

A truckload of nonsense

The G8 plan to save Africa comes with conditions that make it little more than an extortion racket

An aura of sanctity is descending upon the world's most powerful men. On Saturday the finance ministers from seven of the G8 nations (Russia was not invited) promised to cancel the debts the poorest countries owe to the World Bank and the International Monetary Fund. The hand that holds the sword has been stayed by angels: angels with guitars rather than harps.

Who, apart from the leader writers of the Daily Telegraph, could deny that debt relief is a good thing? Never mind that much of this debt – money lent by the World Bank and IMF to corrupt dictators – should never have been pursued in the first place. Never mind that, in terms of looted resources, stolen labour and now the damage caused by climate change, the rich owe the poor far more than the poor owe the rich. Some of the poorest countries have been paying more for debt than for health or education. Whatever the origins of the problem, that is obscene.

You are waiting for me to say but, and I will not disappoint you. The but comes in paragraph 2 of the finance ministers' statement. To qualify for debt relief, developing countries must “tackle corruption, boost private-sector development” and eliminate “impediments to private investment, both domestic and foreign”.

These are called conditionalities. Conditionalities are the policies governments must follow before they receive aid and loans and debt relief. At first sight they look like a good idea. Corruption cripples poor nations, especially in Africa. The money which could have given everyone a reasonable standard of living has instead made a handful

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unbelievably rich. The powerful nations are justified in seeking to discourage it.

That's the theory. In truth, corruption has seldom been a barrier to foreign aid and loans: look at the money we have given, directly and through the World Bank and IMF, to Mobutu, Suharto, Marcos, Moi and every other premier-league crook. Robert Mugabe, the west's demon king, has deservedly been frozen out by the rich nations. But he has caused less suffering and is responsible for less corruption than Rwanda's Paul Kagame or Uganda's Yoweri Museveni, both of whom are repeatedly cited by the G8 countries as practitioners of "good governance". Their armies, as the UN has shown, are largely responsible for the meltdown in the eastern Democratic Republic of Congo (DRC), which has so far claimed 4 million lives, and have walked off with billions of dollars' worth of natural resources. Yet Britain, which is hosting the G8 summit, remains their main bilateral funder. It has so far refused to make their withdrawal from the DRC a conditionality for foreign aid.

The difference, of course, is that Mugabe has not confined his attacks to black people; he has also dispossessed white farmers and confiscated foreign assets. Kagame, on the other hand, has eagerly supplied us with the materials we need for our mobile phones and computers: materials that his troops have stolen from the DRC. "Corrupt" is often used by our governments and newspapers to mean regimes that won't do what they're told.

Genuine corruption, on the other hand, is tolerated and even encouraged. Twenty-five countries have so far ratified the UN convention against corruption, but none is a member of the G8. Why? Because our own corporations do very nicely out of it. In the UK companies can legally bribe the governments of Africa if they operate through our (profoundly corrupt) tax haven of Jersey. Lord Falconer, the minister responsible for sorting this out, refuses to act. When you see the list of the island's clients, many of which sit in the FTSE 100 index, you begin to understand.

The idea, swallowed by most commentators, that the conditions our governments impose help to prevent corruption is laughable. To qualify for World Bank funding, our model client Uganda was forced to privatise most of its state-owned companies before it had any means of regulating their sale. A sell-off that should have raised \$500m for the Ugandan exchequer instead raised \$2m. The rest was nicked by government officials. Unchastened, the World Bank insisted that – to qualify for the debt-relief programme the G8 has now extended – the Ugandan government sell off its water supplies, agricultural services and commercial bank, again with minimal regulation.

And here we meet the real problem with the G8's conditionalities. They do not stop at pretending to prevent corruption, but intrude into every aspect of sovereign government. When the finance ministers say "good governance" and "eliminating

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impediments to private investment”, what they mean is commercialisation, privatisation and the liberalisation of trade and capital flows. And what this means is new opportunities for western money.

Let’s stick for a moment with Uganda. In the late 80s, the IMF and World Bank forced it to impose “user fees” for basic healthcare and primary education. The purpose appears to have been to create new markets for private capital. School attendance, especially for girls, collapsed. So did health services, particularly for the rural poor. To stave off a possible revolution, Museveni reinstated free primary education in 1997 and free basic healthcare in 2001. Enrolment in primary school leapt from 2.5 million to 6 million, and the number of outpatients almost doubled. The World Bank and the IMF – which the G8 nations control – were furious. At the donors’ meeting in April 2001, the head of the bank’s delegation made it clear that, as a result of the change in policy, he now saw the health ministry as a “bad investment”.

There is an obvious conflict of interest in this relationship. The G8 governments claim they want to help poor countries develop and compete successfully. But they have a powerful commercial incentive to ensure that they compete unsuccessfully, and that our companies can grab their public services and obtain their commodities at rock-bottom prices. The conditionalities we impose on the poor nations keep them on a short leash.

That’s not the only conflict. The G8 finance ministers’ statement insists that the World Bank and IMF will monitor the indebted countries’ progress, and decide whether they are fit to be relieved of their burden. The World Bank and IMF, of course, are the agencies which have the most to lose from this redemption. They have a vested interest in ensuring that debt relief takes place as slowly as possible.

Attaching conditions like these to aid is bad enough. It amounts to saying: “We will give you a trickle of money if you give us the crown jewels.” Attaching them to debt relief is in a different moral league: “We will stop punching you in the face if you give us the crown jewels.” The G8’s plan for saving Africa is little better than an extortion racket.

Do you still believe our newly sanctified leaders have earned their haloes? If so, you have swallowed a truckload of nonsense. Yes, they should cancel the debt. But they should cancel it unconditionally.