necessary under the current paradigm. The US and European nations policies have dominated the global economy, to the detriment of poorer nations because of the skewed voting system. Since the World Bank's creation, all presidents have been Americans in recognition of the US significant contribution to the institution, and naturally, American policies have been adopted over the years. This explains why it is so difficult to separate America from globalisation.

As a way forward, it is important to set rules to regulate the powerful forces of globalisation so that there is equity in the expansion of markets between the North and the South. The Bretton Woods Institutions have to acknowledge that the lives of ordinary people in the South have not been improved despite the continued contraction of loans. Whether the reasons for failed development programmes are inherent in the South itself, or can be traced back to the North, that does not matter. What matters is that recipient countries continue to wallow in poverty, and therefore, all of Africa's debts should be unconditionally cancelled.

After all, according to LaRouche, “they (IMF) tend not to lend to governments that are not corrupt. Therefore the selection of leaders is based on the estimate of their susceptibility to corruption. And therefore, once they think they've got ‘their boy’ or ‘their dog’ in the government, they say, ‘nice doggie,’ and they give it a bone.”

There is need to consciously promote fair trade as opposed to free trade. Financial Institutions such as the Bretton Woods Institutions and the WTO need a paradigm shift from neo-liberalism, and have to be transformed to empower the South so that the poor are in greater control of their destiny. The South has to be ceded voting rights even if it consists of Debtors. There is no correlation between the amount of money one has and the ability to make the best decision in a given situation.