Famine in Malawi: who is responsible?

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Famine is stalking Africa. Fourteen million people face starvation if food does not reach them within the next few months.

In Zambia, more than two million people need emergency food aid. A combination of crop destruction by white farmers and President Mugabe?s political terror have left five million people in Zimbabwe desperately needing food. The people of Ethiopia are in the midst of a famine far greater than the one in the mid-1980s that led Bob Geldof to launch Live Aid.

One thing that unites most observers and commentators is that this disaster isn?t caused by bad weather. With the right preparations a country should emerge from a period of poor harvests relatively unscathed.

The spokespeople of the World Bank and IMF put the blame solely onto African governments. Addressing a House of Commons select committee in July, Horst Kohler, managing director of the IMF, called for more trade liberalisation and blamed African countries for failing to open up their countries to each other. Apart from side-stepping the $350 billion a year agriculture subsidies to Europe, the USA and Japan, which prevent African farmers selling their food on the world market Koehler ignored the role of the IMF and World Bank in destroying the African countries? ability to deal with famine through the vicious austerity programmes they impose in return for loans.

One such country is Malawi where seven million people are facing starvation.
In 1991-2, Malawi faced a far worse crop failure and survived it without facing a national disaster. Why? In the early 1990s, maize reserves (the staple crop) were held throughout the country by the state-owned Agricultural Development and Marketing Corporation (Admarc). It was able to sell grain at an affordable price and so avert the worst effects of the drought.

But since 1996, the IMF and World Bank have put pressure on Malawi to privatise industry, deregulate prices and end subsidies for small farmers and the poor. On IMF orders, government provision of crop seed, fertiliser and light machinery was also ended or charged for at 50 per cent interest. All this took place under yet another ?reform programme? of the IMF, which damaged Malawi?s chances of escaping the drought and lost the government million of dollars because of failed privatisation schemes.
Yet worse was to come. In 1999, the IMF and EU pressurised the Malawi government into setting up the National Food Reserve Agency (NFRA), an independent body that replaced Admarc. NFRA then had to buy the 167,000 metric tonnes (MT) of maize reserve from Admarc. But in order for its friends to benefit, the IMF ensured that NFRA borrowed the money from a South African bank at 56 per cent interest! This is the sort of interest rate normally reserved for loan sharks on an inner-city estate.

Worse was to come. The crops were already beginning to fail when the IMF told the government to sell 100,000 MT of grain reserve in order to meet its debt repayments incurred in setting up NFRA. The grain was to be sold outside of the country - to prevent the price of grain falling in Malawi even though there was an impending food crisis in the country.

Corruption saw some grain reach hoarders in the country, who kept onto it until the price rose high enough. Because of corruption, profiteering and accident, the government actually sold 130,000 MT of NFRA?s stock. By early 2002 when it was clear to everyone that a famine was occurring and the government had already declared a state of emergency, there was only 37,000 MT of maize in reserve - nowhere near enough to feed the population.

The IMF?s response was to blame the World Bank for the grain sale. Horst Koehler told the House of Commons: ?That advice [the sell-off] was given by the World Bank and EU and I would argue that you should ask the World Bank and EU what they did.? He even went on to say that he had written to the Malawian President and told him that it was all the World Bank and EU?s fault not the IMF. But, an IMF paper on Malawi was produced in the House of Commons proving it was Koehler?s employer that ordered the sale. Dunstan Wei, World Bank director for Malawi, claimed that it didn?t matter anyway because a lot of the grain was ?rotten". Which raises the question of why international trade organisations are ordering the sale of sub-standard products?

The government has now been buying grain from outside of Malawi at higher prices. And as any AS-level economics student knows when demand outstrips supply the price rises. The maize price had risen by 400 per cent by early 2002 (a rise three times larger than in other periods of drought when there has been a grain reserve) while production has fallen by 40 per cent. This basic economic fact has though been lost on the great minds of the IMF and World Bank.

But this capitalist-imposed calamity does not end with destroying the grain reserve. Malawi has unfortunately been the recipient of several loans by donor countries and the IMF, which has recently loaned $37 million for food. And along with loans come debt repayments.
Currently, Malawi pays $70 million a year in debt repayments or 29 per cent of government spending - a figure higher than its agriculture, education and health budgets put together. And in the midst of famine, instead of trying to avert a humanitarian disaster, the major donors all talk tough about repaying debts or about the corruption, which they fostered in the first place. George Finlayson, the British High Commissioner to Malawi, stated: ?We are not going to do anything until you tell us where the grain reserve has gone.? Ask the IMF George - it was their idea. The UK, EU and US have all suspended aid programmes. The IMF also delayed giving Malawi $47 million because it had overspent its budget by 2 per cent of GDP. The country was also suspended from interim debt relief that added another $4 million to its annual repayments.

In total Malawi?s debt stands at $2.5 billion of which 72.5 per cent is owed to the International Development Association - part of the World Bank.

Malawi is typical of many African countries. Its people are poor and about 20 per cent are infected with HIV/Aids. This hits agriculture especially hard as women, who in Malawi are 87 per cent of the rural workforce, are ignored and offered little help. Health services are patchy if they reach into the countryside at all. Malnutrition through disease and famine is rife.

The country is also enslaved to global capitalism. Institutions like the IMF and World Bank ruin its economy and agriculture, destroy its ability to feed its population and then offer more loans and add on more charges. In effect the financial institutions of world capitalism are global gangsters: offering loans that they know can?t be repaid, bleeding countries dry, starving nations into submission and finally killing hundreds of thousands of people.

For Malawi, and other African countries, a revolution of the oppressed workers and peasants is the only way to renounce the debt, put the big farms in the hands of the poor peasants and agricultural workers and break with the capitalist system. It is the only way to end the cycle of misery and death meted out by the global gangsters.

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