INSTITUTE FOR AFRICAN ALTERNATIVES

MUGGING THE POOR: THE BRETTON WOODS INSTITUTIONS AND THE PURSUIT OF AFRICAN DEVELOPMENT

An IFAA contribution to the 50th anniversary of the Bretton Woods Institutions

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March 1994

Price: £5.00

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INTRODUCTION

In considering the recent African development debacle, this report focuses on the external factors which the author believes are the primary causes of this problem. Although it is recognised that internal factors - such as corruption and political and economic mismanagement - played an important precipitatory function in this crisis, it is argued that the subordination of Africa to serve northern interests is the most crucial factor in African underdevelopment. The continuation of this phenomenon still prevents the likelihood of genuine African transformation and is guaranteed through a host of policies imposed and spearheaded by a number of international organisations, currently led by the World Bank and the IMF. The paper concludes by calling on African leaders to move towards the complete decolonisation of Africa, and for the implementation of their own development strategies, which have been consistently rejected by the outside world. Only in this way can Africa hope for a true transformation which will benefit its own people.

THE PAST

Over the last five hundred years, Africa's relationship with the West could not have been more detrimental. Four hundred years of slavery robbed Africa of approximately seventy million of its people, and in a manner which was highly selective: it included the most able bodied and thus the most productive members of the continent's work-force, not to mention the loss of leadership. The destruction and dislocation of cultures brought about by slavery is beyond description. The legacy of slavery has implanted a deep sense of bitterness among Africans, which is extremely hard to part with (see Rodney 1972).

Slavery in Africa was followed by one hundred years of colonialism. This period was marked by the institutionalised subjugation of African countries to serve the interests of their colonising empires. It entailed economic, political and cultural restructuring, effected through a combination of legislation, ideological dissemination, military force and the flagrant destruction of indigenous industries and cultures. Again the psychological impact of colonialism in Africa is overwhelming.

The structural economic changes instituted in colonial Africa bled the continent of wealth. African economies were restructured to serve their metropolitan centres, and the monocultural production of commodities such as cocoa, cotton, copper and jute as well as other raw materials, came to form the backbone of the continent's economies. The external orientation and subsequent subordination of African economies in the postwar international system, effected in part through the international division of labour and the Recardian model of comparative advantage, continue to inform modern economic thinking in the West. According to this model, countries are to concentrate on the production of those commodities in which they have a comparative advantage. Despite the historical falsification of this model, it remains imposed on Africa, and the continent has been confined to concentrate on the production of raw materials while the West has specialised in manufactured goods.

The preparation of Africa to play this role in the international economy was one of the most impressive achievements of colonialism. In addition, the colonial powers succeeded in creating a class of elite to act as a buffer between the African masses and the West. It was this new class of compradors who spearheaded the flag liberation movements in Africa. Not surprisingly, the granting of political independence to African countries never led to any radical transformation of the new nations, due to the collusion of the African elite and the international business class.

The subordination of African countries into specialist raw material satellites to serve western interests in the post-independence period was carried out by northern governments in conjunction with several multilateral organisations. Spearheading these organisations are the World Bank and the IMF. Behind them are others such as the Group of Seven, the Paris Club and the London Club, and a host of giant banks and multinational companies. This has had the effect of reinforcing the view that the development of Africa, and indeed of all Third World nations, can only be induced through the assistance of western experts. In a sense, this is an extension of the same paradigm of development which underlined the colonial legacy of civilising the savages, albeit in a cheaper way.

THE CONVENTIONAL DEVELOPMENT PARADIGM

Underlying the apparent sophisticated nature of conventional economics are simple erroneous assumptions that stand little scrutiny. This is elegantly summarised by Lappe and Collins in the following statement:

> *Didn't all of us learn in the junior high school how natural it is that Pedro's family in South America can grow coffee for us, while we in turn can export industrial goods his country needs, and that in a world of unhampered free trade we all win?* (Lappe and Collins 1986)

The international division of labour is so crucial to northern hegemony that Pedro's family is destined to forgo any dream of placing added value on its produce. They are restricted to exporting raw coffee beans; roasting or processing of this material is forbidden by the almost biblical logic of world division of labour. Mounting tariffs in the West on processed or semi-processed coffee beans are one of the mechanisms used to ensure `respect' for this rule. When Ricardo referred to the natural advantage that England had for expanding its sheep industry, and to the advantage Portugal had for producing wine, the theory did make sense but only within that limited context (Brown 1993:41). Nonetheless, the theory precipitated an erroneous but useful belief regarding nature's role in the process of comparative advantage. It is nature which placed potatoes in Ireland, sugar in the Caribbean, coffee in Brazil, cars in Japan, wine in France and arms in the USA and Russia. But this assumption can be neither verified by history nor proved by present-day world production. Indeed the current international division of labour is a conscious creation rather than a natural predisposition. Carlo Cippolo cynically reminded the English of their good fortune when he said that the Indians had no Ricardian equivalent to advise the English to remain as shepherds and continue to import superior Indian textiles (Hayter 1990:51). The interests of the British empire dictated otherwise. The Indian textile industry was destroyed to make room for the development of the Lancashire textile industry; a mission which took hardly sixty years to accomplish (Brown 1993:18). The destruction of the Egyptian textile industry took even less time. Credit goes to Lord Cromer who governed Egypt from

1883 to 1907. In line with a new economic discovery, he declared that: 'since Egypt is by her nature an agricultural country, it follows logically that industrial training could lead only to neglect of agriculture while diverting Egyptians from land' (Hayter 1990:49). Egypt however was not entirely agricultural, it was industrial as well, and it should be remembered that England was an agricultural country prior to its industrial age. A few years later Cromer reflected on his accomplishment:

> *The difference is apparent to any man whose recollections go back some ten or fifteen years. Some quarters [of Cairo] that formerly used to be veritable centres of varied industries - spinning, weaving, ribbonmaking, dyeing, tentmaking, embroidery, shoemaking, jewellery making, spice grinding, copper work, the manufacture of bottles out of animal skins, saddlery, sieve making, locksmithing in wood and metal, etc - have shrunk considerably or vanished. Now there are coffee houses and European novelty shops where once there were prosperous workshops.* (Hayter 1990:49)

The other major component of the theory of comparative advantage - free trade - is even more mythical. Virtually no country on earth industrialised through free trade. In fact, the history of recent world development is a history of concerted protectionism.

With regard to the British empire, it was only after Britain had achieved supremacy in several economic sectors during the 18th century that the phrase 'free trade' became popular. Prior to that, England had protected its trade and its trade routes through both diplomatic and military means, and laws which dictated that no foreign goods - except when owned by a British citizen - were allowed to dock at ports of the British Islands, were rigorously implemented until supremacy was achieved. British economists like Adam Smith, David Ricardo and their neo-classical successors were quick to provide the ideological support for free trade. But is there such a thing as free trade? During this period, wealthy countries continued to subsidise their national traders, and will continue to do so, despite the myth widely perpetuated by GATT. In his last visit to Japan shortly before his demise, US president George Bush was hailed to have been seeking fair trade rather than free trade. Indeed free trade as an overall desirable rule only applies to poor countries. Whereas western subscription to free trade is restricted to areas where it has achieved economic dominance, sectors in which western powers have no substantial edge are exempted from rigorous free trade rules.

Another contentious issue is the idea of tariff removal. Neo-classical quackery about the damage of European Union subsidies to agriculture, should not be allowed to obscure the fact that the present unprecedented level of production is a product of state support in the first place. A few decades ago, Britain was regarded as 'a weekend country in terms of food production - it could only produce enough to feed its population for the weekend' (Adedeji 1993:12). Now it has to endure the cost of agricultural surplus disposal.

Nowhere did the pursuit of world division of labour prove more damaging to African countries than in food self-sufficiency. In order to excel in the international role assigned to them as producers of raw materials, poor countries spared no effort in increasing the volume of export crops 'required' by the West. The problem with monocultural export production is that it diverts resources (capital, labour and land)

away from local food production. Decline in food self-sufficiency is one of the major features of modern African economies. At the moment, one in five Africans is fed on imported food. The diversion of agricultural labour to export crops now stands at 78 per cent in Kenya, 60 per cent in the Sudan, and 55 per cent in Senegal. It is estimated that only 15 per cent to 25 per cent of every dollar paid in the West for such produce remains with the producers. The rest disappears into packaging, transportation, processing, distribution and retail costs, mostly western.

The problem is further accentuated by declining terms of trade. During the period 1981-87, African export earnings are estimated to have lost $54.3bn, with $16bn for the single year 1985/1986 (Onimode 1992:39, 140). Almost every country in Africa has a similar story to tell. In 1988/1989 Ghana doubled its cocoa production but its cocoa export revenue fell by 50 per cent (Ibid:64). While the nominal cost of Ghanian cocoa increased by sixfold between 1974 and 1980, its real price declined by 50 per cent (Haynes et al 1987:352). Zambia, a country which depends on copper for 80 per cent of its export earnings, suffered a 60 per cent decline in the real price of its copper for the period 1974-84 (CIIR 1985; see also CIIR 1987). It is the turbulence of world market mechanisms which most often causes the African farmers to run at a total loss:

> *Eritrea ended its war against colonialism in 1991, with one crop to offer. Sesame seeds...while this crop was ripening in 1991, the 'world price' of the commodity markets forecasts was œ850 per unit. When it had ripened, the price was down to œ550, lower than the cost of delivering it* (Davidson 1993:25).

In spite of these stark realities, Africa is still advised to double its efforts and produce more. It does not take an intelligent economist, however, to speculate about the consequences to Africa of increased production in a market which is already saturated. At most, African economies will be running to stand still. At worst, extra production will simply outstrip demand and cause price slumps. As Adedeji puts it: 'To insist that African economies must be based on producing the same commodities for which the demand is highly inelastic, is to ask Africa to commit suicide' (Adedeji 1993:11). World demand has already been exceeded in cotton, copper, coffee, tea, bananas, sugar, cocoa, and rubber, and this list is indeed longer and is gradually expanding.

It is not hard to single out the beneficiaries of the increasing production of these export products. Not surprisingly, unequal terms of trade has been one of the major issues raised by African countries in almost every OAU report over the last few decades. Some commentators believe that the issue of terms of trade is so central to the problem of African development that, had prices remained at their 1970s levels, there would have been virtually no debt problems in Africa.

DEBTS

The current African debt stands at over $290bn. This debt is estimated to be growing at a rate of 23 per cent annually (Onimode 1992:26). Africa has the highest proportion of debt to GNP (over 55 per cent GNP and over 200 per cent of export earnings) and is trapped in a constant drain of capital to the wealthy countries, with an annual debt service ratio of over 60 per cent (Campbell 1991:28). Over $20bn flows annually out of Africa. The IMF and the World Bank (WB), themselves instrumental in creating this debt burden through their semi-compulsory advice,

receive a net flow of over $1bn annually through the continuation of debt repayment (Onimode 1992:26,138). Sub-Saharan Africa, the world's poorest region, transferred the net amount of $4.7bn to the IMF and WB during the 1986-90 period (Turok 1991:7; see also Mistry 1989:16; Irwin 1990a:20; The Economist 1993a:53). According to Campbell, Uganda was: 'a classic example for the people subsidising their repression through the transference of meagre capital out of Africa. With the help of the IMF and its Structural Adjustment Programme (SAP), the distribution of Uganda's 1988 budget was as follows:

Table 1

Uganda Budget for the year 1988	%
Debt Service	50
Import of petroleum product	20
Military spending	20
Simple reproduction and admin.	5
Services	2
Agriculture	2
Miscellaneous	1
Total Expenditure	**100**

Source: Campbell 1991:29

African debt was also accentuated by rising interest rates in the West. It was estimated in the mid-1980s that a rise of 1 per cent interest in western banks was costing Africa $2.5bn. The OAU estimated that Africa was paying $20.4bn in rising interest charges for the period 1986-90 (Onimode 1992:27). Despite continuous calls for cancellation of African debts, at least for the poorest countries, the flow of capital from South to North continues unabated. This despite the fact that these debts have already been paid several times over through various mechanisms such as terms of trade, debt service and interest rates. Moreover, a substantial proportion of Africa's debt is the result of IMF and WB conditionalities, as well as money paid to corrupt leaders whose abuse of public money and human rights records could not in any way justify the deals or the repayment.

Several proposals have been made with regard to the debt problem. In general, they consist of the following: first, outright repudiation; second, conciliatory default ie stop immediate payment but promise to pay later; third, debt swapping; and fourth, debt rescheduling (George 1989:67-73). While the author prefers the first option, the fact remains that no course is of any use without removing the very conditions which precipitated the debt crisis in the first place. At the moment, Africa is demanding reparations for four hundred years of slavery and one hundred years of colonialism. The demand was tabled internationally at the joint Africa-America Reparations Conference in 1990 (Onimode 1992:40-41).

WHY THIS ROAD?

The continuation of the current developmental approach in Africa is the result of concerted efforts by western countries, primarily through their overseers the IMF and the World Bank, to maintain present models. This is clearly evident if one considers the number of alternative policies that have been proposed by African countries over the last few decades, but which were successfully replaced by other policy packages engineered by these Bretton Woods Institutions, BWIs. The conventional development paradigm is still dominated by the widely accepted view that the leaders of these two organisations have the expertise and the willingness to advise poor countries on the management of their economies; that they know better than local people what is best for them; and consider that resistance to their medicine reflects nothing but ignorance, immaturity and lack of discipline. Accordingly, each African country is allocated a handful of briefcase experts, occasionally supplemented by resident representatives for the purpose of its development. Failure to comply with the advice of the WB/IMF representatives is enough to relegate the country to the status of an international outcast. This implies not only loss of funds but also deregulation of the relations between those countries and the rest of the world.

The question is, do these organisations have anything to offer? Can they be trusted with managing African economies to the best of their knowledge, and for the benefit of the African people? Judging from past experience the answer is, apparently, no.

THE IMF AND THE WORLD BANK CARTEL

Both the World Bank and the IMF were formed after World War II to regulate finance and trade relations between Europe and the US. It is only over the last three decades that they became heavily involved in the affairs of Third World countries, primarily due to the need to incorporate these economies into the northern spectrum (Harris 1989; Hussain 1992; Nitsch 1991). By their very structure and internal balance of power, these organisations were designed to be controlled by the western powers; voting within them is determined by the weight of financial contributions of each member. For example, the US controls 23 per cent (down from 36 per cent in the 1940s) of voting power within the IMF, and `class one' decisions require more than 80 per cent of the total votes (Sen 1989:1060). However, the US, together with Canada, the UK, France and Germany can make the absolute majority in the Bank (George 1976:236). Thus, over one hundred Third World countries together, cannot effectively pass any decision deemed important by them without the approval of the US. The twin organisations, undemocratic at conception, are incapable of becoming the forum for meaningful global dialogue.

A conventional though unwritten rule adopted by the two institutions is that the president/managing director of the World Bank is always American, while that of the IMF is European with an American deputy. Commenting on the control of the WB, Adams indicates that the US has abrogated to itself the power of appointing the president of the WB despite the fact that the WB charter requires the post to be filled according to the wishes of the Executive Board. Moreover, it was established early on that the president would have a free hand in running the Bank, unrestrained by the Executive Board (Adams 1993:31). The power of the US over the WB is further reinforced by its ability to render the Bank financially impotent, if it so wishes (Payer 1982:40). The managing directors and the deputies of the two institutions are carefully vetted by their respective countries without consultation with the majority of the countries in the world.

Behind the impressive and colourful graphs and equations of the economic calculations presented by the World Bank and the IMF is a simple, primitive guru economics, which does not stands up to common sense let alone scientific scrutiny. Though traditionally cloaked by secrecy, the economics of these organisations is no longer the preserve of briefcase experts and their counterpart bureaucrats. Neither is it monopolised by Third World academics and their provos in the First World. Rather, discussion and condemnation of the policies of these organisations can now be heard across the board in most Third World countries. IMF and WB policies are discussed by women in the markets of west Africa and condemned by demonstrators from shanty towns in the Sudan, to Egypt and Kenya. Others, however, opt to emphasise the paternalistic and unjust aspects of the policy measures typical to these organisations. In Jamaica, the IMF provided a new proverb for the local people: 'offended person shouts at his/her opponent' What do you think you are? The IMF?' Women of Peru in the 1970s used the IMF to frighten their misbehaving babies. The mere mention of the term 'IMF' was enough to make little children 'run to their mothers, crying as if they have seen the devil incarnate or heard his voice' (Budhoo 1990:50).

The fear of these Peruvian children is not a result of a culture ridden by magic and witchcraft. It is well justified, given the suggestion that the policy measures introduced by these institutions have resulted in the death, misery and desperation of millions of children throughout the Third World (Ibid). Despite the polished image which these organisations have managed to maintain to a greater degree in the West, they remain a hated menace in Africa, and in a way that is difficult for the average Westerner to comprehend. As reported elsewhere: 'In Africa, mention the Bank and the Fund and tempers rise, faces harden, voices are raised. They are the twin faces of an evil empire (Dowden 1993:16). Indeed, many African intellectuals find it stigmatic to be associated with either of the two organisations. The reputation of the twins is based on bitter experience although nowadays this is reinforced by intellectual rigour.

Until the early 1970s, the World Bank and the IMF worked separately and with little coordination. Their work is now well coordinated through regular, senior joint staff meetings, and manifested through their Structural Adjustment Programmes (SAPs) and their derivatives. SAP stemmed from the original mandate of the two institutions, later adapted to supposedly suit the poor countries. Onimode identifies four major IMF-World Bank programmes in Africa:

> *(I) anti-poverty programmes ; (ii)growth-oriented programmes including infrastructural development; (iii) balance of payments stabilisation programmes; (iv) structural adjustment programmes (SAP) or economic recovery programmes (ERP)* (Onimode 1989:26).

Such programmes sound impressive, but they are contingent on a set of dogmatic principles. Based on the bogus theory of comparative advantage and garnished by the doctrine of the world division of labour, the BWIs have evolved some eugenic methods which have wrought havoc in the Third World. As well as recognising that the anti-poverty measures effected by the World Bank over the last few decades - including the building of dams, roads, and the provision of electricity - have in fact increased both poverty and debt in Africa, the continent has recently woken to the serious problem of conditionality. Countries experiencing liquidity problems, and in particular in meeting debt obligations, are forced to turn to the IMF-World Bank

cartel for short-term loans. Failure to follow the conditions attached to these loans not only deprives the countries of access to further loans from the institutions, but equally prevents the flow of alternative foreign capital and disrupts their normal dealings with their western trade partners. Even countries close to the Third World in terms of social and political development, such as Saudi Arabia, have joined the conditionality club, thus further tightening the grip over the poorest regions and increasing their domination by the rich countries. The debt owed by African countries to the West has effectively given the creditors immense power, and this is exercised on their behalf by the twin institutions; a power which until a few decades ago could have only been achieved through military means (see George 1988:34).

Conditions imposed by these organisations have taken the standard SAP form with little regard to individual variations among credit seeking countries. Most important of SAP conditionality measures are:

Devaluation

Over the last two decades the Bretton Woods institutions have developed an acute obsession with devaluation which 'has always been the major, and perhaps the most damaging, policy component of all economic packages implemented under the auspices of the IMF (Ali 1985:20). Countries forced into SAP have to undergo a substantial devaluation of their currencies, occasionally more than once during a specified period. Devaluation is deemed necessary because it is thought that it is the overvalued currency which makes production costly and thus Third World commodities uncompetitive abroad. This leads to increased consumption of imported goods and the concurrent retardation of growth. Devaluation is also considered an anti-inflationary measure, although there are other less damaging policies which could be used to tackle this issue. According to the IMF's diagnosis, inflation distorts prices in three important areas: in political prices, for example of bread and other necessary goods, in real interest rates, making them even, inadequate or negative; and in the exchange rate, which affects relative prices between foreign and domestic goods (Hussain 1992:92-93). Moreover, inflation is also considered to have a negative impact on the flow of foreign capital into the country due to the inducement of a turbulent internal money market. The outcome is a distorted economy crippled by external deficits (Ibid).

A careful examination of the effects of inflation reveals the hidden agenda of the WB/IMF cartel. Despite the fact that the absolute majority of Africans are subsisting at or below the poverty line, the policy presupposes a prevalence of over consumption due to inflated currency. Moreover, devaluation reduces an already suppressed access to foreign goods, while rendering export products almost free for western countries, companies and citizens.

The assumption that devaluation will boost the export sector is yet another myth. Due to relatively high external inputs into the export economy, for example machinery, fertilizers and fuel, devaluation pushes the prices of these imports up and is a monstrous handicap which offsets any initial benefits gained through the process. Devaluation can be an effective tool for redressing balance of payment problems and thus boost production, but only if external demand for export goods and internal demand for imported goods are sufficiently elastic. This is not the case in most African countries (Adams 1992:164-167). Nonetheless, devaluation has been the pillar of IMF policy in handling exchange rates in Africa. The Tanzanian shilling has been devalued by over 500 per cent and the Nigerian naira by over 600 per cent, both to no avail.

The fallacy of the IMF's approach to inflation and hence external deficits lies in its deficient analysis of Africa's structural problems and in its mistaking the symptoms for the cause. Both inflation and external deficits are symptoms of underdevelopment and cannot be resolved by simple arithmetic tinkering with local currencies (Hussain 1992:94).

Retrenchment of workers
Drastic reduction of public expenditure through staff retrenchment has also become a standard feature of SAP. IMF rationale justifies this in order to balance the budget, increase efficiency and avoid unaffordable expenditure.

This policy is a part of the anti-government mentality so characteristic of the twin institutions. Retrenchment, however, is more than a surgical operation aimed at cutting excess fat. It eats through the bones as well. The institutions usually require a country to cut its public spending by the magical figure of 20 per cent. This is exactly what Ghana, the World Bank's most obedient follower, discovered in 1983. It was told that 20 per cent of its public sector work force was underemployed. Initially 31,700 employees were to be redeployed: 5,500 in the civil service, 26,200 in state enterprises and 20,000 in the Cocoa Marketing Board (CMB). It was the latter, however, which complied most fully with the draconian prescription. By 1987, the CMB was `able' to shed - thanks to the Bank's wise briefcase experts - 28,897 (38.86 per cent) of its overall staff (Jonah 1989:142). Zaire, one of Africa's most impoverished countries in Africa, also cut its work-force by this magical figure. Acting in accordance with the scientific advice of the IMF, dictator Mobutu sacked 46,000 teachers - 20 per cent of their total number. Money was surely not the problem, considering the World Bank had channelled more than $1bn into Zaire between 1984 and 1986 alone, an amount sufficient to pay an estimated 290,000 teachers over a 20 year period (George 1989:107,109,115). In fact, during the 1980s, African higher education, earmarked for dismantling by the World Bank, lost 30 per cent of its personnel through the same exercise. While the principle of reducing excess labour in the public sector is accepted, its application across the board - including sectors which cater for basic needs - and in such astronomical proportions, cannot be justified; at least this should be the case if African economies are to be rectified for the benefit of their own people which, according to the guru economists of the World Bank, is what is happening.

Contingent monetary policies
The WB/IMF diagnoses of the adverse policies adopted by African governments does point to certain symptoms which have hampered development, and these are mainly excessive deficit financing, over-expansion of credit and inflation. However, the one-for-all remedy prescribed across the board by the BWIs, which consists of certain demand management policies such as harsh budgetary control and credit squeeze, removal of subsidies, increase in interest rate, de-regulation of prices and higher charges for public utilities, is not tailored to suit individual countries (Onimode 1992:54). While some of these measures often produce positive short-term results, their long-term effects have proven catastrophic; the fallacy of the BWIs theoretical model centres around prescribing short-term solutions for a long-term problems.

Perhaps the most damaging aspect of such policies is their impact on the development of human resources, an essential component for development. In the context of the Third World, these policies drastically reduce access to basic infrastructural essentials including education, training, health and food. Increases in

interest rates coupled with credit squeeze conspire to reduce internal investment and hence thwart the possibility of production expansion. In addition, the deregulation of prices, while reducing access to essential goods and services, has a bias towards patterns of consumption incompatible with development. Indeed, the problem faced by many developing countries is not of excess demand, as perceived by the WB/IMF cartel, but one of supply shortage. Rather than curb demand and thus suppress inflation, WB/IMF policies prove to be successful only in destroying the productive base, and especially the industrial capacity in the victim countries (Ibid).

More recently, the anti-government mentality of the WB/IMF alliance has dominated their policies. Market forces are prescribed at the expense of active government, and it is here that the bases of these policies can be traced to western politics rather than economics. A long-lasting, intellectual legitimacy has been conferred on the free market by the accession of the ultra-right to power in the West in the late 1970s and early 1980s. Both Reaganomic and Thatcherite thinking gave new impetus to this idea, and despite the failure of Reaganomics and Thatcherism (Adams 1993:147:148) the anti-government policy has remained intact. Privatisation is the new catch word in African governments, and while the merits of privatisation and the need for reduction of excessive government intervention should be recognised, it is the dogmatic adherence to such policies which are objectionable and which blind planners to its selective application. In many cases, already weak governments are completely emaciated to the point beyond which they could scarcely play a constructive role in the development of their country. Mistry, an ex-senior manager of the World Bank commented:

> *I'd be the first to admit that those of us who had been talking to governments about the efficacy of the market forces were frankly embarrassed by the ideological bias that began to appear in the Bank rhetoric in the Thatcher/Reagan era.* (Mistry 1989:25).

But it is not the recognition of failed policies which the Africans need, rather a system of accountability which saves them from paying for the mistakes of the IMF/WB cartel.

Rates of interest

The raising of interest rates has also become an accepted policy of SAP. The philosophy behind this is that inflation distorts the national economy, or rather the market, and is therefore a hindrance to incoming capital flows. Low rates of interest are supposed to suppress saving and encourage borrowing, thus boosting unrealistic consumption. While low inflation is a desirable goal, taking it as an overriding goal has proved detrimental to weaker economies. High interest rates, up to 50 per cent in some cases (as enforced by WB/IMF policies) have a tendency to thwart productive investment, in as far as the cost of borrowing becomes prohibitive. However, to a certain extent WB/IMF economics have now been overtaken by European experience; obsession with curbing inflation has given way to lower rates of interest as the primary way of dealing with ailing economies. But most African countries do not subscribe to a single low interest rate, neither do they call for an overall high interest rate, as suggested by the WB/IMF. Their economies require a balance, as determined by the priority areas for each country. But this is too time consuming to be of interest to the WB/IMF experts.

THE MISSING SUCCESS STORY

The World Bank and the IMF have indeed presided over an out and out policy failure in the Third World. There can be no doubt that had the Bank's officials been corporate managers, they would have been sacked by their shareholders, had their success been measured against their stated objectives. The failure of the World Bank in the Third World has been so stark that the Bank has been consistently challenged to point to one single success story. In Africa, the Bank used to point to Kenya and the Ivory Coast, then to Zambia and Mauritius. Recently the Bank decided that Ghana was indeed a success story, - only to be challenged by none other than the President of Ghana himself, who insisted that the Bank's policies were a disaster. This is in spite of the fact that the Bank has effectively been in Ghana since the collapse of Nkroma's regime in 1964, and is still `adjusting' (Onimode 1992:53,124). Ghana, previously the pride of the WB, can now be added to the litany of failures of the Bank's policy in Africa. As it has been described, Ghana is doing all the `right' things at an immense political cost, yet failing conspicuously to succeed (Haynes et al 1987:356). To add insult to the injury of the WB/IMF briefcase experts and their high priests in Washington: Ghana has recently achieved the dubious distinction of being proposed by the UN Committee for Development Planning for inclusion among the least developed countries (Adams 1993:173, also 166). If Ghana was doing the right things, the question must arise, the right things for whom? Doubling the production of cocoa in one year yet earning 50 per cent less in revenue is certainly bad for Ghana, though it is of course good for the western chocolate industry. After all, Ghana was advised to boost its cocoa production at a time when the growth of the world supply of cocoa was outstripping its consumption growth by 4-5 per cent (computed from Adams 1993:166).

During the 1980s, 34 African countries adopted the Bank's and the IMF's Structural Adjustment Programmes. The outcome was simply disastrous. African performance records show that for the period 1980-88, per capita income declined by 2.6 per cent annually, while total employment shrank by 16 per cent. The problem with the twin organisations is that they seem conspicuously to defy history, their own included. Rather than attain higher levels of success each time, they seem to get worse. As Dowden reports:

> *[a] recent report by a task force on the Bank's lending policy noted that the number of projects with "major problems" leapt from 11 per cent to 20 per cent in 1991; projects unsatisfactory at completion rose from 15 percent to 37 per cent; and cancellations rose by 50 per cent in the last three years* (Dowden 1993:16; see also Mistry 1989:10).

In fact, certain changes in WB/IMF policy have occurred and both institutions have been subject to a degree of evolution. Different slogans have typified landmarks in their evolution: the emphasis on the trickle-down effect has long been substituted by so-called poverty-orientated programme.

While accepting the inevitability of evolution, neither of the two institutions have ever accepted responsibility for their own mistakes, thus defying the notion of accountability. During the 1970s, African countries borrowed and invested on the advice of the BWIs twins. Nonetheless, these countries remain solely responsible for repaying the debts accrued as a result, and the effects on their populations at large have been tremendously detrimental. Most remarkably, not a single country

has ever defaulted on its debt repayment to the WB; neither did the latter ever attempt to forgo its debts - which have been accrued upon its own misadvise.

The twin institutions are often portrayed as honest dealers who are willing to listen and accommodate, if not absorb, their critique. A close scrutiny of their response to pressure, however, indicates otherwise. This is nowhere more evident than in the acrimonious resignation of the Grenadian economist Davidson Budhoo, who stormed out of the IMF - where he had worked as a senior official for 12 years - and resigned as the IMF's Resident Representative in Guyana. His letter of resignation - or rather his 100-page book - was taken with a pinch of salt by the Fund, despite threats previously directed against him going public with his views. Charges brought by the author were later investigated and subsequently confirmed by an independent committee.

Budhoo's resignation revealed the arrogant and unimaginative way in which the Fund dealt with the Third World. Scores of countries with different needs are always dosed with the same medicine:

> *Self defeating and unethical as it may seem, what we have done and are doing in Trinidad and Tobago is being repeated in scores of countries...Sometimes we operate with great restraint, sometimes with less, but the process and the result are always the same: a standard, pompous recital of doctrinaire Fund 'advice' given uncompromisingly and often contemptuously and in utter disregard to local conditions and concerns and susceptibilities. It is the norm rather than the exception, that when our 'one-for-all and all-for-one' Fund cap does not fit the head for which it is intended, we cut and shave and mangle the head so as to give a semblance of a fit* (Budhoo 1990:5).

Such policy imposition is particularly exposed when forced on poor countries. Such adherence to dogma is neither compatible with the ethos of development nor with simple economic logic.

Budhoo presents evidence to support his charge that the Fund wilfully committed statistical misdeeds and fraud (Ibid:15-28) in order to enforce adoption of its policies. He levels these challenges at the feet of Mr Camdessus, President of the Fund when Budhoo resigned, and states his beliefs that the main function of the Fund is to maintain and increase the welfare of the First World; all else is incidental. His accusation reveals who is actually pulling the strings within the Fund and the World Bank: 'Everybody's somebody's fool, you know, and while the World Bank is our (the Fund's) fool, we are the fool of the commercial banks' (Ibid:46,47,110).

The most salient message gained from this quotation is that the Fund, and for that matter the World Bank, operate under two diametrically opposed sets of agenda: a positive one for the First World and negative one for the Third World. This is said to have caused the death, misery and desperation of millions of people (Ibid). Such an agenda is heavily tainted by racism and disregards the well being of the majority of the people of the poor countries:

> *On 'internal' matters you are asked to take a close look at the implications of the rampant and multifaceted racism that*

On `internal' matters you are asked to take a close look at the implications of the rampant and multifaceted racism that is now an extremely operative factor in Fund staff operations; ... Indeed racism makes itself felt in a wide range of organisational practice, some of which are eminently inexcusable, given our international nature. Among these is the classification of South Africa as a `European country' administered by our highly segregated, virtually `white staff only can work here' European Department (Ibid:7; for WB pay see below).

While austerity for the Third World has become the dominant feature of WB/IMF policy in the developing countries, World Bank employees enjoy tax-free pay, courtesy of the USA, where the majority reside. Likewise, the Fund is a real paradise for its employees, thus making it worthwhile to tow the line. A senior Fund member is paid much more than any president or prime minister in the western hemisphere - including the US (Ibid:54; WB pay on average 5% lower, see Irwin 1990:3).

The Committee which investigated Budhoo's grievances included the following in its final report:

The report by an investigating team appointed by the Cabinet of the Government of Trinidad and Tobago (which team was headed by Professor Compton Bourne of the Faculty of Economics, University of the West Indies) stated:

(I) The Committee concludes that there have been serious statistical irregularities and technical deficiencies in the IMF's economic analysis and reporting on Trinidad and Tobago

(ii) The likely consequences of these are:

(a) unwarranted adverse judgement of the country's economic performance and national economic management

(b) inappropriate policy recommendations by the IMF and those agencies influenced by its economic analyses

(c) international credit problems for Trinidad and Tobago

(iii) The IMF behaved irresponsibly in not disseminating the revised statistical series and in not revising its economic assessment when the earlier ones were known to be erroneous. Professional ethics, if nothing else, should have dictated that the corrected

> *series be given the same prominence as was afforded the erroneous data* (Mc Leod:1990).

The Fund was not able to challenge the findings of this report. Neither did it do what would have been done by any other responsible institution in a similar context: that is, sack its 'unprofessional' and 'unethical' staff in the Trinidad and Tobago office; apologise for the error; offer fair compensation for the victim countries and their people; and institute the necessary changes to prevent a repeat scenario.

The World Bank has also had its dissenters. Excluding those who rebel after having received their lucrative retirement pensions, Irwin is perhaps the most outspoken critic of the Bank's policies. He left the Bank in disgust after working as Director of its Health Department and as Acting Vice President for Personnel:

> *...On 30th March 1990, I resigned because I felt that the institution's - [WB's] - activities were not really helping the many impoverished people in the developing world, and also I was very concerned about its bloated, overpaid bureaucracy, its wasteful practices, its generally poor management and its unjustified arrogance... Regarding the size of the organisation, a Vice President said to his senior staff on 4th May 1989 that the Bank could do twice as much with its present staff - [thank God they didn't] - or only needed half the staff for the present work load* (Irwin 1990:1-2)

As with all gigantic institutions, homeostatic tendencies which defy change evolve within them. Noting that flying the Bank staff business class instead of first class would have saved the Bank $12.5m, Mr Irwin innocently volunteered to do his bit:

> *On a trip to East Africa, I gave up my first class entitlement and, by flying in business class, saved $1,900. This resulted in considerable internal criticism - from the staff association, one Senior Vice President and many individuals. One wrote to my Vice President, saying that 'my family and I will not feel safe again until Mr Irwin is replaced by someone who really cares'. Another, a physician, wrote that there might be a modest increase of post mission travel induced strokes among our more elderly frequent travellers* (Irwin 1990:4; also Irwin et al 1990).

Wasteful as it may be, lucrative pay is an important element in preventing rebellion:

> *Because of these excellent salaries and benefits, it is no wonder, as one personnel consultant to the Bank (who himself once received $3,000 a day) said at a senior personnel managers' meeting on 27 January 1989 that nobody leaves - many staff are too comfortable* (Ibid:1990:3; also Dowden 1993).

For those who are not silenced by money, other methods including harassment, intimidation and incrimination may be employed. This is still the case and was so even during the presidency of Mr MacNamara, who is reputed to have been able both to humanise the World Bank and transform it into an intellectual pillar of its age. In the late 1970s a group of scholars, alienated by the world development process, decided to undertake a comprehensive study of the Bank's operations in one Third World country. Their choice was the Philippines - literally a World Bank colony, and referred to by the institution itself as 'a country of concentration'. The penetration of the World Bank, regarded as one of the most secretive financial institutions, was, in short, spectacular. Eventually, however, a number of Bank employees, who felt that their esteemed institution was betraying the cause of the poor in the Third World, gave the game away:

> *By 1980, the network was spiriting out an average of one document a week. The controversial 400-page Report on Poverty was smuggled out in first-draft form while Bank management was still editing it. The Acher Memorandum on the political prospects of the Marcos regime was leaked in November 1980, two weeks before a highly secret staff meeting that acted on its recommendations* (Bello et al 1982:10).

The umpire hit back:

> *Before his resignation in June 1981, Bank President MacNamara launched a manhunt for the whistle-blowers. Dozens of staff members were grilled, a secretary was forced to hire a lawyer to fend off harassment, and a key officer in the Philippines division was threatened with a lie detector test, then abruptly transferred to another division. The FBI was quietly brought in to investigate links between Bank people and 'anti-Marcos elements' according to some staff members. 'They've even instituted random waste basket checks,' groaned one official. 'I guess they think we search trash cans for confidential drafts'. Mail was opened and building security was tightened... President Clausen [MacNamara's successor] is also said to have instituted a system of 'anonymous mail drops' designed to encourage Bank staff members to spy on their peers and report suspicious or undesirable behaviour to superiors* (Bello et al 1982:11).

It is tempting to think that the World Bank has since changed. In one of its policy directives issued in January 1987, the Bank called for openness about its own activities and promised new ways of explaining its work to a wider audience (Irwin 1990:6). But this appeared to be no more than a rhetorical exercise designed to ameliorate public concern. Confidentiality remains paramount, and the following quotation highlights the Bank's persistent obsession with secrecy despite its claim to transparent policies:

> *Staff, according to a March 1989 instruction, should use burn bags to dispose of all classified records, including drafts, one-time-use carbon paper, notes, etc. Burn bags*

> *containing classified records should be stored in locked file cabinets until they have been collected by the security division. And certain classified records of Controller's and Personnel.. ..requires shredding before disposal* (Ibid:7).

This quotation gives an image of an espionage office rather than an international institution with legitimate pursuits. Not surprisingly, senior staff of the World Bank are reported to have evolved a defense mechanism for dealing with their executive council, described elsewhere as the method of 'keep it in the dark and feed it garbage' (Irwin 1990a:19).

Like the World Bank, the IMF is also highly secretive about its work, and conducts similar internal witch-hunts. Talking about his rebellion within the IMF, Budhoo says in his letter of resignation:

> *Over and over again I have been told by people whose judgement I respect, that the Fund will do everything in its power to decimate me as an individual, and to destroy me as a professional economist, in the wake of this letter. The overwhelming advice of those with my interests at heart is that I had better resist all dictates of conscience and keep my mouth shut* (Budhoo 1990:14).

Given the history of the IMF and the WB, Budhoos' friends' worry cannot be seen as unwarranted. The twin institutions have come a long way since their establishment, and have grown far beyond the reach of countries, let alone individuals. The recent history of Nicaragua, Chile, Peru, Cuba, Egypt, Vietnam and many others in the former Eastern Bloc stand as testimony in this regard. The might of these organisations is often wasted on trivial cock fights:

> *Arrogance is a word often applied to the World Bank. Sometimes this can be petty - such as the Bank's attempt to suppress an article in Readers Digest in June 1989 entitled 'The Alarming Truth about the World Bank' or to block in August 1989 the production of a new Board game simply called 'World Bank'* (Irwin 1990:3).

The rapid growth of these institutions is seen by many developmentalists as a handicap. It has led to arrogance, self delusion and the inability to listen to alternative views, features, which are incompatible with development. De Silva raises this issue with the regard to the Bank:

> *The Bank's resources with a staff of 2,500 professionals and a budget of over $500m obtained from its own profits, stand way beyond the resources available to any other UN agency...The Bank therefore has the financial resources to build up an intellectual base for its own ideology which cannot easily be challenged by other development agencies with very little resources at their disposal, particularly for country studies. This is a worrying feature in a system of multilateralism which has to be more pronouncedly plural in their development philosophy* (de Silva 1985:51).

But the vampire is still growing. More recent estimates put the number of full time staff at over 6,000, backed by an administrative budget close to $1bn (Irwin 1990:1; see also Dowden 1993:16). The extensive use of consultants in the WB has led to the mushrooming of a consultant industry which has reached an alarming record, especially in Africa which now has 100,000 of them (The Economist 1993a:54; Budhoo 1990a). The cost of such experts is not only prohibitive but equally destructive:

> *The cost of providing an external expert in Africa is between $180,000 and $250,000 per year, whether it is provided by the Bank or through ODA... I do not believe that Africa gets even $3,000 worth of benefit out of that expenditure* (Mistry 1989:15).

The overgrowth of the mighty WB and IMF presents a formidable problem for world development, particularly for Third World development. These institutions have consistently failed to reform themselves from within, and their size makes it difficult to effect any externally induced changes of their roles and structures. Moreover, their growth has led to their monopolisation of the world development process; a feature which can only have negative ramifications on the entire world.

The collapse of communism in the former Soviet Union and its satellites triggered new hopes for a better world. It was regarded by many as a triumph of capitalism over communism, and the success of policies that were associated with the World Bank and the IMF, and in which they had - supposedly - built substantial experience. Nevertheless, the major role for reconstructing these countries was not given to the WB/IMF. Rather, a separate bank, (The European Bank for Reconstruction and Development (EBRD) was established for the purpose. The new Bank turned out to be yet another trojan horse, unable to work for the good of all, and equally enmeshed in mismanagement, favouritism and wastefulness (*The Economist* 1993:69, *The Economist* 1993b). Relegating the World Bank and the IMF to the back seat in dealing with Europe, came as no surprise to many, and in fact presented a second blow for the World Bank and its role in Europe. The first was the Marshall Plan, in which both the WB and IMF were bypassed for several reasons. For instance, 80 per cent of the US disbursement to Europe came in the form of free grants and was thus channelled on direct bilateral terms. In addition, the grants were used to create an alliance and prevent moves towards the rival Communist Bloc. Also both the WB and the IMF were in their infancy and were thus too weak and inexperienced to enforce the adoption of certain conditionalities. Indeed, the allies, led by Britain, continued to veto conditionality intended to be attached to the dealings of the WB and the IMF up until 1952. Thus, throughout the period of European reconstruction, WB and IMF recommendations remained optional policy guidelines for Europe, despite the myth perpetuated afterwards regarding the grand success of these institutions in post-war Europe (see Adams 1993:159).

OBSCENE ECONOMICS

The collapse of communism led to a wave of optimism regarding the role of multilateral organisations, including the BWIs. Development organisations were freed from the negative influence of paranoia of the perceived communist threat. It is this factor which was presumed to have justified the neglect of the fundamentals of development in WB/IMF dealings, and the subsequent entertainment of a number of cosy relationships with heads of states renowned for repression of their own

people, for example, Marcos of the Philippines and Mobutu of Zaire. The very same factor also led to the penalisation of many other countries, for example Egypt, Tanzania, Jamaica, Peru, Nicaragua and Vietnam. The new hope that commitment to development, particularly for the poor of the Third World, would prevail in WB/IMF policies after the collapse of communism is no more than wishful thinking. This is shown by an internal World Bank memo, leaked in December 1992 and authored by none other than Lawrence Summers, the Bank's Chief Economist. The memo contained certain lines which are said to have caused some internal fuss. In his memo, their, or rather 'our' Chief Economist, says to his juniors:

> *Just between me and you, shouldn't the World Bank be encouraging more migration of dirty industries to the LDCs? I can think of three reasons:*
>
> *(1) The measurement of the costs of health-impairing pollution depends on the forgone earnings from increased morbidity and mortality. From this point of view a given amount of health impairing pollution should be done in the country with the lowest cost, which will be the country with the lowest wages. I think the economic logic [perhaps the WB's] behind dumping a load of toxic waste in the lowest-wage country is impeccable and we should face to that.*
>
> *(2) The costs of pollution are likely to be non-linear as the initial increments of pollution probably have very low cost. I'v ealways thought that under-populated countries in Africa are vastly under-polluted; their air quality is probably vastly inefficiently low 'sic' compared to Los Angeles or Mexico City. Only the lamentable facts that so much pollution is generated by non-tradable industries - transport, electrical generation - and that the unit transport costs of solid waste are so high prevent world-welfare-enhancing [better read western-welfare-enhancing] trade in air pollution and waste.*
>
> *(3) The demand for a clean environment for aesthetic reasons is likely to have very high income-elasticity. The concern over an agent that causes a one-in-a-million change in the odds of prostate cancer is obviously going to be much higher in a country where people survive to get prostate cancer than in a country where under-five mortality is 200 per thousand. Also much of the concern over industrial atmospheric discharge is about visibility-impairing particles. These discharges may have very little direct health impact. Clearly trade in goods that embody aesthetic pollution concerns could be welfare-enhancing. While production is mobile the consumption of pretty air is a non-tradable. The problem with the arguments against all of these proposals for more pollution in LDCs (intrinsic rights to certain goods, moral reasons, social*

> *concerns, lack of adequate markets, etc) could be turned around and used more or less effectively against every Bank proposal for liberalisation (The Economist* 1992:66).

Overlooking the messy language aptly described by *The Economist* as 'crass' (Ibid), the memorandum affords us a stunning insight into the World Bank's commitment to the poor in the Third World. A senior World Bank employee defended his Chief Economist by saying, 'the document is no more than a memo and that the man was only thinking' (personal communication). What is shocking and thus hard to take is that Mr Summers is not only thinking along these lines, but is also encouraging others in the Bank to do so. Moreover, even more incriminating is that the document sets in motion an attempt to provide a scientific justification for polluting the Third World. In effect, Summers' call is no more than an effort to formalise a policy which many Third World observers think is already taking place. The important question is: how justified is the view in concern? Judged in economic terms, does it really make sense?

Summers' first point states that the costs of sickness and death due to pollution can be quantified by simple computation of forgone earnings. The implication of this grand discovery is that human worth can be measured by how much one earns or loses. Accordingly, millions and millions of poor people in the Third World - babies and children who are non-earners and housewives who do not 'produce' in the World Bank's sense of the term - are condemned to utter worthlessness. Their worth approaches zero if not equal to zero. The other side of the argument is that the First World - wealthy people and high earners like the Summers - are on the top of the scale, and thus enjoy health and lifestyles which it would make no sense to damage. The conclusion is obvious: health and life-impairing industries - which Summers treats as necessary evils - should be moved to areas where human beings are worth less, in short, to the Third World. This is obscene economics.

The second point raised by Summers that the cost of pollution increments increase with the increase in the level of pollution in a given locality. It is to be understood that economist Summers found it redundant, and thus did not add that the cost of each increment in equally polluted localities also increases in tandem with the increase of wealth of respective populations. This is due to the fact that Summers has already established that health and lives of poor populations are less costly than that of their comparatively wealthier counterparts. This argument eventually leads to the same conclusion arrived at in the previous paragraph. In order to justify this point, Summers resorted to the absurd use of language, like referring to LDCs as 'underpolluted'. It is as though what is natural and/or normal - and hence desirable - for the air is to be polluted, and that it is abnormal when it is underpolluted or overpolluted! Summers obsession with earnings, tradeability and marginalisation of human worth led him to utter a meaningless sentence which I am still struggling to make sense of. He describes the air quality under a lower level of pollution as vastly inefficiently low compared with the heavily polluted air of Los Angeles and Mexico City. One would have thought that the reverse is true and that in cleaner air people get a better deal in relation to their morbidity and mortality. But air efficiency for Summers depends on how much earnings one forgoes or obtains from it. Of course, the costs of the casualties have to be considered, and in the Third World people are bound to be cheap, according to this World Bank think-tank.

After dubiously underrating 'non-tradeable' industries which still remain high on the World Bank agenda, Summers laments the high unit transport cost of solid waste which hampers the disposal toxic waste in the Third World. Another absurd point is his reference to 'trade' in toxic waste as world 'welfare-enhancing trade'. Ignoring the fact that it is not trade in the first place, the jargon glamorises the transference of toxic waste to the Third World. and thus disguises its essence. But the world for Summers seems to be the West, because this kind of trade cannot be regarded in anyway as welfare-enhancing for those at the receiving end. Summers source of inspiration for using this term cannot be that far away. After all his institution is referred to as 'the World Bank' despite the fact that neither its control, nor its performance, justifies that name.

In his third point Summers proposes that the richer people are, the more concerned they become about the aesthetic and health impact of dirty industries. He attempts to down-play the damage of pollution, declaring that the problem is one of visibility rather than health impairing. But the apparent lack of resistance to health impairing industries among poorer communities can be attributed to power rather than to demand differentials, though crusades of the poor against pollution, often violent, have recently become a feature of the Third World struggle. While visibility-impairing particles may accompany health-damaging pollution, it is the latter which attracts more concern. After all mist, fog and rain all come with visibility-impairing agents which attract no complaints. On the other hand , many toxic agents, like radiation, have little impact on visibility, and yet resistance to it is always forthcoming.

Summers suggest that the people of the Third World are less concerned about pollution because they do not survive to contract prostate cancer, obviously because of low life expectancy. This conclusion could only be based on a fraudulent reading of demographic statistics, since high infant mortality does not mean that people do not survive into old age. While high infant mortality suppresses life expectancy, those who survive their early years have the chance to survive to an old age marginally shorter than people in the First World. Rather than considering it his duty to attempt to curb high mortality levels, Summers takes it as natural and his argument proceeds from there. This is not surprising - Summers, as a loyal World Bank official, could not have concluded otherwise, if had done so, he would have come to the embarrassing realisation that high Third World mortality rates are a result of a specific development structure in place since colonial times and in which the World Bank has been a major player over the most recent period.

ALTERNATIVE SOLUTIONS

In defending their policies, the Wold Bank and the IMF and their supporters often argue that Third World countries offer no policy alternatives of their own (Budhoo 1990:67; Onimode et al 1990:42, 56-58). This charge is absurd since the very disagreements and difficult negotiations between developing countries and the WB/IMF indicate the existence of other models. As such. one could say that there are as many alternatives to the WB/IMF development model as there are resenting and/or dissenting governments in the Third World. In addition to their failure, the imposition of rigid and dogmatic WB/IMF models has actually resulted in aborting countless numbers of alternative initiatives in the Third World. While the viability of many of these alternatives may be legitimately questioned, blanket suppression of all of them is undemocratic and have robbed the Third World of exploring and finding alternative development paths.

Alternative development strategies emanating from Africa have repeatedly been sabotaged.. The first confrontation between Africa and the WB/IMF cartel was at the launching the Lagos Plan of Action (LPA) in 1980. This document was a contribution from concerned African experts and policy-makers in reaction to the consistent failure of the WB/IMF programmes on the continent. LPA was given added weight by endorsement of many respectable African and international organisations. Adedeji, the chair of the LPA deliberations says:

> *The Lagos Plan of Action was the result of a tremendous research effort at the ECA, in collaboration with the organs and organisations of the UN system, plus an inter-governmental sectoral meeting. The industry chapter was the product of the Conference of African Ministers of industry; the agriculture chapter came out of the ECA's collaboration with the FAO with final approval by the ministers of agriculture* (Adedeji 1993:10).

Without any claim to perfection, the LPA was a serious work which should not have been destroyed. One would at least have expected the WB/IMF cartel first to examine it and discuss it before deciding on its fate. The mentality which is so rampant in the Bretton Woods Institutions, namely that nothing good comes from Africa and all good things must come from Washington, prevents reasoned dialogue. This pattern of thinking is also entrenched in Eurocentrism. Think of the myth that the great walls of Zimbabwe must have been built by a lost white race, ... by anyone in fact but Africans' (Brown 1993:19).

The knowledge that an African alternative plan was in progress was enough to trigger an alternative model from the World Bank. Thus the Berg Report 1981 came as an alternative to the LPA but was also substitute to previous WB failed plans. It was not difficult to guess which one was to prevail. Describing this scenario, Adedeji, the ECA's Chairperson, says:

> *As soon as the Plan (LPA) was published, the Bank sent Professor Burke....to inform me that they too are preparing a strategic plan for Africa... The Bank went ahead with its own agenda for Africa which turned out to be the very antithesis of the Lagos Plan of Action. And we quarrelled. The quarrel was such that the World Bank sent the largest team ever to present its agenda to ECA Conference in Tripoli. It became the ECA Plan versus the World Bank Agenda* (Adedeji 1990:10).

Eventually and not surprisingly, it was the WB agenda which came to dominate the continent throughout the 1980s, the decade lost to development. The World Bank Berg Report appeared under the title: 'Towards Accelerated Development in Sub-Saharan Africa'. As predicted by many outside the Bank's immediate circle, the adoption of the Berg Report created an even greater mess in Africa.

The decade of the 1980s, that is of the Berg Report, is indeed a lost decade. Only a fool would say otherwise. But incredibly (or not) this is precisely the position of the Bank and its allies. In its joint report with the UNDP entitled 'Adjustment and Growth in the African Countries' the WB argued that 'African countries have been growing in

the 1980s and that adjustment programmes have been succeeding'. The Institute for African Alternatives (IFAA) which is spearheading the design of alternative approaches in Africa, challenged the WB, and was supported in its stand by Oxfam.

In fact the Bank's claim to success in Africa is embarrassingly untenable. This is so with regard to balance of payments, exchange rates, export production levels, debt repayments and the living standards of most African people (see Onimode et al 1990:47-48). Time, however, has settled the debate. No WB official can subscribe to this stand any more.

Frustrated about the performance of Africa during the 1980s, a new African initiative was prepared at the end of that decade. Under the request and influence of the OAU, the ECA produced a document which appeared under the title, 'African Alternative Framework to Structural Adjustment Programmes' for Socioªeconomic and Transformation' (AAF-SAP, Onimode et al 1990:41). The document was subsequently adopted by the African ministers of planning and then African ministers of finance and finally by the OAU prior to its official launching. The ratification of the document was completed by its adoption by the General Assembly of the UN on 17 November 1989. The vote was 137 for and only one, the US, against. There was no abstention (Ibid:42). Given the rhetoric of the WB, it must have been hard for them to decide which horse to back! The US or the whole world? But would it be possible for the Trojan horse to disobey those inside it? Apparently not, and that was the decision of the WB. The WB subsequently accused the ECA of wanting to play a negative role in Africa by producing this document and opposing the Bank (Ibid;41). The sabotage of the second African initiative was finally accomplished by the WB through the launch of its own alternative in the same month (November 1989). It came under the title: 'Sub-Saharan Africa: From Crisis to Sustainable Development; A long Term Perspective Study' better known as LTPS. LTPS ran counter to AAF-SAP, and was eventually forced onto African governments.

The two African documents, the LPA and AAF-SAP, differ from the Bank's documents, the Berg Report and the LTPS over several specific issues (Sawyer 1990; Onimode et al 1990; Onimode 1992), the most important of which are the following:

- The primary problem facing the African continent is political rather than economic; solutions devised must be effected accordingly.

- Africa must address its inherited colonial structure and orient its economies towards serving its own people.

- The present export led economy is an obstacle to an effective transformation of African economies. These economies should shift towards a structure that is geared towards local basic needs, for example health, education and food.

- The present dependency on the outside world which characterises African economies must be replaced by a structure which is based on self-reliance

- Policies aimed at integrating individual countries into the international economy must be substituted by others which give priority to regional integration

- Africa must depart from the SAP, which emphasises short-term adjustment, to a comprehensive policy which aims at long-term growth as an overriding principle

- Dogmatic principles calling for free trade, removal of subsidies, high interest rates and devaluation must be avoided in favour of a more selective approach in which the government, and not the market, plays a central role

- African countries should adopt a joint approach towards issues of a global nature, such as debt, terms of trade and commodity prices

- African countries should adopt an open approach to socio-economic and political decisions in a way which engenders democratic and popular participation

CONCLUSION

This paper is an attempt to assess the involvement of the World Bank and the IMF in Africa. It is understood that the stated objectives of these institutions are (i) to offer neutral technical advice based on their reading of the receiving countries (ii) to adjust disequilibria in their balance of payments through adjustment policies and loans (iii) to help in fighting poverty and improve standards of living and (iv) to advise on ways of handling debts and overcoming problems which hamper economic progress (see Onimode 1989a:25). Measured against these objectives, the performance of the WB/IMF in Africa over the last few decades has been nothing but a total failure.

The WB/IMF cartel can only operate under the mandate and within the policy guidelines which are defined by those who control the two institutions. It is the interests of western corporations and their countries which dominate the BIs priorities. Benefits accruing to the Third World from the involvement of these institutions can only be incidental and only when in total harmony with western interests. As long as the twin institutions retain their present structure and mandates, the less they do in Africa the better. It is time to realise that Africa can only be developed by its own people, not by experts from Washington. To argue otherwise is to defy history and to perpetuate the untenable myth of the superiority of western people, which has justified the exploitation of African people for several centuries.

Although this report focuses on the external forces which hamper the development of the African continent, one should not, however, loose sight of the internal obstacles to development such as problems of accountability, financial mismanagement, lack of democracy and bad governance. Whether most, or all, of these factors are themselves reflections of external relations is a matter for debate. Nonetheless, the fact remains that they too must be addressed, and the outcome sustained by the African people.

Africa does not wish to isolate itself from the rest of the world, including the West. That is neither possible nor desirable. Africa still needs western expertise in many fields. Nonetheless, it is the African agenda, not that of the outsider, which should dominate. Until that is guaranteed, the prospect of the development of the African continent will remain bleak.

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