AFRICA IN THE NEOLIBERAL AGE: BETWEEN DEVELOPMENT AND IMF/WORLD BANK ECONOMIC POLICIES

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Abstract
While the world is advancing in development and technology, Africa seems to be on the slow lane, lagging behind every other continent. This slow pace can be traced to the neoliberal economic policies imposed on countries in this region at the start of the 1980s. This paper looks at how the World Bank and IMF policies imposed on African countries have stifled development and increased poverty and hardship. The paper argues that these policies are not meant for the good of these countries but for the advancement of the interest of neoliberal proponents. These policies that come as conditions to loans include: the privatization of state owned enterprises, the devaluation of local currencies, the abolition of trade barriers like tariffs and taxes and the reduction in government spending especially on social affairs. The paper supposes that without these policies in place, the continent will improve on its development speed because the policies have for the most part resulted to three decades of underdevelopment and increased poverty.
Keywords: *Africa, neoliberalism, IMF, World Bank, Structural adjustment Programmes (SAPs)*

1. INTRODUCTION

A strong economy is the number one determinant of a country's strength. If this strength can be overpowered by any given force, then the force takes along the sovereignty of the given country. Neoliberalism since the 1980s has dominated African economies with the numerous conditionalities that accompany their loans. In the early 1980s, the IMF and World Bank without taking into consideration the different realities in African countries, extended the free market agenda it had begun in other parts of the world to this continent. Prior to the coming of these policies, the population still dependent on their governments for jobs and basic social services. To benefit from IMF/World Bank loans, African countries had to meet up with a number of conditions. These conditions included the privatization of state enterprises, the lifting of price controls, subsidies and any other distortions of market forces; liberalization of currency controls and currency devaluation;

higher interest rates and deregulation of local finance; removal of import barriers (trade tariffs and quotas); and an emphasis on promotion of exports above all other economic priorities, government budget cuts and increases in user fees for public services (Bond and Dor 2003, Przeworski and Vreeland 2000, Rakner 2003, Cheru 2001). These demands according to the promoters were intended to generate economic growth and better the living standards of the people. But after years of implementation, reports show that these policies have for the most part resulted in more misery and poverty in the continent (Ferguson 2006, Ingwe, Ikeji, and Ojong 2010, Lebaron & Ayers 2013). This is evident in the fact that the two banks have been adjusting their policies to include social programs which were initially seen as “bad for business”. The banks have over the years introduced the Poverty Reduction Strategy Papers (PRSP) and the Heavily Indebted Poor Countries Initiative (HIPC) to mitigate the situation, but poverty has remained on the rise. According to most observers, there has been no change so far because the loan conditions imposed by these international monetary bodies are hard to meet up with and as such, countries are unable to carry out development and job creation (Babb 2008, Easterly 2005). In this regard, these loan conditionalities imposed on these African countries have been widely held to have been responsible for the two ‘lost decades’ of the 1980s and 1990s, in which per capita income levels fell dramatically in countries across Africa (Hilary 2010). Other observers like Harvey (2005), claim that, wherever the neoliberal policies have been implemented, it has caused a massive shift of wealth not just to the top 1%, but to the top tenth of the top 1%. This calculation gives a picture of how such a market system could affect African economies given that this region is considered the ‘poorest’ in the world. According to most critics, the results have not been far from what Harvey describes. There has been mass unemployment, increase in poverty, increase in pandemics and more faming, while a few elite class have gotten richer (Harrison 2005, Ferguson 2006, Przeworski and Vreeland 2000).

Notwithstanding, criticisms and reports of negative results produced by the structural adjustment policies, the IMF and World Bank are still bent on continuing with this free market agenda. This they have been doing by employing the services of non-governmental organizations to carry out development projects that were formally provided by states. This strategy however, ignores the fact that states in Africa are more centralized and governments will need to approve any project before its implementation, thus encouraging corruption and bottle-necks which eventually slows down development. Although the World Bank and IMF have made democracy, good governance and corruption-free governments as conditions for loans (Easterly 2005), African governments can be seen to have learnt how to play their way around this and get the much needed funding. This they do by organizing elections where the incumbent always comes out victorious. In addition, studies have shown that countries with huge mineral resources like Nigeria and Angola receive more foreign direct investments than countries with less resources (Ferguson 2006). This debunks the neoliberal argument that good governance and democracy attract investments. These inconsistencies in the neoliberal discourse is largely the interest of this paper. Thus, this paper will argue that by hanging on to the loans, the IMF and World Bank only want to maintain the control they have gained over African governments and to also continue to force these countries to pay high interest rates on the loans. For this reason, this paper will suggest that these neoliberal economic policies are not suitable for the continent’s progress and should be overhauled and replaced with solutions from within the continent because even the adjusted neoliberal policies have not been able to change the situation.

2. Neoliberalism and Development in Africa

In 1981, the World Bank published a report known as the ‘Berg Report’ to address the concerns raised by its African governors over the economic situation in the continent. The paper titled “Accelerated Growth in Sub-Saharan Africa”, noted that the economic situation in the region was grim and needed a swift response. It pointed out that sub-Saharan Africa made up two-third of the world’s poorest countries and low-income countries and its ever growing external debt rose from $6 billion to $32 billion between 1970 and 1979 (FULL REFERENCE, p. 3). Coupled with the economic constraints, the report added that the region was home to disease and natural disaster, which kept life expectancy low. The report blamed this economic situation on underdeveloped human resources, the economic disruption that accompanied decolonization, climate and geographic factors that affected development, the focus on postcolonial political consolidation, less attention given to production, a rapidly growing population, slow growth in African exports and the unstable international market (Berg report, 1981 pp 4). To this, the report proposed adjustments to the existing policies which included giving the private sector more responsibility, improving government policy making, decentralizing cooperatives, intensifying market farming, expansion of education and above all foreign aid. This last proposal set the grounds for the introduction of policies that have come to be the dominant economic ideology in the continent. The IMF and World Bank used this platform to lay out conditions for loans from them. These conditions include privatization, devaluation of currency, good governance, free trade, strict monetary policies (higher interest rates) and democratization (Przeworski and Vreeland 2000, Eduah 2014). Any country going in for IMF/World Bank loans especially in the developing world is expected to take up these policies under the supervision of the banks.

The specific objectives of these donor agencies according to Easterly were to help countries reduce their current account deficit to more manageable proportions, and to strengthen their balance of payments while maintaining their growth and developmental momentum. Overall, the major reason of what the two banks call Structural Adjustment Loans was to maintain growth and to facilitate balance of payments adjustment (Easterly 2003, p 2). The question to be asked here is if these objectives have been met in the last 35 years and if yes how have they impacted the lives of the people. Reports on the continent such as the World Banks 2016 report mentions that the conditions are not very different from the description found in the Berg report. Africa still has more than two-third of the poorest countries in the world and the World Bank even indicates that the number of people living in poverty has doubled (World Bank 2016). In the eyes of most, the continent’s situation has worsened than it was in the 60s and 70s (economic growth wise). Countries’ GDPs are at their lowest, health care systems are broken, unemployment is skyrocketing, while the wealth gap grows even wider (Ferguson 2006, Harrison 2005, Konings 2011, Owusu 2003, Desai 2003, Rakner 2003). Privatization, for instance, led to thousands losing their jobs and eventually poverty (Eduah 2014, Desai 2003). Though the assumption may not be entirely true given that infrastructural development and education has risen in the continent, it still shades light on how far the continent needs to go and how it chooses to go.

Most critics have blamed the slow development on the conditions attached to the IMF/World Bank loans, suggesting that the conditions are too challenging and demanding to fulfill (Babb 2008, Caffentzis 2002, Mkandawire 1994). Apart from criticisms, the policies have also met with resistances from across the continent. Konings (2011) writes that African leaders show their dissatisfaction with the policies by delaying or manipulating the reforms given to them by the neoliberal agencies, in order to avoid public anger. Even at that, as Bond (2005) has noted, the civil society has been mounting pressure on the governments that have embraced the demands of these donor agencies. He explains that these civil society organizations mastermind rallies and petitions usually in collaboration with opposition parties to denounce these reforms in their countries. Even the general public of most of the countries have not hesitated to show their discontent whenever the opportunity shows up. In the early 1990s, there were mass demonstrations across Africa against the IMF in what was popularly known as "bread riots" or "IMF" riots (Ferguson 2006, Konings 2011). These people were against the economic reforms forced on them by these foreign agencies and also against their leaders who accepted the reforms. The demonstrations were a result of the retrenchment in jobs, falling wages and removal of government social support (Desai 2003, Ferguson 2006). Many found themselves jobless and the only way out was to voice their anguish. Ferguson narrates his encounter with some mine protesters in Zambia in the popular 1986 "Copper belt riots". According to him, the uprisings were joint by a number of respectable people in some cases including the police. The protesters looted shops and property claiming that they were recovering what belonged to them. Some even printed T-shirts in the townships that read: "Looters Association of Zambia". As Ferguson further explains, these protesters did not see any problem in looting but blamed the rise in prices for causing hardship (Ferguson 2006 pp 56). This scenario exemplifies the crisis level caused by the SAP in the continent and thus gives critics reason to dismiss the policies as a solution for Africa's problems.

More so, some African presidents were very vocal about the implementation of the IMF/World Bank policies and their loan conditions. Former president of the Republic of Burkina Faso Thomas Sankara openly criticized the policies and called on other African leaders to do same. Sankara who came to power through a military coup was president from 1983-1987 when he was assassinated. He is known for his speech during an OAU (Organisation of African Unity, now African Union) meeting in Addis Adeba in July 1987 calling on African leaders to denounce the payment of foreign debts. He blamed the IMF and World Bank for the economic crisis in Africa and called for a collective boycott of these policies. In his words "Colonizers are those who indebted Africa through their brothers and cousins who were the lenders. We had no connections with this debt. Therefore, we cannot pay for it. Debt is neo-colonialism, in which colonizers transformed themselves into 'technical assistants'. We should better say 'technical assassins' (News Rescue.com, 2014). He made references to the terrible conditions that the neoliberal policies have put the masses in South Africa, which is one of the breathing grounds of neoliberalism. In his country, Sankara set aside the neoliberal reforms that were introduced by the previous leaders and initiated new economic policies that improved agriculture and industry (YouTube 2015). This was short lived because he was soon replaced by his childhood friend Blaise Compaore who immediately reinstated the reforms as soon as he took over office. The neoliberal rule is so brutal that some scholars have qualified it with "egotism, ruthlessness, greed and coldness" (Philoguy 2011). Philoguy here refers to the regime changes that have been allegedly engineered by the neoliberal advocates. Like Thomas Sakara in Burkina Faso, other African heads of state that are opposed to these policies suffer the similar treatments from the IMF/World Bank and their western allies. The latest were the Sanction meted on Zimbabwe by these agencies that has for over eight years now deepened the plight of the people of this country.

However, though the World Bank admits that poverty is rising in Africa, it still blames it on the non-conformity of African countries to the conditionalities (World Bank 2016). The Bank notes that countries that have effectively applied the policies have experienced economic prosperity. In its view, other important aspects like life expectancy and education have improved in the continent though the challenges still remain high. Comparing the adult literacy rates in 2015 to that since 1995, the Bank indicated that there has been an increase of 4% in this domain and at the same time the gender gap in schooling has lessened. Furthermore, the Bank explains that child mortality rate has reduced and newborns are now expected to live six years longer. Infant malnutrition has also dropped from 45% to 39% within these years. The Bank contradicts the adult literacy statistics by stating that though school enlistment has improved, the quality of education still remains low and that two in five adults are still illiterate in the continent. Paradoxically, the report mentions that human welfare for the poor people in richer countries remains deplorable especially when considering incomes (World Bank 2016, pp 87-92). Though the World Bank and IMF are making progress in various areas the question still remains as to why their policies have taken so long to achieve little and why they still continue to grant loans given that poverty is rising in the continent. The following sections will try to answer these questions by looking at some of the conditionalities and their effects on the continent.

2.1. Privatization

Privatization of state corporations is one of the major conditions imposed by the IMF and World Bank on countries seeking loans from them. In line with the free market ideology, neoliberals in the Washington Consensus felt that economic growth can be more effective in private hands than under government control and thus called for the transfer of state controlled assets to the private sector. They claimed that the alteration would depoliticize economic decisions, enhance the private sector and also end the mismanagement and corruption endemic in enterprises controlled by politicians (Konings 2011). It is estimated that 2300 state owned enterprises were privatized in Sub-Saharan Africa between 1991 and 2001 (Nellis 2005, pp 7). Privatisation like most other changes brings negative and positive results but for many, this move has been one of the major causes of increased poverty under neoliberalism (Harrison 2005, Ferguson 2006, Eduah 2014, Desai 2003). In Harrison's view, this process "connotes a social process in which the labours of many are captured and 'privatised' by an elite class by virtue of their possession of economic and political property" (2005 pp 1314). In other words, privatization does not only take on corporation but also exploits labour as well. However, Nellis (2005) remarks that African governments unlike elsewhere still hold huge shares of the privatized enterprises, which to him is stagnating the exercise of free market that could have led to economic growth. While remarking on the effectiveness of privatization, Nellis gives an example of the Guinean national water company that was privatized in 1989 and since then brought impressive changes to the sector, although government still held on to the assets. According to him, water connections increased from 12,000 to 23,000 within seven years of private ownership and the percentage of metered private customers rose from 5 to 93%, and to 100% for government customers. In addition, the percentage of the population with access to water rose from 38 to 47% and the quality of water was improved (Nellis 2005 pp 4). This at first sight may seem very impressive when the role of the population in this transformation is not yet considered. But like the story continues, the cost was later put on the people by tripling the consumption prices and as a result many could not pay. Nellis proceeds that the levies were later subsidized by the state with funds from the World Bank, only then could many get continuous flow of water. Contrary to this scenario, the case in South Africa for instance was not same because the government 'fully privatized' the national water company (Desai 2003). In the case of nonpayment of bills there was massive disconnection of water meters that led to confrontations between the people and officials. Desai puts the numbers at 10 million water and electricity disconnections between 1994 and 2002. There probably could have been a case of confrontations in Guinea had the government not subsidized the payments given that Guinea is one of the poorest countries in Africa and in the world. This raises the question as to the suitability of privatization as an economic policy in Africa.

Conventional wisdom has it that an investor will only go to where conditions are favorable for business. Given options, investors will likely go to where facilities like energy, transportation and infrastructure already exist. Rather in Africa these facilities are not well developed and thus the economies depend mostly on primary products. This implies that inventors coming to Africa will try to cover the costs that may be incurred because of the absence of these facilities and as such inflate prices. This has been the case so far as seen in the example of Guinea and South Africa above. More so, the few national corporations present in these countries have been a major source of employment and a provider of basic services like electricity and water (Konings 2011). Ferguson argues that the neoliberal idea that deregulation and privatization would be a cure for Africa's economic stagnation was a "dangerous and destructive illusion". To him the structural-adjustment era has seen the lowest rates of economic growth ever recorded in Africa (actually negative, in many cases), along with increasing inequality and marginalization" rather than the economic recovery projected (Ferguson 2006 pg,11). Criticism on privatization reveals that prior to imposing this conditionality, neoliberals did not consider the balance between increased cost of living and employment. Since privatization began many have lost jobs to retrenchment thus increasing the number of the unemployed (Desai 2003, Kihika 2009, Harvey 2005, Owusu 2003). It is worth noting here that most of these state enterprises were highly subsidized by the states and provided housing and other facilities to its workers. One of the immediate effects of privatization has been homelessness and misery as was the case in Ghana in the early days of privatization (Eduah 2014). The fact that the privatization discourse, does not account for the laid off workers (who are in most cases unskilled) but leaves them to the magic of economic growth, leaves a question mark as to its effectiveness in alleviating poverty in Africa.

In another dimension, one major issue that neoliberals are quick to point as the cause of liberal political failure in Africa is the multiplicity of ethnic groups. However, critics blame them for introducing a system that did not take this issue into consideration. On the other hand, this divide turns out to work for autocrats as they now fully adopt regional politics or 'divide and rule policies'. Neoliberalism puts money in the hands of these politicians who are then able to suppress opposition and favour those they choose. Konings (2011) identifies this manipulation in the privatization sector, where these leaders will intentionally not privatize government corporations to any member of a hostile ethnic group or a foreign enterprise that will stand in the way of their interest. In the end, these public assets are usually sold for far less than their value as politicians care mostly about their kickbacks from potential buyers (Mkandawire 1994). According to Bennell (1997), the period from 1980 to 1987 witnessed some 227 privatization transactions, while 657 occurred between 1988 and 1995, and over 300 in 1994-1995 alone. Given that these parastatals were a major source of employment; many were left stranded as the new owners did adjustments in their newly acquired companies. Though privatization has registered some successes in a number of African countries, the promise of privatization was to improve the general economic situation. According to Przeworski and Vreeland (2000), growth under IMF programs has been lower regardless of the conditions under which countries participated. This statement throws more light on the Zambian argument that most of the country's problems have been caused by neoliberalism (Ferguson 2006). Nellis (2005) even mentions that Zambians have been considering overturning privatization. Everything being equal, privatization in Africa has so far only proven to benefit a few compared to Asian countries where the positive impacts of privatization can physically be recognized judging from the speed of development.

3. Neoliberalism as a Coup on African Sovereignty

As seen above, the objective of the structural adjustment programs was to stimulate economic growth and sustainable development in Africa. There are reports of improvements in economic growth rates of some countries in the early 1980s, for instance Ghana (Easterly 2005, Eduah 2014). However, the overwhelming reports detail the increase in poverty, unemployment, underdevelopment and mass suffering (World Bank 2016, Harvey 2005, Caffentzis 2002, Przeworski and Vreeland 2000, Desai 2003). Added to these reports, demonstrations have been staged around the globe in opposition to these policies giving weight to the criticisms (Konings 2011, Ferguson 2006). Civil society organizations, international organizations and even governments have called for the abolition of the conditionalities attached to the IMF and World Bank loans, but these institutions have remained adamant (Owusu 2003, Harrison 2005). The World Bank and IMF has however considered some social policies along the way like the poverty reduction strategies and the heavily indebted poor countries initiative, but these adjustments have only been made to ease the implementation of the SAPs. The fact that these institutions insist on pursuing the SAPs in a continent where poverty seems to have grown during its implementation indicates that there may be ulterior motives to the adjustment programs. This paper argues here as others have suggested that this motive is to keep control over African states. One of the major conditions of the SAPs for instance is to remove government control over the economy. This is actually not a bad idea if state government economic policies involving lengthy paperwork and bottlenecks is considered. But when the interest of the local producers against foreign investors or workers against exploitative bosses is taken into account, the role of the government is seen as vital. Nevertheless, the manner in which the banks have chosen to assert this control hints that their motive not only lies in pushing economic growth. Loans from these institutions have been used as a means to impose their agendas on governments. For years now African leaders and advocates has been demanding for the cancellation of the loans by the banks and G8 countries. The calls are in response to the heavy interest rates these countries have paid but the debts are never ending. Each time the banks heed to the calls, they only manage to bring in another condition that these countries have to undergo. Bond and Dor (2003) posits that these monetary organizations have gradually and permanently been using this conditionalities to bypass the governments and take over its responsibilities through NGOs. These loans are never ending as the interest rates keep rising while further loans lead to more conditions.

Furthermore, the actual processes through which Africa is governed can only be understood if we explore the degree to which these transnational organizations have influence over African countries. The case of Ghana where the IMF forced its government to overturn a parliamentary decision even when the government's evaluation found that IMF staff lacked the necessary background knowledge of the affected sector (Hilary 2010, CorpWatch 2005). According to the online news site CorpWatch, the Ghanaian parliament decided to raise import tariffs on poultry from 20% to 40%. This decision according to the news site was meant to protect the local producers who were "losing the market to the very cheap EU and American imported chicken". The IMF immediately called on the Ghanaian government to reverse the decision, which it did. The IMF argued that the decision will affect the poverty reduction program ongoing in the country (CorpWatch 2005). As the news site stated, "...poultry farmers in Ghana did not know the power of the IMF" and that "although it is an unelected body, it can overrule judicial processes in their country." This situation shows that, though the IMF and World Bank has put democracy as one of their loan conditions, they still do not respect it. Normally, parliament represents the voice of the people and any force that could revoke its decision would definitely have the biggest influence over the country. This conforms with Ferguson's argument that most African countries have largely become "non-governmental" (2006). They now performing minor roles in providing basic services. Paradoxically, most African states remain very centralized and yet these international organizations manage to establish so much control over them. Besides that, the IMF and World Bank has over 100,000 experts in Africa pursuing their agenda, including countries where they are not even lending (Bond and Dor Pg,28). This shows the extent of the sphere of influence of these institutions.

More so, the neoliberal agendas have slowly turned into social programs which has forced governments to rely on internationally funded multilateral organizations for the provision of most social services. This move is in other words what Kihika (2009) calls depoliticizing poverty. In her view, neoliberalism is stripping African states as administrators of essential social provisions. She adds that this takeover by international organizations is in actual fact “a political maneuver towards worldwide capitalist governance, where the global economy or market forces are put as being in charge of people’s lives”. Gradually, neoliberals have re-introduced the provision of social facilities which they prohibited governments under their conditionalities. In the same way, Bond and Dor (2003) has argued that the World Bank and IMF in making the poverty reduction strategy papers a requirement for debt relief and further lending, has extended their sphere of influence well beyond economic matters and into every aspect of social policy. Social projects like healthcare, education. portable water in most African countries are now provided by NGOs (Kihika 2009). Ferguson in a similar view describes foreign aid as “the greatest weapon of mass destruction ever invented” (2006). But it can be said to be worse than a weapon of mass destruction if requirements such as the World Bank and IMF conditionalities are involved. This is because these conditions do not only take away the power of the states to carry out certain projects but puts them under a life time trap of debt. If we consider here Easterly’s explanation that IMF/World Bank adjustment loans were intended to end after a period of several years of adjustment (3 to 5 years), we get more proof that the extension of these debts is a way to maintain further control over these countries. If not, why will loans be repeated if the first ones did not achieve the intended results. Ghana and Cote d’Ivoire for instance received 26 adjustments loans between 1980 and 1999 (Easterly 2005). Malawi, Senegal and Togo also received multiple times within this period. However, most, if not all of these countries still have high numbers of people living in poverty considering that the purpose of the loans was to revive the economy.

Furthermore, Harrison (2005) points out that the word social in the poverty reduction projects of the IMF and World bank in itself is problematic. To him, this word continuous to depict the continent as an end in need, not just in economic terms but humanitarian lines too. He sees the description of the projects as “projects to expand and universalize free-market social relations” as problematic in that, the word ‘social’ takes out the economic undertone and introduces a friend of the people, thus killing the initial motive of the free market which is profit. He continues that the short history of neoliberalism in Africa has been one of an “expanding and increasingly social remit and the development of a cluster of agencies that advocate the neoliberal agenda—largely external but also based within African states themselves, and especially presidencies, ministries of finance, and central banks” (Harrison 2005). Analytically, the World Bank and IMF are using the social projects that they initially encouraged governments to withdraw from, to penetrate African governments and societies.

In a similar way, the adjustment of the SAPs goes to prove Ferguson’s point that western societies and their agents like the World Bank always want to differentiate Africa from them and the rest of the world by adding clauses and taking it out of the normal. In the case of the structural adjustments in Africa, they only turned existing social programs into their own and made it look like they were giving assistance. It is true most of the facilities to enable the flow of the free market are lacking but at the same time it doesn’t need these agencies to force them on the people without considering the context and reality in these societies. Doing so has only proven further that the system is not suitable for the continent. Bond and Dor writes that these PRSP programs in most African countries were or are actually adapted by these banks because they already existed, citing Uganda and Tanzania as an example (2003:28). In this sense, the banks only came in to assert control as donors however “owning” the programs. The fact that these programs existed is prove that if the

IMF/World Bank loans were given on a payable rate rather than being attached with strict conditionalities, these countries could actually provide these services as they had begun.
In addition, just as colonialists introduced development and social reforms in their colonies to ease their rule, the social agenda of the neoliberals in recent years can also be seen as an effort to ease the flow of control they have established over African nations. Through African governments and NGOs for the most part, these international monetary institutions have effectuated development projects in the areas of infrastructure, education and health. They have also reinforced the need for human rights and other social services. A view from the outside may seem like these financial institutions are trying to help the continent but in reality they are paving the way for the swift implementation of the free market agenda. Kihika (2009) in a similar way has argued that, though these social projects are aimed at alleviating poverty and providing social welfare facilities, "they are specifically implemented from an economic standpoint". From this view, neoliberals can then be compared to the imperialists who only constructed roads from plantations to seaports, to serve their interest. As such, it can then be argued here that the IMF and World Bank social programs are very much motivated by their economic and political agenda. Logically, the building of roads will create mobility of goods and services, the provision of healthcare will ensure a healthy labour market, education will create a link between businesses as well as orientation towards the market and their political influence will ensure that the SAPs are fully implemented. This analysis may seem one sided but it is trying to understand how a system that advocated for the removal of social and basic services under the government has become the provider itself. The logic plays out that, by doing these things, the banks are only ensuring a means through which they can maintain control.

3.1. **Ignoring African Proposals**

When Structural Adjustment Programs (SAPs) were first introduced in Africa, the World Bank and IMF received lots of criticisms including that of the Organization of African Unity (OAU). African leaders criticized the SAPs for ignoring the social aspects in the continent and concentrating only on development. In search for solutions, the OAU met in Nigeria and came up with what they called the 'Lagos Plan of Action' (LPA) in 1980 (Owusu 2003). According to Owusu, African leaders in this meeting blamed the continent's failure on exogenous factors like colonialism and neocolonialism, and even asked for reparations from western nations. The plan carried suggestions on how development could be implemented to include everyone. In response to this plan, the world Bank came up with a report (Berg Report) in 1981, blaming African leaders for their failure to fix their own issues. In this report, the Bank proposed several Structural Adjustment Programs (SAPs) aimed at achieving stabilization and economic growth through the devaluation of currencies, the deregulation of markets (including agricultural markets), the reduction of state bureaucracies, and the privatization of state and parastatal industries (Berg Report 1981). As the finger pointing continued, the Lagos Plan of Action (LPA) was losing its place since it lacked financing and the obvious solution was to turn to western donors. But things had changed this time because most international finance institutions as well as western governments had made the SAPs a prerequisite for borrowing (Przeworski and Vreeland 2000, Ferguson 2006, Owusu 2003). This forced most of these African countries that "badly" needed the cash to go in for the SAPs. According to Jespersen (1992), by 1989, 36 Sub-Saharan African countries had already initiated about 241 adjustment programs leaving behind the LPA.
However, the OAU did not stop at the Lagos Plan. In 1986 it initiated another program known as the African Priority Program for Economic Recovery (APPER). This time around they shared the blame for their struggling economies and solicited for shared responsibility with the West (Owusu 2003). To boost the initiative, the paper was endorsed by the United Nations General assembly,

pledging international support under the United Nations Program of Action for African Economic Recovery and Development (UN-PAAERD). The UN's plea for greater balance of payment, higher prices for Agricultural products and reduction of debts did not alter the decision of the developed nations and financial institutions as they maintained the SAPs as a condition for loans. Moreover, the financial incentives that came with the implementation of SAPs made them irresistible to African regimes that were starved of resources (Owusu 2003). Harrison (2005) points out that while the OAU negotiations were ongoing, African leaders were busy signing up for the SAPs, which indicated that they knew they had lost the battle and didn't want to miss out on the funding opportunities. The World Bank and IMF in ignoring these African proposals did not only harm their own policies but also ignored the voice of the masses because the African leaders understood the problems of the people more than the foreign institutions. Even if the African leaders were not to be trusted by the banks, they could at least adjust their policies to fit in some of the proposals. But according to Hilary (2010), "internal evaluations and external studies alike have found that neither the IMF nor the World Bank has reduced the number of structural conditions as they were supposed to have done, and that both institutions continue to impose economic policy conditions in highly sensitive areas without reference to the will of the peoples concerned". The only proposal the banks accepted is the New Partnership for Africa's Development (NEPAD), which incarnates the SAPs and lays blame of underdevelopment on Africans. But like the SAPs, it has been criticized for not meeting up with its goals.

4. Other Nations in Search for Alternatives

Neoliberal policies seem to have produced similar results in most developing countries where they have been applied, thus forcing most of these nations to seek for alternatives. Most reports show a rise in poverty and a widening wealth gap between the rich and the poor in the countries under IMF/World Bank policies. This is evident by the numerous resistances that took place across Latin America in the 1990s leading to a switch in policy by some nations in the region (Harris 2002). According to Harris, these resistances were provoked by the privatization of public enterprises that led to cutbacks in workers, the changing of agricultural laws, falling wages and rising prices of basic commodities as well as rampant unemployment. Amongst these resistances were those staged by the Zapatista Army of National Liberation in Mexico, the Confederation of Indigenous Nationalities of Ecuador and the Landless Movement in Brazil that fought for land that was being taken over by privatization. They also were fighting for the protection of local producers who were losing the market to multilateral companies with huge capitals (Harris 2002). Karliner (1997) adds that these national resistance groups that share the same interest have been forming cross-border coalitions for the same cause. One of these inter-nation organization is the World Social Forum which brought together most of the resistant groups in Latin America and the Caribbean. According to Cooper (2002), one of the major purpose of this organization was to provide a "viable alternative or alternatives" to neoliberal policies and create a new organization that would replace the IMF and World Bank. However, according to Harris, this alliance has not been able to come up with a comprehensive alternative but its members have been pushing for such changes in their countries (2002, pp 144).

Furthermore, Petras (1997) sees the resistances to neoliberalism in Latin America as an alternative in itself. To him, these resistances like the Landless Movement in Brazil are forcing governments to change policy while at the same time empowering opposition parties that stand against neoliberalism. He argues that by using the military to suppress the petroleum workers' strike in 1995, Brazilian president Fernando Cardoso only showed how weak the regime was at mediating social forces. On the other hand, he portrays the efforts of the Landless Workers' Movement as a

brave one that rather unified people. The group fought to bring rural populations together to ‘recapture’ land that was occupied by multilateral companies. He further explains that earlier resistances had weakened the neoliberal regimes financially. Firstly, he claims that the prolonged process of privatization which in part was delayed by the resistances had deprived the neoliberal regimes of a potential source of income and valuable assets to attract overseas loans. More so, the people, including the middle class had lost faith in the unending series of neoliberal “adjustments,” introduced by their governments with the promise that it was the “final one” but which never solved their problems (Petras 1997, pp 89). Adding to the point earlier made by karliner (1997) on the force of the cooperation amongst these resistant groups in Latin America, Petras notes that the activities of these alliances assumed increasing importance. For instance, he explained that the land occupations and peasant co-ops of Brazil and Paraguay and the cocoa farmers in Bolivia formed coalitions with cooperative forms of production and allied with urban working-class organizations to limit the rate of privatization. However, he notes that these alternatives are just momentary and these countries have to move pass the stage of “defensive struggles” to transforming the entire system. To this, he proposed the national-statist capitalism practiced in Asia and the welfare capitalism used in Scandinavia which he sees as good enough replacements for neoliberalism.
Furthermore, according to Corrales (2011), Latin America in the 2000s have been looking for alternatives to neoliberalism given its failure in the region. He notes that Venezuela, Ecuador, Argentina and Bolivia have been able to reverse the key neoliberal reforms of the 1990s (2011 pg. 1). Corrales like Petras also sees alternatives to neoliberalism in the form of the political behavior of the people. According to him, by the 2000s there was a huge shift of power to the opposition in Latin America, especially to those that were against neoliberalism. As he notes, there was the rise of “anti-incumbent” in the region. This is in contrast to Africa where the incumbents are largely the favourites. In the area of policy, Corrales explains that most of the new governments focused on greater investments in social policy and vigilance against fiscal deficits and debt. For example, Hugo Chavez in Venezuela reversed most of the neoliberal policies by enhancing the power of the executive branch, financing cooperatives rather than privately-owned business, introducing fiscal profligacy, restrictions on businesses, price and exchange rate controls (Corrales 2011, pp 47). He goes further to claim that such changes achieved faster poverty and inequality-alleviation outcomes faster than the neoliberal policies. Going by this argument, if the free market economy was first tested in Latin America and they are already looking for alternatives, it will be but logical that other parts of the world especially Africa should also join in. But the question that arises is why the IMF and World Bank who acknowledge the drawbacks brought about by their policies cannot accept other alternatives given that they could improve the lives of the people. Their refusal only suggest that they have other agendas rather than boosting African economies as they claim.

5. Conclusion

Many have come to the conclusion that neoliberal policies are not suitable for African countries and should be replaced. However, this paper has looked beyond this conclusion and shown that these policies have come to stay because they are not serving the purpose of economic growth and development but rather are serving the interest of the neoliberal promoters. Various reports including those from the World Bank have shown that poverty has increased over the years of SAP implementation, but the neoliberal institutions are still bent on pursuing them. This is to the detriments of millions who cannot access portable water or proper healthcare services. On the other hand, a few elite classes have used the loans and the privatization policies to enrich themselves thus further widening the gap between the rich and the poor. As this paper has shown, many African countries would have been able to carry out development projects had it been the loan conditionalities from the IMF and World Bank were flexible. These conditions have handicapped African countries from freely initiating their own development projects that could trigger economic growth. Rather, they are stuck between the development of their nations and applying the policies of their creditors. In all, if these policies and conditionalities are not changed into those coming from Africans themselves, the continent will keep moving from one crisis to another.

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