# WHY STRUCTURAL ADJUSTMENT FAILED IN AFRICA

George B.N. Ayittey, Ph.D.[1]

"Instead of being exploited for the benefit of the people, Africa's mineral resources have been so mismanaged and plundered that they are now the source of our misery."

-- United Nations Secretary-General, Kofi Annan at the OAU Summit in Lome (*Daily Graphic*, July 12, 2000; page 5).

When I listen to African leaders at international gatherings I cannot but feel ashamed at their quickness to blame the white man for all the woes of Africa. This, to my mind, is nothing but a childish case of passing the buck.
They blame the whites for the impoverishment of Africa outwardly to the hearing of the world and go indoors to cabinet and presidential offices to negotiate lopsided agreements with these foreigners. I am sure Europeans amuse themselves in their drawing rooms with how big-mouthed but small-brained African leaders are.
It will be funny if, in this millennium, we continue to blame the white man for our woes when we are actually the ones responsible for our backwardness"

-- Adedeji Adeyemi, Kaduna, (*This Day*, Vol.6, No.1900, July 5, 2000; p.13).

## A. INTRODUCTION

Africa, consisting of 54 countries, is the least developed region of the Third World despite its immense wealth in mineral and natural resources. The statistics on Africa's postcolonial development record are horrifying. Indices of Africa's development performance have not only been dismal but have also lagged persistently behind those of other Third World regions. In 1997, for example, GDP per capita for Africa was $560, compared to $4,230 for Latin America and $730 for Asia. Economic growth rates in Africa in the 1970s averaged only 4 to 5 percent while Latin America recorded a 6 and 7 percent growth rate. From 1986 to 1993 the continent's real GNP per capita declined 0.7 percent, while the average for the Third World increased by 2.7 percent. For all of Africa, real income per capita dropped by 14.6 percent from its level in 1965, making most Africans worse off than they were at independence.

In 1996, a ray of hope did appear on the horizon when Africa registered a respectable 5 percent rate of GDP growth. However in 1997, real GDP growth fell to 3.7 percent from 5 percent the previous year (*The Economist*, 6 June 1998; 44). In 1998, it dropped further to 3.3 percent, according to the U.N. Economic Commission for Africa (*The African Observer*, June 7-20, 1999; p. 23). Though they are all higher than the 2 percent growth rate of the early 1990s, subtract an average population growth rate of 3 percent and that leaves miserly rates of growth of less than 2 percent in GDP per capita. These rates were insufficient to reduce Africa's average poverty rates, which continue to be among the highest in the world. "Four out of 10 Africans live in absolute poverty and recent evidence suggests that poverty is on the increase . . . If Africa wants to reduce poverty by half over the next 15 years, it needs to attain and sustain an average annual growth rate of 7 percent – an enormous task" (*The African Observer*, June 7 – 20, 1999: p.23).

[1] Professor Ayittey is an Associate Professor of Economics at American University and President of The Free Africa Foundation, both in Washington., DC. USA. He is the author of *Africa In Chaos* (MacMillan, 1998).

Agriculture, which employs the bulk of Africa's population, has performed abysmally. Over the postcolonial period 1961 to 1995, "per capita food production in Africa dropped by 12 percent, whereas it advanced by leaps and bounds in developing countries in Asia" (*The Economist*, 7 September 1996). Zaire, now the Democratic Republic of the Congo, exported food when it was the Belgian Congo. Today, it cannot feed itself, nor can postcolonial Zambia, Sierra Leone and Tanzania. In 1990, about 40 percent of sub-Saharan Africa's food was imported, despite the assertion by the Food and Agriculture Organization of the United Nations that the Congo Basin alone could produce enough food to feed all of sub-Saharan Africa. The situation has deteriorated so rapidly in Nigeria and the Democratic Republic of the Congo that many people eat once a day.

Various Western governments, development agencies, and multi-lateral development banks (MDBs) have been involved in Africa's postcolonial development and have provided generous assistance, pouring in more than $400 billion since 1960 support Africa's development efforts. According to Whitaker (1988):
"Even in 1965 almost 20 percent of the Western countries' development assistance went to Africa. In the 1980s, Africans, who are about 12 percent of the developing world's population, were receiving about 22 percent of the total, and the share per person was higher than anywhere else in the Third World – amounting to about $20, versus about $7 for Latin America and $5 for Asia" (p.60).[2]

Total African foreign debt rose 24-fold since 1970 to a staggering $350 billion in 1997 which was nearly 68 of its yearly GNP), making the region the most heavily indebted in the world. (Latin America's debt amounted to approximately 57 percent of its GNP.) (UNCTAD, 1998: p.128). Currently debt service obligations absorb about 30 percent of export revenue, leaving scant foreign exchange for the importation of capital goods, essential spare parts, and medical supplies. Only about half of the outstanding debts are actually being paid while on the other half, arrearages are continually being rescheduled. A large chunk of Africa's foreign debt – about 80 percent – is owed to Western governments and multi-lateral financial and development institutions such as the World Bank, the IMF and the UNDP.

The loans were extended to African governments under various foreign aid programs at concessional rates (below market interest rates with a grace period and a longer term to maturity) to finance development projects and to fund Structural Adjustment Programs (economic restructuring) and democratization programs in Africa. The general consensus among African development analysts is that multilateral lending to Africa has not been effective. It has failed to spur economic growth, arrest Africa's economic atrophy, or promote democracy. The continent is littered with a multitude of "black elephants" (basilicas, grandiose monuments, grand conference halls, and show airports) amid institutional decay, crumbling infrastructure and environmental degradation. Even the donor community which supplied much of the capital for development projects, now suffers "donor fatigue" after so many failures.

The situation is particularly precarious since Africa has remained unattractive to foreign investors. As a result, over the decades, ODA replaced private capital as the primary source of development funding. Net foreign direct investment in sub-Saharan Africa dropped dramatically from $1.22 billion in 1982 to $498 million in 1987. From 1989 to mid-1994, over half of British manufacturing companies with African subsidiaries disinvested from those operations. In mid-1989 there were 90 British companies with 336 equity stakes in Anglophone African manufacturing enterprises. By mid-1994 only 65 companies with 233 equity stakes remained (*African Business* May 1995, 16). The French also have become disillusioned: "French direct investment in sub-Saharan Africa ran at $1 billion a year in 1981-1983; by 1988 that had translated into a net outflow of more than $800 million" (*The Economist*, 21 July 1990, 82).

---

[2] The World Bank (1987) reached similar conclusions: "Between 1970 and 1982, official development assistance (ODA) per capita increased in real terms by 5 percent a year, much faster than for other developing countries. In 1982, ODA per capita was $19 for all sub-Saharan African countries and $46 per capita for low-income semiarid African countries – compared, for example, with $4.80 per capita for South Asia" (p.13).

## B. ADJUSTMENT LENDING AND AFRICAN DEVELOPMENT

Africa's experience with development assistance can be divided into four phases. Phase I covers the period from independence in the 1960s to the beginning of the 1970s. During this period, bilateral aid was the main source of development finance in Africa. Private foreign investment was not significant, largely as a result of the socialist rhetoric and policies of African nationalist leaders. There was some recourse to private credit markets in the West but this was modest, and, where utilized, tended to be of very high cost, as was in the case of supplier's credit. "Foreign direct investment was limited mainly to minerals and oil extraction, and in some cases to the production of wage goods such as beverages and textiles" (UNCTAD, 1998; p.116). Although the former colonial powers (Britain, France, and Belgium) provided the bulk of bilateral assistance, other countries such as Canada, Norway, Sweden, the Soviet Union (mostly military aid) and the United States assumed an increasingly prominent role in aid disbursements to Africa.

Phase II began in the early 1970s when multilateral development banks (MDBs), such as the IMF, the World Bank, the European Development Bank, the OPEC Special Fund, the International Fund for Agricultural Development, the UNDP, the Arab Bank for Economic Development in Africa, the African Development Bank, and the Commonwealth Development Corporation, became increasinly important providers of development assistance. For example, in 1970, aid from multilateral sources accounted for only 13 percent of the total; by 1987, that had grown to 34 percent. The following table illustrates the phenomenal growth of multilateral aid in the 1970s, 1980s and 1990s:

**TABLE 1: Gross Disbursements of External Loans to Sub-Saharan Africa ($ Millions)**

| *Disbursements* | *1970* | *1980* | *1987* | *1990* | *1994* | *1996* |
|---|---|---|---|---|---|---|
| **Bilateral (concessional)** | 432 | 2,552 | 4,868 | 4,915 | 4,808 | 4,156 |
| | 151 | 1,697 | 2,345 | 2,327 | 1,451 | 939 |
| | 593 | 6,330 | 3,346 | 2,533 | 4,636 | 4,426 |
| | 1,176 | 10,579 | 10,559 | 9,775 | 10,895 | 9,521 |

Sources: World Bank, *Financing Adjustment in Sub-Saharan Africa, 1986-1990*; World Bank, *African Development Indicators, 1998-99*; UNCTAD, *Trade and Development Report, 1998.*

By contrast, private commercial lending, including net foreign investment in Africa, has declined sharply, although it picked up in 1994. Between 1990 and 1995 the net yearly flow of foreign direct investment into developing countries quadrupuled to over $90 billion but Africa's share of this fell to only 2.4 percent.[3] According to the World Bank, in 1995 a record $231 billion in foreign investment flowed into the Third World. Singapore by itself attracted $5.8 billion, while Africa's share was a paltry 1 percent or $2 billion -- less than the sum invested in Chile alone (*The Economist*, 9 November 1996, 95). "Even that meagre proportion has been disputed by some analysts who believe the true figure to be less than $1 billion," said *The African Observer* (11-24 April 1996, 20). Although it increased dramatically to $4.7 billion in both 1996 and 1997, it dropped to $3 billion, leading United Nation's Conference on Trade and Development (UNCTAD) to conclude that "Africa has lost attractiveness as market for Foreign Direct Investment as compared to other developing regions during the last two decades," (*The African Observer*, 30 November - 13 December 1998, 21).

Thus, the MDBs and bilateral donors have simply been filling the void vacated by private commercial lenders. Much of the loans extended by the MDBs during the second phase were project-specific: To fund

[3] The percentages in the five previous years, beginning with 1990, were: 3.5, 5.2, 3.2, 2.6, and 3.7 percent.

infrastructural development (roads, dams, telecommunications, and schools) – public goods that were vital for an African country's development. A hydro-electric dam, such as the Akosombo Dam in Ghana financed by the World Bank for example, generated not only electricity but also provided large "externalities": a low-cost power grid for an industrial base, a man-made lake that could provide income-earning opportunities from tourism and fishing. Road construction, telecommunications also fall in this category, since they facilitate movement of goods and commerce. Similarly, a steady supply of well-educated labor force aids industrial expansion. MDB loans were also used to finance agricultural and industrial projects in Africa, which were largely owned by the state. However, much of Africa's infrastructure has collapsed – for lack of maintenance or destroyed by civil wars for which the MDBs cannot be blamed. In addition, an overwhelming number of these Africa's state-owned enterprises, the sectoral projects funded by the MDBs, were grossly inefficient and unproductive.

Phase III began in the early 1980s when it became apparent that most African economies were in crises. Although the crises were triggered by the oil price shocks of 1979 and the Third World debt crisis of 1982, there was a general recognition that decades of misguided government policies had contributed immensely to Africa's economic morass. In fact, in May 1986, African leaders themselves collectively admitted on their own accord, in a rare moment of courage and forthrightness, before the United Nations Special Session on Africa that their own capricious and predatory management had contributed greatly to the continent's deepening economic crisis. In particular, they pointed to their own "past policy mistakes", especially the neglect of agriculture. A 1985 OAU Report, which served as the core of the African sermon at the United Nations, urged African nations "to take measures to strengthen incentive schemes, review public investment policies, improve economic management, including greater discipline and efficiency in the use of resources." Most notably, the report pledged that "the positive role of the private sector is to be encouraged." Even a year before that, the African Development Bank and the Economic Commission for Africa had produced reports that had been adopted at the OAU meeting in July 1985, which stressed a change of direction of economic policy "toward more market freedom, more emphasis on producer incentives, as well as reform of the public sector to ensure greater profitability" (*West Africa*, 21 April 1986, 817).

Subsequently, African leaders agreed to the World Bank's structural adjustment programs (SAPs) in return for World Bank loans to ease balance of payment, debt-servicing and budgetary difficulties. In June 1987, African leaders reaffirmed their determination to pursue the SAPs at a conference organized by the Economic Commission on Africa at Abuja, Nigeria. Under a structural adjustment program, an African country undertook to devalue its currency to bring its overvalued exchange rate in line with its true value. Supposedly a more realistic exchange rate would reduce imports and encourage exports, thereby alleviating the balance-of-trade deficit. The second major thrust of SAP was to trim down the statist behemoth by reining in soaring government expenditures, removing the plethora of state controls on prices, rents, interest and the exchange rate, while eliminating subsidies, selling off unprofitable state-owned enterprises, and generally "rationalizing" the public sector to make it more efficient. By 1989, 37 African nations had formally signed up with over $25 billion in Western donor support. It is important to note that SAP was not imposed on African leaders unilaterally without their consent. They willingly and freely consented to adopt SAP.

Phase IV began after the collapse of communism in the eastern-bloc countries. Western donor governments and the MDBs added various "conditionalities" to the receipt of their aid: respect for human rights, establishment of multi-party democracy, etc. For example, on May 13, 1992, "the World Bank and Western donor nations suspended most aid to Malawi citing its poor human rights record, a history of repression under its nonagenarian "life-president" Hastings Banda . . . The decision came after protest by workers turned into a violent melee in Blantyre. Shops linked to Banda and the ruling party were looted and government troops fired point-blank at the protesters, killing at least 38 (The Washinigton Post, May 14, 1992; p. A16).

Nonetheless, the record for both Phases III and IV has been dismal. The democratization process in Africa (the political conditionality) has stalled and the list of African "economic success stories" touted by the World Bank and the IMF keeps changing and shrinking.

**C. THE PAUCITY OF AFRICAN ECONOMIC SUCCESS STORIES**

Adjustment lending has been a miserable fiasco in Africa. According to UNCTAD (1998), "Despite many years of policy reform, barely any country in the region has successfully completed its adjustment program with a return to sustained growth. Indeed, the path from adjustment to improved performance is, at best, a rough one and, at worst, disappointing dead-end. Of the 15 countries identified as `core adjusters' by the World Bank in 1993, only three (Lesotho, Nigeria and Uganda) are now classified by the IMF as `strong performers'" (p.xii). Even then, conditions remain dire in Uganda as Charles Onyango-Obbo, Editor of the Kampala daily, *Monitor*, pointed out:

"The government has not rebuilt the country the way it should have but Ugandans' threshold for pain is so high that it takes a lot to annoy them. I know many people who are having to sell everything because they have lost their jobs. Farmers barely an hour from Kampala are selling off their daughters in return for sacks of corn: three for a pretty girl, two for a less attractive one. Ugandans are so numbed, they read these stories and laugh. And it is going to get worse.

Makerere University used to have 2,000 students. Now it has 8,600. There are now nine other universities as well. The economy would have to grow 1,000 percent for these people to be absorbed. It's not happening. All we are doing is increasing the ranks of the discontented."[4]

The World Bank itself evaluated the performance of 29 African countries it had provided more than $20 billion in funding to sponsor Structural Adjustment Programs (SAPs) over a ten-year period, 1981-1991. Its Report, *Adjustment Lending in Africa,* released in March 1994, concluded that only six African countries had performed well: The Gambia, Burkina Faso, Ghana, Nigeria, Tanzania, and Zimbabwe. Six out of 29 gives a failure rate in excess of 80 percent. More distressing, the World Bank concluded, "no African country has achieved a sound macro-economic policy stance." A year later, however, this number had shrunk. In The Gambia, a military coup toppled Sir Dawda Jawara on 24 July 1994, quashing any hopes of economic recovery. Continuing political turmoil in Nigeria throttled economic reform. In the remaining four "success stories," reform was on the verge of collapse – Ghana in 1995 and Zimbabwe in 1999 with President Robert Mugabe's ill-conceived involvement in Congo's war for mercenary motives and violent seizures of white farmlands. On Ghana, the World Bank's own Operations Evaluation Department noted in its December 1995 Report that, "although Ghana has been projected as a success story, prospects for satisfactory growth rates and poverty reduction are uncertain."

In 1998, four new countries were added (Guinea, Lesotho, Eritrea and Uganda) were identified as the new "success stories." However, the senseless Ethiopian-Eritrean war, the eruption of civil strife following an army take-over in 1998, and the eruption of civil wars in western and northern Uganda have knocked off most of the new "success stories." The following table provides the list of the African "success stories," whose economic performance can at best be characterized as "mediocre" to "absymal."

**TABLE 2: The Success Stories -- GNP Per Capita (U.S. dollars)**

| | *1980* | *1990* | *1991* | *1992* | *1993* | *1994* | *1995* | *1996* | *1997* |
|---|---|---|---|---|---|---|---|---|---|
| Burkina Faso | 260 | 290 | 310 | 280 | 230 | 200 | 210 | 230 | 240 |
| Gambia | 430 | 320 | 330 | 350 | 350 | 340 | 340 | 340 | 350 |
| Ghana | 430 | 390 | 410 | 430 | 410 | 360 | 350 | 360 | 370 |
| Guinea | … | 460 | 470 | 480 | 500 | 520 | 540 | 560 | 570 |
| Lesotho | 440 | 540 | 530 | 590 | 590 | 620 | 660 | 690 | 670 |

[4] -- Charles Onyango-Obbo, Editor of the Kampala daily, Monitor, interviewed by Henry Wasswa of The Associated Press (Reprinted in The Washington Times, Dec 25, 1997; page A11).

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Nigeria | 710 | 270 | 270 | 280 | 250 | 230 | 220 | 260 | 260 |
| Tanzania | … | 190 | 180 | 160 | 170 | 160 | 170 | 180 | 210 |
| Uganda | … | 340 | 260 | 200 | 190 | 190 | 250 | 300 | 330 |
| Zimbabwe | 950 | 920 | 910 | 740 | 670 | 650 | 650 | 710 | 750 |

Source: African Development Indicators, 1998-99; p.35.

Of the 9 African "success stories" listed above, 6 of them had income per capita in 1997 that was less than in 1980. Declining income per capita, used as an indicator of standard of living, can hardly be considered a "success." Prospects for the new millennium remain bleak (Schwab, 2001; p.5).

**D. GHANA -- THE FALLEN WORLD BANK STAR**

Ghana's experience with Structural Adjustment requires a much closer scrutiny because the West poured billions into the country. The World Bank, in particular, pumped more than $4 billion into Ghana, declaring the country an "African economic star" in 1994. Ghana was also the first country on President Clinton's itinerary, during his historic visit to Africa in 1998.

When Flt./Lte. Jerry Rawlings seized power in Ghana on December 31, 1981, his Provisional National Defense Council (PNDC) declared war on corruption, "kalabule" and profiteering. Ghana's income per capita was $410. In the halycon of the Rawlings revolution (1982-83), stringent price controls were imposed on most commodities and ruthlessly enforced by Price Control Tribunals. Private businessmen were attacked. Traders who violated price controls were hauled to jail and their wares confiscated. Some women traders had their heads shaved. Scores of markets, decried as "dens of profiteers and capitalists," were torched by revolutionary cadres. Makola No. 1 -- a free market in Accra -- was dynamited. Traders were warned that if any were found with hoarded goods, they would be `taken away to be shot by firing squad'" (Herbst, 1993, 26). Criticisms of these inane economic measures were mercilessly crushed with brutal abandon. Back in 1982, the World Bank and the IMF were denounced by the PNDC regime as "imperialist institutions dedicated to the oppression and exploitation of the Third World." In fact, Dr. Kwesi Botchwey, the former minister of finance, vowed that Ghana would never bow to the IMF. These economic inanities sent the economy reeling to its lowest nadir in 1983. Income per capita fell from $410 to $365.

According to Herbst (1993): "As both the economy and civil society fell apart, it soon became apparent to the regime that it did not have the economic policies to cope with the crisis confronting Ghana. The Soviet Union and its Eastern European allies, which the PNDC had hoped would come to the aid of its revolution, told Ghana they had no money, suggesting that the Rawlings regime negotiate a program with the IMF (29).

The PNDC did so and in 1983, Ghana signed a Structural Adjustment Program (SAP) with the World Bank. To its credit, the PNDC religiously applied the SAP "medicine" and the World Bank, western governments and other multi-lateral institutions provided more than $4 billion in loans and grants to support the program over the next 15 years. The economy began to grow, clocking a respectable 4.4 percent annual growth rate over the period, 1984-1989, which was surpassed in 1991 with a 5 percent rate of growth. Income per capita regained its 1981 level of $410 in 1991 -- ten years later – and bounced up to $430 in 1992 (*African Development Indicators 2000*, p.35)

A 5 percent rate of growth on a continent where economies were imploding was astounding. Accordingly in 1994, the World Bank declared Ghana an "economic success story," – a "role model for Africa." However, Ghana's stardom was shortlived. It dropped precipitously to opprobrium within a year.[5] The World Bank's own Operations Evaluation Department warned that progress would not be sustained unless the country

[5] In 1996, Uganda became all the rage. It is destined to suffer Ghana's fate in the end.

speeded up the implementation of a large unfinished agenda of policy reform. In its December 1995 report, the department noted:

“While Ghana has been hailed as a success story, prospects for satisfactory rates of growth and poverty reduction are uncertain. Agricultural growth is much slower than necessary and feasible, and may be slower than population growth. Fiscal problems have resurfaced. Deficits are larger than is consistent with low inflation and adequate credit to the private sector. Fiscal problems, combined with excessive credit to public enterprises, still depress private investments and savings, and underlie the resurgence of inflation in 1993-95.

This dire prognosis for Ghana's economy was echoed by Joe Abbey, the former Ghanaian Ambassador to the United States and now the executive director of the Center For Policy Analysis (CEPA). He warned of "a full blown economic crisis unless there is an urgent review of the level and quality of government spending in 1996 and beyond. In a macroeconomic review and outlook for the Ghanaian economy, CEPA pressed the panic button and decried the off-tracking of the economy with the recent re-emergence of high inflation, budget deficits and low savings. Abbey believed that economic growth for 1996 would be no more than 3.5 percent" (*The Ghanaian Chronicle*, 18-20 March 1996, 1).

By 1997 the economy was a shambles. Inflation was raging at 60 percent, unemployment had reached 30 percent, and the currency was in a free fall. Worse, according to Michaels (1993), "Ghana's manufacturing sector, meanwhile, was left to decline, and as Ghana increasingly becomes a `buying and selling' economy, the only real growth is in the service sector. Its transportation, wholesale and retail sub-sectors now account for 42.5 percent of GDP, which generates little in the way of foreign exchange (or food). After nine years of structural adjustment, Ghana's total external debt had nearly quadrupled to almost $4.2 billion."

In the ensuing years, the economy continued to deteriorate. By the year 2000, the *cedi* was in a free fall, while agricultural production and manufacturing plummeted. Income per capita had dropped even below its 1983 level of $365 to $360. A joint report by CEPA and the World Bank, released in June 2000, noted that “a total of 2,008 local businesses closed down between 1996 and 1999,” throwing hundreds of thousands of able-bodied Ghanaians out of jobs (*The Ghanaian Chronicle*, July 3-4, 2000; p.8).

Inflation raged at 60 percent; unemployment hovered around 30 percent; interest rates had reached 50 percent and the currency, the *cedi*, had virtually collapsed. When Fte/Lte. Jerry Rawlings seized power in a military coup in 1981, the exchange rate was 285 cedis to the dollar and income per capita was $410. In 2001, the exchange rate was 7,200 cedis to one dollar and income per capita is $360.

Fed by huge expenditures on security and wanton wastes, government expenditures had careened out of control. To satisfy its voracious appetite for revenue, the government sought to tax anything that moved. Fed up with over-taxation, the people rebelled. On May 5, 1995, over 100,000 Ghanaians demonstrated through the streets of the capital, Accra, demanding the repeal and 18 percent value-added tax (VAT) -- denounced by the people as "vampire tax." But government-hired thugs opened fire on the demonstrators, killing four of them. In July 2000, the Ghana Trade Union Congress, a traditional ally of the government, staged a one-day strike to denounce the failure of the regime's policies and open pillage of the nation's treasury.

Finally, in July, 2000, the P/NDC government summoned enough political courage to admit that the country was indeed in the throes of a serious economic crisis but attributed it to “external factors.” However, Mohammed Sidique, Regional Education Secretary of the Reform Party quickly dismissed this: “Ghana is not the only country, which has been bit by external shocks. Other countries are facing similar problems and yet their citizens are living better lives. Inefficiency and greed on the part of our leadership are the cause” (*The Evening News*, July 11, 2000; p.3).

At least 40 percent of World Bank loans and Western aid were squandered. According to Goosie Tanoh, who broke with the ruling regime to form his own National Reform Party, "many grants from Japan, Canada, USA and Britain, given to NDC party functionaries, were misapplied " (*The Ghanaian Chronicle*, August 14, 2000). World Bank loans, provided for various poverty-reduction programs, were not spared.

According to the government's own Serious Fraud Office, 130.3 million *cedis* ( or $20,000) of the World Bank's poverty-reduction program, intended for the small community farmers of the Afram Plains, was embezzled by Col. D.I.K. Sarfo, I.G. Tetteh, P.P. Adade, C.K. Gyamfi, D. Attrama, E.K. Addai and B. Acheampong. A World Bank loan of 58 million *cedis* to Ghana's Statistical Service was stolen by Dr. Oti Boateng, the director. Another sum, 155.4 million *cedis* provided by the World Bank to the Ghana Statistical Service for a "Living Standards Survey" was misappropriated by Dr. Atadika through the inflation of car rentals and seminar fees.

"A total amount of 650 million *cedis* (about $278,000) allocated to the Tema Municipal Assembly toward the implementation of its Poverty Alleviation Programme by the World Bank for the last two years cannot be traced. According to reliable sources, there is no record of the total amount released by the Ministry of Local Government and Rural Development in two batches of 400 million *cedis* for 1997 and 250 million *cedis* in 1998 respectively having been expended on any project or projects to alleviate poverty in the Assembly's area of jurisdiction" (*Free Press*, January 13-19, 1999; p.1).

The regime, which preached World Bank gospel of "accountability" and "transparency," never accepted responsibility for its failures, choosing to blame "external factors" (low prices for exports, tardy disbursement of foreign aid pledges) for the country's worsening economic crisis and even corruption. At the United Nations General Session in New York on September 8, President Jerry Rawlings blamed Western countries for much of the monumental corruption in Africa, saying they have a responsibility to curb the menace so as to promote good governance on the continent (Panafrican News Agency, September 8, 2000). But Ghanaians never bought this claptrap, turning out massively to toss the regime out of office at the Dec 7 elections with more than 70 percent voter turnout.

Said an angry Alex Bokuma of Tamale (Ghana) to the IMF:

> "For so many years you lauded Ghana as a success story. Ghana became your model country for Africa and you seized every opportunity to praise Mr Rawlings for swallowing all your policies as if they were God-sent. Now that Rawlings has been kicked out, you make a U-turn and ask Ghana to pay 39 million American dollars because the NDC government lied about the economy.
>
> Our only reward for being your success story is a shattered economy. You will forever be remembered for leading us to the status of a heavily indebted poor country. You lied to the whole world about the success of your policies in our country.
>
> Shame on you.
> (BBC *Focus on Africa*, August 7, 2001. "Letter of the Day.")

**E. WHY SAP FAILED IN AFRICA**

A huge emotional debate has erupted over the success or failure of structural adjustment in Africa. Much of the controversy derives from the involvement of the World Bank and International Monetary Fund in Africa's adjustment programs. These two institutions, deservedly or not, have a rather poor image in Africa and their involvement in any program on the continent draws automatic flak. This is unfortunate since the efficacy of a program should be assessed objectively, regardless of its sponsor.

A program may fail for a variety of reasons. It may be poorly designed and poorly implemented, and this may have nothing to do with the Bretton Woods institutions or the SAP itself, just as Africa's problems with democratization have less to do with sponsoring Western agencies or "the inherent flaws in principle of democracy." In addition, the success or failure of a program depends upon the existence – or lack thereof -- of supporting institutional infrastructure. For example, the removal of price controls alone does not automatically establish a free market. Such a market requires the existence of supporting infrastructure and institutions that establish civil society, fairness, due process, and rule of law. These supports include a private press (for the free flow of information), freedom of expression, an independent judiciary/legal system (to uphold the rule of law, enforce market contracts, and protect private property rights), and an independent central bank.

Meaningful market reform cannot endure if the legal system is not functioning and has been replaced with tribunals or kangaroo courts. In the absence of the rule of law, commercial properties can arbitrarily be seized by the state without due process. Where the central bank is under the thumb of the government, the state can gun the money supply, wreaking disastrous inflationary havoc with fragile financial markets and business decision-making.

Since SAP is often referred to as "the bitter IMF pill, perhaps a more fruitful method of assessment is to use a patient-doctor analogy. A sick patient goes to see a doctor, who performs some tests. After determining the cause of the ailment and making a diagnosis, he prescribes a medicine. Whether the medicine cures the patient or not depends on a host of other variables that have nothing to do with the doctor. For example, to be effective, certain medications must be taken three times a day. It may not work if taken once a week. In addition, the medicine only will work under certain conditions. For example, it should be taken before meals and the patient, while on the medication, may not consume alcohol or coffee, which may counteract the effectiveness of some drugs. Clearly, a patient who does not follow this regimen would not be cured.

By the late 1980s, it was clear that many African economies were "sick." Their governments saw the "doctor" (the World Bank/IMF), which prescribed SAP. Keep in mind that the World Bank was not the only "doctor" around. If an African government loathed the World Bank and its "fees," there were other "doctors" to consult. After years of "adjusting," however, Africa's economies were not "cured." The reason was simple: Although the pill was the right medicine, it was prescribed by the wrong doctor (World Bank), administered by the wrong nurse (**a gangster African state**) and implemented using the wrong tactics. Note only one "right" but three "wrongs."

**The "Right" Medicine**

In the postcolonial period, African governments, under various ideological guises, arrogated onto themselves the power to intervene in almost every conceivable aspect of their economies, ostensibly for "national development" and protect the new African nation against "foreign exploitation." They were suspicious of "capitalism" and foreign exploitation, with most of them opting for socialism. Under socialism, a large role was envisaged for state participation in the economy through the operation of state-owned enterprises and the institution of a plethora of state controls.

Subsequently, state controls and state hegemony in the economy became pervasive. The bureaucracy swelled with payrolls padded with government/party supporters. The controls created shortages and opportunities for illicit enrichment by the elites and bred a culture of bribery and corruption. In addition, they killed of the incentive to produce. Inevitably, the state sector became grotesquely inefficient and wasteful. The rot at the government house propelled the military to intervene in politics. Notwithstanding the fact that the soldiers often made matters worse, their primary objective was explicit: to clean house. And most Africans would agree that the state sector had to be cleaned up and government operations rationalized.

The basic thrust of SAP -- to grant greater economic freedom to the people -- is unassailable. The pervasive control African governments wield over their economies need to be rolled back. Peasants who produce foodstuffs and cash crops should be allowed to keep a larger portion of their proceeds. Countries that move away from a state-controlled economy toward greater reliance on the private sector generally do better economically. Innumerable examples, from Asia to Latin America and the former Soviet bloc, can be adduced for testimony.

A more scientific effort was made to test this hypothesis empirically. The Heritage Foundation of Washington, D.C. and the Fraser Institute of Vancouver, Canada, attempted to find the correlation between economic freedom and **wealth** around the world over a 20-year period. Essentially, economic freedom deals with property rights and choice. The two afore-mentioned organizations defined economic freedom thus: "Individuals are economically free if property that they have legally acquired is protected from invasions or intrusions by others, and if they are free to use, exchange or give away their property so long as their actions do not violate other people's similar rights" (*The Economist*, 13 January 1996, 21). The concept may sound abstract and esoteric but is relevant in everyday activities. Perhaps, like democracy, it is easier recognize its absence than to define it. Economic freedom does not exist when a government arbitrarily can confiscate private property (residential or commercial); conscript individuals for military service or forced labor; can dictate prices at which commodities may be sold and purchased; can restrict access into certain occupations, economic sectors and markets; can prohibit the production and consumption of certain commodities and services; and even impose on its citizens the use of a currency rendered worthless by reckless monetary policies.

In terms of broad geographic regions, the study found that, "apart from a handful of Middle Eastern countries, sub-Saharan Africa was the only area of the world that enjoyed no appreciable improvement in its level of economic freedom between 1975 and 1995."[6] The survey classified Ghana as "mostly unfree." (*The Economist*, 13 January 1996; p.22).

It should be recalled that African natives enjoyed much economic freedom before the advent of the colonialists. They themselves determined what they produced and sold their surpluses on free village markets. Prices were determined by bargaining, not fixed by chiefs. Free trade and free enterprise were the rule, as they traveled long distances -- along free trade routes -- to trade freely. The tribal government played only minimal role in the economy. But after independence, African governments stripped them of their economic freedoms. "Throughout the continent, the problem has been policies that don't encourage farmers to be more productive," said Mario Quinones, the head of the Sasakawa project in Ethiopia (*The Washington Post*, May 25, 1998, A18).

Where **economic** reform was implemented, the results were spectacular. A few African countries, such as **Egypt,** Ghana, **Mozambique,** Tanzania, and Zimbabwe, performed remarkably in the initial phases of reform. Once free of statist controls, Tanzania's agriculture expanded annually at 5 percent in the early 1990s. State-owned enterprises that Tanzania privatized also chalked up spectacular results.

The Ashanti Goldfields Corporation of Ghana is another example where privatization turned a moribund state-owned corporation around. The AGC, which accounts for 20 percent of Ghana's foreign exchange earnings, increased its output from 272,000 ounces in 1987 to 355,700 ounces by the end of 1989. "This represented an increase of 30.8 percent over the last 3 years" (*West Africa*, 5-11 February 1990, 190). Other state-owned enterprises chalked up impressive turn-around after privatization:

> "Most of the enterprises divested by the state have been modernized and brought back to life. The magnificent Golden Tulip Hotel, formerly Continental Hotel, at the time of its divestiture, had about 116 employees. Services at the then hotel were nothing to write home about. Today, the hotel under new management and new name now has 347 employees. The service of the hotel is rated number one in the hospitality industry.
>
> Tema Steel Works at the time also had about 130 employees with very poor production figures. After six years of operation under new management and injection of fresh capital coupled with the modernization of its production line, the company can now boast of about 584 employees.
>
> Alongside the government's stake of 25 percent, Swiss company *Industrie Bau Nord*, with more than 40 years experience in Africa has turned around Tema Food Complex -- now Ghana Agro-Food

[6] This was also cited by Nicholas Eberstadt in *The Washington Times*, 7 October 1996, 19).

(GAFCO), rehabilitating its plant and machinery, doubling output and increasing its workforce from 494 to 1,600.

The Coca Cola Company Limited which was formerly a subsidiary of the state-owned Ghana National Trading Corporation had a pre-divestiture employment of about 340. After just three years of operation the workforce of the company has not just increased to about 530, the company has also increased its production figures and added a new line of drinks to the existing ones.

The same pattern exists at the Ghana Rubber Estates Limited. Prior to divestiture in 1996, there were about 3,085 workers. Current statistics indicate that the company now has more than 3,833 employees.

Another success story of the privatization program was the divestiture of Ghana Telecom. The company was privatized in December 1996, by selling 30 percent stake to a consortium of strategic investors led by Telekom Malaysia.

Since 1997, when the new managers of Ghana Telecom rehabilitated and installed new facilities, the services of the company have remarkable shown some level of improvement.

As at the end of February 1998, the company had delivered more than 27,000 lines and installed more than 1,000 pay phones in most urban cities. This exceeds the contractual agreement of the company to deliver 25,000 direct lines and 300 pay phones (*Daily Graphic*, 4 January 1999, 23).

These **few** examples -- and many others exist -- show that macro-economic restructuring of an economy away from a state-controlled system does work, if pursued with dedication, seriousness, and honesty. As Stephen Buckley, a foreign correspondent, noted in *The Washington Post* (25 May 1998), after the removal of price controls and providing better incentives to farmers:

> "Ghana doubled its corn production between 1986 and 1996. Nigeria's corn output leaped by 50 percent between 1990 and 1996. Mozambique, emerging from nearly two decades of civil conflict, has seen agricultural output grow by 50 percent. In the past decade, Ugandans have doubled or tripled production of several main crops" (p.A18).

**Wrong Doctor**

Over the years, the credibility of the Bretton Woods institutions has eroded. According to The *Times of London* (Sept 2, 1999):

“The decline of the IMF is linked to the perception that it had become little more than a proxy for Western, and notably American, commercial and strategic interests. Having allowed Western banks to go scot-free in Thailand and Korea, it played hardball in Indonesia, but this had less to do with combating charges of moral hazard and everything to do with America's desire to topple President Suharto. Moral hazard returned with a vengeance in the case of Russia, which in August 1998 was handed $22.6 billion on very weak conditionality because America required that Boris Yeltsin should be supported at any cost. America's role is less than edifying. It has long used the IMF as a tool for remaking the world economy in its image, but has woefully failed to meet its obligations as the world's economic superpower. It has failed to tackle its arrears in funding to the IMF."

In Africa, the Bretton Woods institutions, deservedly or not, have a rather poor image and low credibility. As such, their involvement in any development program on the continent draws automatic flak and politicizes the issue. The late Julius Nyerere, for example, characterized the World Bank and the IMF as "imperialist institutions and devices by which powerful nations maintain their power over poor nations" (*Time*, Jan 16, 1984; p. 39). Marxists charge that the real objective of the IMF-sponsored liberalization measures in Africa is not domestic economic recovery but rather the "penetration of imperialist capital." Leftist radicals have denounced conditionality as unwarranted imperialist interference in their internal affairs. “The SAP as a strategy -- a monetarist prescription of the supply-side economics variety -- however, gave more power to donors in the planning and supervision of domestic African enterprises, and as a result most African countries who espoused

SAP are poorer now than they were two decades ago" (*African Link*, First Quarter, 1998, 10). In Kenya, "the World Bank's policies are viewed as a monster that no one wants to hear about" (*The African Observer,* 28 September - 11 October 1995, 21).

This kind of emotional rhetoric unnecessarily politicizes the debate and impedes the search for solutions. Additionally, it provides a convenient shield for incompetent African despots to conceal their own failures. They claim acceding to structural adjustment in this atmosphere amounts to succumbing to foreign dictates – a problem compounded by the fact that there is often no African input in the design of the programs – the very people who would be most affected by World Bank decisions. As Wayne Ellwood wrote:

> “Time and time again local communities are ignored. Misconceived, harmful development projects are dropped in their laps without consultation and the people of the industrialized countries, who bankroll most of the Bank's activities, are asked to pay the bill.
>
> The Bank needs its own glasnost so that informed public debate can take place, says Probe International's Pat Adams. "Decision-making," she adds, "should be returned to the people who have to live with the physical consequences of the decisions; they're the people with the best judgment about what risks to take with their environment" (*New Internationalist*, Dec 1990; p.6).

The World Bank employs the services of management consultants. About 80,000 expatriate consultants work on Africa alone. Less than 0.1 percent are Africans. In 1988, the World Bank spent close to $1 billion on consultants. Characterizing this as the "great consultancy rip-off," *South* (Feb 1990) noted:

> “There is increasing concern (World Bank) advice is often overpriced, poorly researched and irrelevant. Although some management consultants give value for money, many simply recycle standard off-the-shelf reports, regardless of whether they are appropriate, say critics. Frequently, management firms send rookie staffers with little experience of Africa to advise on sensitive political issues there. Or they provide theoretical studies, full of high school economics, but with no practical applications...One top World Bank man, who declined to be identified, says that of all the countries in Southern Africa, the only government which gets value for its money from management consultants is Botswana, which has a rigorous bidding procedures for the work (p.42).

Most battered has been the World Bank's credibility in Africa. Back in the 1960s and 1970s, it funded disastrous statist policies in such African countries as Cameroon, Ghana, Ivory Coast, Kenya, Nigeria and Zaire. Imagine the World Bank telling African governments to dismantle the very same statist structures it had helped them build! The World Bank's support for statism was reflected in its lending policies. Most of its loans focused on government-devised infrastructure projects. For example, throughout the 1980s, the Bank committed about 80 percent of its funds to government enterprises, or parastatals.

The IMF, on the other hand, provided less direct support for statism. Its focus was on balance-of-payment disequilibria and its loans were subject to conditionalities such as devaluation, trimming budget deficits, and general macroeconomic management. However, IMF emphasis and insistence on conditionalities and macromanagement had the effect of reinforcing the notion of state management and control. An African government that followed IMF prescriptions would solve its country's economic problems. Nothing could have played more into the hands of Africa's statist governments. "For 30 years, Zambia's statist policies of import-substitution, subsidized food prices and state enterprises were backed by western economic advisers including the World Bank. True, the IMF always disliked them, but then, as one IMF official says privately: `Why did we lend $1.2 billion to a government whose policies we disapproved of?'" (*The Economist*, 1 July 1995, 34).

As Whitaker (1988) noted: "From the early 1960s on, the World Bank and the International Development Association supplied at least 25 percent of the loans to Africa. U.S. aid fluctuated widely, doubling during the Kennedy and the Carter administrations, and receding in the mid-1980s when the United States itself became a major debtor nation. Yet throughout this period, the World Bank, the United States and most Africans felt that development would occur by creating industries and services which would expand and diversify the economy. Governments themselves would move into areas that Europeans and Asians nearly monopolized. The United States and the World Bank actively supported national planning as the basis for government activity and their own projects. (66)

Said Stephen Thompson of Washington:

> "Behind the World Bank's astounding incompetence is its basic economic philosophy, which is more in line with that of the old Soviet Union than of the West. Its preferred way of operating is to set up some Soviet-style development "project" that in one fell swoop is supposed to lift the economic status of the area to a higher plane. Of course, such projects are usually done more or less as government programs, resulting in theft, bribery, kickbacks and other corruption on the part of government officials" (*The Washington Times* (20 June 1995, A18).

Even more bizarre, the World Bank itself was afflicted with the same ailment it set out to cure in Africa: corruption, nepotism and bloated bureaucracy. While it was exhorting African governments to trim their bloated bureaucracies, its own bureaucracy was swelling. Was this a case of physician heal thyself? As *The Washington Times* (24 August 1995) reported: "The World Bank is quietly eliminating 600 positions at its downtown headquarters. By the end of this year, the bank hopes to have identified all the positions that will be eliminated. By the end of fiscal 1997, which begins in July, the bank expects to have saved a net of $96 million over two years" (A1).

Then came this bombshell:

> "The World Bank has hired outside auditors to investigate expenditures from its annual $25 billion fund for development projects after an internal examination uncovered "alarming information" about possible kickbacks and embezzlement, according to bank officials.
>
> World Bank President James D. Wolfensohn said the investigations were triggered by his decision that "if the bank were going to campaign against corruption in our borrowing countries, we had to be absolutely certain that we held ourselves to the highest standards on the inside" (*The Washington Post*, 16 July 1998, A1).

Headquartered in Washington, the World Bank has been a major force in global economic development. It employs about 8,600 workers and pours billions into emerging countries each year for projects ranging from infant feeding programs to gigantic infrastructure improvements. The bank's money comes from selling low-interest bonds backed by its 180 member nations. It then lends money to governments of relatively stable emerging nations such as Thailand and Brazil and makes interest-free loans to the poorest nations such as Bangladesh or Uganda. The U.S. Treasury Department and Congress exercises oversight over the bank's activities. However,

Questions about program inefficiencies and the many possibilities for corruption in dealing with emerging nations have long surrounded World Bank programs. Wolfensohn, an Australian-born former investment banker who took over as World Bank president in 1995, has talked openly about these issues and encouraged his employees to come forward with concerns. (*The Washington Post*, 16 July 1998, A1).

**"Wrong Nurse"**

To compound the problem, the SAP medicine was administered by the wrong nurse. Too many African reformers lacked legitimacy, credibility, and trust. In fact, some "reformers" were the same incompetents who precipitated the economic crisis in the first place. In Burkina Faso, Ghana, Tanzania and Zimbabwe, the "reformers" were avowed Marxists and socialists, whose conversion to free market philosophy was at best dubious. Zimbabwe's president, Robert Mugabe, who in 1980 vowed to institute Marxist-Leninism, finally ditched socialism in 1990 and embraced the free market. Yet at ZANU-PF's preelection congress in Harare in September 1994, he declared ebulliently: "Socialism remains our sworn ideology" (*The African Observer*, 12 January 1995, 9).

In Ghana, the "nurse" was the Provisional National Defense Council (PNDC) -- an unrepentant Marxist regime, heavily imbued with a "control mentality." The regime closely associated itself with Angola, Cuba, the former Soviet bloc, Libya, and Nicaragua's Sandinistas. It did not believe in the "medicine," which entailed deregulation and loosening controls on the economy. Nor did it believe in private enterprise and free markets.

In the halycon of the Rawlings revolution (1982-83), stringent price controls were imposed on most commodities and ruthlessly enforced by Price Control Tribunals. Private businessmen were attacked. Traders who violated price controls were hauled into jail and their wares confiscated. Some women traders had their heads shaved. Scores of markets, decried as "dens of profiteers and capitalists," were torched by revolutionary cadres. Makola No. 1 -- a free market in Accra -- was dynamited. Traders were warned that if any were found with hoarded goods, they would be `taken away to be shot by firing squad'" (Herbst, 1993, 26). Criticisms of these inane economic measures were mercilessly crushed with brutal abandon. Back in 1982, the World Bank and the IMF were denounced by the PNDC regime as "imperialist institutions dedicated to the oppression and exploitation of the Third World." In fact, Dr. Kwesi Botchwey, the former minister of finance, vowed that Ghana would never bow to the IMF. These economic inanities sent the economy reeling to its lowest nadir in 1983. A 180 degree turn came in 1983 with the signing of the SAP agreement with the World Bank, which astonished even the PNDC's own Marxist supporters.

According to Herbst (1993): "As both the economy and civil society fell apart, it soon became apparent to the regime that it did not have the economic policies to cope with the crisis confronting Ghana. The Soviet Union and its Eastern European allies, which the PNDC had hoped would come to the aid of its revolution, told Ghana they had no money, suggesting that the Rawlings regime negotiate a program with the IMF (29).

Thus, the PNDC agreed to implement SAP, which was known in Ghana as Economic Recovery Program (ERP), not out of conviction but out of economic necessity, with the hope that the program could be ditched when conditions improved.

To implement economic reform, the regime had to overcome its own self-doubts in order to take Ghana on an economic path fundamentally antithetical to its own borrowed Marxist beliefs. That it did not believe in economic reform was revealed by its often erratic actions and contradictory statements. As mentioned earlier, it assured foreign investors that they were welcome in Ghana and then lambasted them for "exploiting Africa." It preached "accountability" but refused to be held to same standard. It sought to "liberate" the economy but at the same time keep the control structures in place. All these served to confuse investors about the direction in which the PNDC was taking Ghana.

Nor did the regime have any clue as to the causes of Ghana's economic woes, which President Rawlings blamed on the opposition. During a 6 November 1996 campaign tour of the Central Region, he scowled at opposition politicians, accusing them of "deliberately discouraging investors to come into the country to invest." He also charged that "Opposition politicians destroyed the banking system in the country by borrowing heavily and refusing to pay back (*Ghana Drum,* December 1996, 35).

Said an irate Hawa Yakubu-Ogede, a former independent member of parliament and an opposition politician, "Ghana's economic malaise is not the result of lack of opportunities or of resources. Ghana suffers from the affliction of dishonest leadership" (*The Ghanaian Voice*, 12 February 1995, 8).

The regime's lack of credibility did not arouse public confidence or support in the ERP, which jeopardized its success. The people did not enthusiastically embrace the program. More serious, perhaps, was the failure of the military regime to build a constituency for reform, that is, nurture a group or coalition of groups -- in urban or rural areas -- to support ERP, even among members of the regime itself. Said the Ghanaian newspaper, *The Guide*, in its September 10-16, 1996 editorial: "There was no attempt to convince anyone -- not even members of the government -- about the rationale for reform. For many Ghanaians, the tendency was to view ERP as a short-term government program that was a basic requirement for receiving aid." (4)

**Wrong Tactics**

Even worse was the manner in which the pill was administered. The method chosen by Ghana's PNDC regime was brutal and savage. No attempt was made to cajole or persuade the public to accept belt-tightening. In fact, there was no public debate. Five years after the program started in 1983, the regime scheduled a public debate -- that was canceled -- until finally held in 1997.

More serious, perhaps, was the failure of the military regime in Ghana to build a constituency for reform, that is, nurture a group or coalition of groups -- in urban or rural areas -- to support ERP, even among members of the regime itself. Said the Ghanaian newspaper, *The Guide*, in its September 10-16, 1996 editorial: "There was no attempt to convince anyone -- not even members of the government -- about the rationale for reform. For many Ghanaians, the tendency was to view ERP as a short-term government program that was a basic requirement for receiving aid." (4)

Among the urban population, the important groups are industrialists, workers, professionals, students, and traders; each is at war with the regime. The PNDC frequently lashed out at workers and threatened to withdraw their right to strike. Nor was any attempt made to associate the Trade Union Congress with the economic recovery program. One senior TUC official complained: "The impression given is that the TUC is part of the planning process but it is not. Since 1983 the TUC has not been consulted. We are not in a position to participate" (Herbst, 1993, 34). That the professional bodies (especially lawyers) and the student population have been thoroughly alienated from the program is already well known. Ghanaian industrialists did not openly embraced ERP because of stiff competition from imports and market traders did not easily forget the brutal harassment by city officials, and confiscation of their wares.

The rural population was the natural constituency for the PNDC to cultivate for support of ERP. Castigated as "backward," this sector traditionally has been marginalized or ignored by Ghana's political elite. Its fate worsened in the initial phases of the Rawlings' revolution, but after 1983 cocoa prices were increased, rural roads were repaired, and electricity extended to them. An attempt was made to give them a real voice with the institution of the District Assemblies. But the rural folks remained skeptical -- justifiably so.

The PNDC made no effort to form peasant organizations. The People Defense Committees (PDCs), which were supposed to do that, proved to be ineffective and a failure. Through their terroristic activities in 1983, the PDCs quickly earned the scorn of the rural population. Many chiefs condemned the activities of the PDCs in their areas. Rather unwisely, the regime tried to use these same organizations to rally the peasants for a program that the PDCs themselves had rejected earlier.

Nor did the PNDC establish the environment conducive to investment. A well-functioning legal system is crucial for the success of any economic adjustment program. Both domestic and foreign investors need to be assured that there would not be arbitrary government actions against business people. Such a legal system establishes an environment that promotes business confidence because it ensures that the economic rights of individuals would not capriciously violated and their commercial properties arbitrarily seized without due process of law. Strangely, the PNDC made no progress whatsoever in instituting real legal reform. Its frosty contempt for the legal profession is well known.

The absence of a well-functioning legal system and the PNDC's own policy blunders, reversals, and inconsistent rhetoric partly explain why the regime has had extreme difficulty in persuading foreigners to invest in Ghana. According to Goosie Tanoh, a member of the NDC Reform Movement,

> "Even though President Rawlings is aware of the level of corruption in the country and has spoken about it, the mechanisms that the government has put in place to fight corruption is weak.
>
> At a time when people are being told that the international economic environment does not favor Ghana, that the problems of the Ghanaian economy does not come from within, and people are being asked to tighten their belts a little bit, we see others widening their belts.
>
> If it becomes difficult for the NDC Reform Movement to have changes we are calling for in the NDC Party, we will form a new party to carry our messages across" (*The African Observer*, 5-18 October 1998, 5).

Elsewhere in Africa, the commitment to reform has demonstrably been weak. Nigeria's privatization program was implemented half-heartedly with little conviction. Hamza Zayyad, chairman of the Technical Committee on Privatization and Commerce, excoriated many state governments for "not doing as much as they should to interest indigenes of their areas in the privatization program. He disclosed that some state governments were even refusing to air advertisements concerning the scheme unless they were paid in advance by the TCPC, adding that some state governments were reluctant to grant loans to their employees to enable them to participate in the program (*West Africa*, 19-25 February 1990, 284). The TCPC was established by an Armed Forces Ruling Council (AFRC) Decree No. 25 of 1988, with a mandate to privatise 127 state enterprises. Two years later, only 17 had been privatized. In January 1997 privatization was nixed altogether when Nigeria's military rulers sought to defy what they perceived to be Western free-market orthodoxy.

Little progress was also made in Tanzania -- Africa's last haven for state-owned enterprises. In 1985, Tanzania was offering ideological asylum to 460 state enterprises - the largest collection of such "refugee" enterprises on the continent. Two years later, only 3 had been privatized in spite of the Structural Adjustment agreement signed with the IMF.

In the public arena, there was much talk but little else. In July, 1988, for example, the Tanzanian government under Mwinyi licensed six private companies to set up breweries. Here too, private sector participation was to be allowed to break the decades-old state monopoly on breweries in a restructuring program. But after some of the companies had conducted feasibility studies and arranged financing, the industry and trade minister suddenly abrogated the licences, claiming that the private breweries would falsify output data and evade taxes.

In 1996 George Mbowe became the head of Tanzania's commission to dismantle government-owned entities. But Mbowe was the same man who played a key role in the nationalization drive launched by President Nyerere in the 1960s, under the failed socialist program of "*Ujamaa*." Most industries were nationalized and agriculture collectivized. But within a decade, more than half of the 330 state-run enterprises were broke and many people were hungry. Was Mbowe now convinced that "*Ujamaa*" was a failure and privatization was the right policy? "I would not say *Ujamaa* was a failure," he offered. "It's just that the government spread itself too thin, building schools and roads" (*The Wall Street Journal*, 10 December 1996, A6).

At the Pan-African Investment Summit on Privatization in Pratice, Ishmael Yamson, chairman of Unilever Ghana, dismissed the government's privatization program as "being too slowly implemented. The divestment (privatization) program has already accrued some financial benefit to government, but where has the money gone?" (*The African Observer,* Sept 13-26, 1999; p.18).

In many cases, public confidence in the program was shattered by government dishonesty and tomfoolery. For example, "land grabbing has become a common phenomenon in Kenya. Under the guise of privatisation, people close to the president, often, like him from the Kalenjin ethnic group, are suddenly awarded title deeds to state land, a school soccer pitch or a site designated for a clinic (which happens to be a prime development plot)" (*The Economist*, 18 April 1998, 42). And believing that economic development occurs in a vacuum, the government of Angola drew up a grandiose Investment Code (Law 13/1988) to attract foreign investors. Even the West Africa magazine was perplexed: "Why should the foreign investor put money into agriculture, trade or manufacturing in war-torn Angola (or much less Ethiopia, Mozambique, Somalia, Sudan or Uganda) when a host of apparently stable, structurally-adjusting African countries (or better yet, Asian and now Eastern European countries) offer opportunities in the same sector and more?" (March 13-19, 1989; p.407).

In Benin, reformist Nicephore Soglo railed against nepotism, lack of accountability, and transparency. Yet he was perpetrating the same malpractice: "His wife, a member of parliament, is accused of political tinkering. His brother-in-law is minister of state, the country's second-most powerful position. One of his sons is a special adviser. One of his brothers is an ambassador. Even his bodyguards are said to be relatives" (*The Washington Post,* March 18, 1996, A11).

Hopeless inability of reforming African governments to control their own budgetary expenditures did not help matters. For ten years, there was no audit of public accounts in both The Gambia and Ghana. An audit in 1994 revealed an embezzlement of 535,940 *dalasis* at the Ministry of Agriculture and misuse of 60 million *dalasis* by the Gambian Farmers' Cooperative Union. In Ghana, the 1993 Auditor-General's Report detailed a catalog of corrupt practices, administrative ineptitude, and the squandering of over $200 million in public funds. A 27 September 1994 audit in Nigeria revealed that a total of $12.4 billion -- more than a third of the country's foreign debt -- was squandered by its military coconutheads between 1988 and 1994. “The Speaker of the Lagos State House of Assembly, Dr. Olorunnimbe Mamora, revealed that the Lagos government account since 1994 has not been audited” (*P.M. News,* 26 July 1999). The former minister of finance, Dr. Kwesi Botchwey, himself admitted of chaotic public expenditure management with the treasury and spending agencies operating at cross purposes (*Ghana Drum,* January 1995, 14).

Politically insecure reforming governments -- even military ones -- too easily capitulate to special elite interests. The Manufacturing Association of Nigeria opposed the closure of several inefficient industries and even demanded greater protection from the Babangida regime. Riots and demonstrations in 1988 prompted that regime to raise the minimum wage, unfreeze wages in the civil service, and remove the ban on civil service recruitment. The military was completely exempted from budgetary cuts, in fact, Babangida showered the officers of the armed forces with gifts of cars worth half a billion *naira*.

His military successor, General Sani Abacha, maintained the controversial dual exchange rate system, which allowed the government to buy foreign exchange at a quarter of its market price and suspended mass privatization of state-owned corporations. "Some say General Abacha bowed to the lobbying of those who gain from the phoney exchange rate and the patronage opportunities of state corporations" (*The Economist,* 25 January 1997, 41).

Elsewhere, top African government officials also exempted themselves from cuts. In 1995 in Zimbabwe, barely a month after Mugabe's government stipulated a 10 percent annual salary increases ceiling, top government officials awarded themselves increases exceeding 50 percent. In Tanzania, senior government officials and major politicians exempted themselves from taxes. In 1993 there were over 2,000 such exemptions, costing the treasury $113 million.

**F. THE RESISTANCE TO REFORM**

For a variety of reasons, African despots are not willing to implement meaningful reform because they are loath to relinquish control or power. They would rather destroy their economies and countries than give up power.

Most African despots have built a cult of personality around themselves with an air of invincibility and infallibility. Their nation's fortunes and destiny are very much tied up with their personalities. Some of them get this absurd notion that the country belongs to them, and them alone. Witness their pictures on currencies and in every nook and cranny in the country. Every monument or building of some significance is named after them. They love the self-idolation. Since accepting reform of any kind is an admission of failure or fallibility, they would put up all sorts of arcane reasons to block reform. The most famous was President Daniel arap Moi's assertion that it took the United States 200 years after its independence in 1776 to establish genuine democracy. So Kenyans who just gained their independence in 1963 should not even dream of asking for it.

Even when they do, African governments restructure not to save their economies but their regimes. Further, restructuring proceeds in cycles: aborted when the crisis abates and reinstated upon reemergence (Sudan, Equatorial Guinea, Zaire, Liberia). Even during restructuring, measures are often implemented perfunctorily without the conviction and the dedication needed to carry them through. Nigeria, which adopted SAP in 1986, suddenly abandoned its implementation in 1993. In Zambia, President Chiluba, who began "adjusting" the economy soon after his election in 1991, began to waver.

In Sierra Leone, President Momoh declared to Parliament on June 2, l989, that austerity and self-sacrifice must prevail - but not for his government. Large, uncontrollable expenditure items had rendered the budget meaningless. "He explained that the government had continued to fund its activities by printing money, spending in excess of tax revenue, and borrowing from the Central Bank, while the nation's meagre resources were used for imports that were irrelevant to the needs of the economy" (West Africa, June 12-18, 1989; p. 958).

Or they may accept reform but willfully sabotage or undermine it to prove that the plan advocated by the World Bank would not work. For instance, President Moi predicted that if Kenya establishes multiparty democracy, it would degenerate into tribal rivalry and strife. Indeed, since 1991, when Moi bowed to external donors and instituted multiparty "democracy," more than 1,500 Kenyans have been killed -- mostly Kikuyus but also Luos and Luhyas -- and 300,000 have been displaced in ethnic clashes. Said Nairobi lawyer Gitobu Imanyara, "We have a President who is determined to fulfil his prophesy that the country is not cohesive enough for multiparty democracy. His desire is to prove that he is right, even if it means destroying Kenya as a country" (*The Atlantic Monthly*, February 1996, 32).

Second, state controls allow African leaders to extract resources which are used to build personal fortunes and to dispense as patronage to buy political support. Occupying the presidency is a lucrative business. Abacha, Eyadema, Mobutu, Moi, and the other kleptocrats have amassed legendary personal fortunes. "Abacha, the late head of state of Nigeria, increasingly monopolized the oil trade himself,' said John Bearman, a London-based oil industry analyst. `There's no deal that does not go through the presidential villa'" (*The Washington Post*, 9 June 1998, A19). Their business empires will collapse if economic reform strips them of state controls. Economic liberalization may also undermine their ability to maintain their political support base and, thus, prove suicidal. Thus, they profit from their own mismanagement of the economy. A case in point was that of the late General Sani Abacha of Nigeria.

In 1996 and 1997, more than $2 billion was diverted from the country's four state-owned oil refineries by corrupt Finance and Oil ministers, leading to the collapse of the refineries for lack of repairs. An artificial fuel shortage was thus created, forcing Nigeria to import refined fuels, such as gasoline. But almost immediately, the vampire elites saw a profitable opportunity and grabbed that trade too, skimming off a percentage. "The government subsidizes the sale price of gasoline and other fues, but Abacha loyalists among the officer corps and civil service divert much of the available supply to sell on the black market or to neighboring countries" (*The Washington Post*, June 9, 1998, A19).

The institution of "government" has now become so corrupted that what is now proven to exist in many African countries is a pirate or gangster state - a "government" hijacked by a phalanx of crooks who use the instruments of the state to “develop” their own pockets. Severin Tchonkeu, publisher of the independent French-language newspaper in Cameroon, described his government as "a giant organized-crime bazaar" (*The Washington Times,* 5 November 1998, A19). When President Jose Eduardo dos Santos marked his 58th birthday on August 28, 1999 by raising his champagne glass to make a toast to "the fight against poverty and misery," the Roman Catholic Church in Angola reminded him that: "To notch up foreign bank accounts at the cost of hunger, suffering, blood and death of others is a repugnant infamy" (*The Economist*, Sept 4, 1999; 48).

The British environmental group, Friends of the Earth, "says millions of dollars in overseas aid -- going to Ghana's timber sector -- have been diverted by local and foreign logging firms which got development aid from the British Overseas Development Administration and the World Bank" (*The African Letter*, March 16-31, 1992; p.1). Recent cases in Zimbabwe and Uganda show how crooked African governments hide extra-budgetary expenditures from the prying eyes of the World Bank and the IMF.

After a long wrangle over government spending, Zimbabwe was awarded a $193 million loan by the IMF in August, 1999. Zimbabwe had maintained to the Fund that it was spending only $3 million a month on keeping troops in Congo to support the Congolese government. But on Oct 4, the *Financial Times* reported that an internal memo from the finance ministry showed that the real budget for the Congo operation was getting on for ten times as much: $166 million between Jan and June. "In response, Zimbabwe's Finance Minister, Herbert Murerwa, said he had satisfied the IMF over the discrepancy. Oh no you haven't, said the IMF soon afterwards and asked for clarification" (*The Economist*, Oct 9, 1999; p.52).

In early September a senior Ugandan policeman appeared before a commission of inquiry into police corruption in Uganda. He explained that he could not account for a large chunk of the money allocated to the police because such payments were regularly passed on to the Ministry of Defense. "The commission summoned the head civil servant at the defense ministry, who promptly corroborated the story, saying the defense ministry disperses its expenditure among other ministries, because the government does not want trouble from aid donors who insist on limits to military spending" (*The Economist,* Oct 9, 1999; p. 52).

Fed up, Chief Bright Nalubamba of the Ila people of Namwala of Zambia urged his villagers to exercise their citizen's right to arrest MMD leaders when they visit their villages to campaign:

> "How can we allow these MMD crooks to come to our villages to ask for more years to complete their destruction of our mother Zambia?" chief Nalubamba asked. "How can I lend my support to state-propelled hooliganism, vandalism, corruption and scandals?" Chief Nalubamba asked Zambians to effect citizen's arrest, manhandle and cage all MMD "big corrupt thieves" into places designed for crooks and dangerous national law breakers because the police had failed to arrest them. "All of them must be placed under wanted list by the people as the police have failed the nation lamentably," he said. (*he Post (Lusaka)*, May 29, 2001).

The third reason is fear. Many of Africa's heads of state have their hands so steeped in blood and their pockets so full of booty that they are afraid all their past gory misdeeds will be exposed if they stepped down. So they cling to power at all cost, regardless of the consequences.

Another source of resistance comes from the sycophants and supporters, often drawn from the leaders' own tribes. Ethnicity adds an even more dangerous element to the democratic reform issue. It casts the issue into tribal rivalry: one tribe, fearing that it may lose its dominant position in government, may oppose multiparty democracy, while the other excluded tribes may resort to violence to dislodge the ruling tribe from power. In Rwanda, "Habyarimana's embrace of reform was conspicuously half-hearted, a capitulation to foreign coercion. It was universally understood that the northwesterners, who depended on his power and on whom his power increasingly depended, would not readily surrender their percentage. While Habyarimana spoke publicly of a political opening, the *akazu* (the inner mafia-like core) tightened its grip on the machinery of the state" (Gourevitch, 1998, 82).

Other supporters are simply bought: soldiers, with fat paychecks and perks; urban workers with cheap rice and sardines; students with free tuition and hefty allowances; and intellectuals, opposition leaders, and lawyers, with big government posts and Mercedes Benzes. In Nigeria, "Defense and police budgets enjoy the largest slice of the national cake (and even so the figures are understated, since the military imports are paid for with dollars bought cheaply at the government exchange rates)" (*The Economist*, 25 January 1997, 41). Thus, even when the head of state does contemplate stepping down, his supporters and lackeys fiercely resist any cutbacks in government largesse or any attempt to open up the political system.

The final potent source of resistance may come from the elites: high government officials, intellectuals, lecturers, teachers, editors, and civil servants. There have been numerous strikes agianst proposed sell-offs of state enterprises as unions fear loss of jobs or reduced benefits. Student activists, academics and others have condemned both the theory and practice of privatization (*UN Recovery*, April 2000; p.8). This class benefits immensely from government subsidies and controls. They may have access to free government housing and medical care and government loans for the purchase of cars, refrigerators and even their own funerals. They too would resist any cutbacks of such government largesse. In Guinea, "Progress [on reform] was slow because civil servants and others with a stake in the past sought to preserve it. Dissatisfaction produced a series of coups, the latest in February 1996, when a group of soldiers dissatisfied about going without pay joined forces with others in the military who sought General Conte's ouster" (*The Washington Times*, October 17, 1996, A19).

In Zambia, resistance to reform is coming from within President Chiluba's own circle. Some clamor for the continued influence of state spending and patronage. For example, said Mundia Sikatana, a Chiluba adviser and a founder of the Movement for Multiparty Democracy, the government continues to provide vehicles and fuel to hundreds of civil servants. The government, he said, "cannot abandon the old habits. The structural adjustment program is not doing enough (*The Washington Post*, 12 September 1995, A12).

Other members of the elite class may oppose economic liberalization on purely ideological grounds. Africa's intellectual community has a deep-seated aversion to capitalism or free markets. This attitude is a throwback from colonial days, when capitalism and colonialism were confused. The involvement of the World Bank, generally castigated by African intellectuals as an "neocolonial institution" does not help matters.

More important, perhaps, is the fact that a shrinking state sector shatters the elites' dreams. Recall that the ambition of most educated Africans is to become the president or a minister. The state sector is where one makes his fortune. As far as the elites are concerned, there is no life outside the state sector.

To skirt elite opposition, African governments opted for politically safe budget cuts: education, health care and road maintenance. Sub-Saharan African governments cut spending on education by more than 50 percent in the 1980s. Guinea, Malawi, Tanzania, Zambia, and Senegal slashed education budgets by 18 to 25 percent during the late 1980s. Real per capita spending on health dropped below the 1980 level in over half of sub-Saharan African countries. Critics say those countries opted for politically safe budget cuts rather than slicing into their militaries or other bureaucracies. "They cut places like education because they knew the people wouldn't howl about that," said G. K. Ikiara, an economics professor at the University of Nairobi (*The Washington Post,* 23 July 1995, A23). In Zimbabwe, for example, President Robert Mugabe slashed spending on health care and education, while spending $3 million a day on the 11,000 troops he had sent to the Congo (*The Washington Post*, May 5, 2000; p. A23).

There is some chicanery involved here. African governments constantly lament that SAP "hurts the poor." Of course, SAP will do so when these governments exempt the elites and shift the burden of adjustment disproportionately onto the rural poor, especially women and children.

Worse, the cuts on social services and infrastructure undermined the success of SAP. Roads, schools, and telecommunications systems fell apart. Rates of infant and child mortality, child malnutrition, primary school dropout rates, illiteracy and non-immunization have all increased. The number of teachers declined as salaries failed to keep pace with inflation. Zimbabwe experienced a mass exodus of doctors (estimated at about 1,400) to neighboring Botswana and South Africa. Communicable diseases such as yellow fever, malaria, and cholera reappeared with vengeance.

To compound the problem, the "politically safe" budget cuts were not enough to reduce budget deficits. With revenue collection systems in shambles, cash-strapped African governments resorted to printing money, which fueled inflation and provoked demands for wage increases. Between 1986 and 1991, Ghana's money supply increased at an astonishing average rate of 43 percent.That, in itself, created more problems as, civil servants, teacher, doctors and other governments, unable to cope with rising cost of living had to "invent" ways of living.

In Cameroon, the average civil servant's salary -- with the exception of the military and police -- was slashed by 70 percent. The wages of doctors, teachers and engineers were cut to 100 francs a month (or $1.33). So, "Teachers organized private classes. Doctors set up private clinics. In public hospitals, the health minister Lobe Monekosso concedes that only patients who pay `motivation fees' will be attended to quickly. Even journalists working for the state-owned Cameroon Tribune newspaper, as well as the electronic media, will refuse to cover an event unless they are offered kickbacks, known in media circles as `gombo.' In return for huge sums of money, often as much as 800,000 Cameroon francs, school authorities now admit unqualified candidates from a vast army of the unemployed. The result has been a dramatic drop in the standard of education. The same story applies to Cameroon's medical school, the CUSS, where one million francs can now make you a medical doctor overnight" (*West Africa*, March 13-19, 2000; p. 17).

In sum, most African leaders lack the competence and credibility to institute real reform. Nor are they interested in it. They implement only the bare minimum cosmetic reforms that would ensure continued flow of Western aid. Africans deride the posturing, tricks and acrobatics as "Babangida Boogie": One step forward, three steps back, a sidekick, and a flip to land on a fat Swiss bank account. All much ado about nothing: "One day Nigeria's Finance Minister, Anthony Ani, talks of mass privatization. The next day privatization is merely an option to be considered by some government committee. Lagos businessmen are appalled. `Just as we were beginning to move forward, this will set us back years,' says a merchant banker (*The Economist*, 25 January 1997, 41).

Then came the "Abacha cha-cha-cha." General Sani Abacha, the late head of state of Nigeria, created various committees and commissions supposedly to sherperd the country toward democratic rule. But many of them, including the National Mobilization and Persuasion Committee headed by Dr. Godwin Dabo, Transition Implementation Committee (TIC), National Reconciliation Committee (NARECOM) and the Committee on Devolution of Powers Between Federal, States and Local Governments, were actually working to help Abacha succeed himself as "civilian president" (*The Vanguard,* 16 July, 1998).

In the nightclubs of Kinshasa, Congo, couples now dance "the *dombolo*, a step created to mock the President Laurent Kabila's ponderous style" (*The New York Times*, 21 May 1998, A1).

More scandalous perhaps has been ready supply of Western dance partners. The Kenyan version of this ritual dance, the Moi massamba, was well described by *The Economist* (19 August 1995): "Over the past few years, Kenya has performed a curious mating ritual with its aid donors. The steps are: One, Kenya wins its yearly pledges of foreign aid. Two, the government begins to misbehave, backtracking on economic reform and behaving in an authoritarian manner. Three, a new meeting of donor countries looms with exasperated foreign governments preparing their sharp rebukes. Four, Kenya pulls a placatory rabbit out of the hat. Five, the donors are mollified and aid is pledged. The whole dance then starts again." (37).

"Kenya's government knows precisely when it can resist donors' demands, when to use charm, when to cry `neo-colonialism' and when to make promises of reform -- promises it will break when the new loans are obtained and the donors-- backs are turned *The*( *Economist*, Oct 9, 1999; p.52).

Thus, the democratization process, which gained momentum after the collapse of communism in 1989, has been stalled by political chicanery and strong-arm tactics. In 1990, only 4 of the 53 African countries are democratic. This tiny number grew to 14 in 1995 and remained stuck there: Botswana, Benin, Cape Verde Islands, Central African Republic, Madagascar, Malawi, Mali, Mauritius, Namibia, Sao Tome & Principe, Senegal, Seychelles, South Africa and Zambia. Since then, there have been some reversals in Congo (Brazzaville) and Sierra Leone, which saw their democratic experiment brutally terminated in 1997. Thus, political tyranny is still the order of the day.

Incumbent autocrats appoint their own Electoral Commissioners, empanel a fawning coterie of sycophants to write the constitution, massively pad the voter's register and hold fraudulent elections to return themselves to power. For example, President Gnassingbe Eyadema of Togo, who has ruled for more than 32 years, stood for re-election on June 21, 1998. His Kabye tribesmen who pack the army, the police and the bureaucracy, fudged the electoral rolls, intimidated and denied opposition politicians access to the state-run media. Still, when it appeared that Eyadema was losing, paramilitary police halted the vote count, and burned the ballot boxes, as well as the offices of Togo's main opposition leader, Gilchrist Olympio. President Eyadema was then declared the winner. A few months later (September), Mathieu Kegbe Koffi, a member of an opposition party, was killed by an armed group in front of his own family.

**G. CONCLUSION**

In conclusion, Structural Adjustment or economic reform failed in Africa, not so much because it was sponsored by the World Bank. It failed because African despots have not been interested in reforming their abominable political and economic system as that would entail a diminution of their power and the erosion of the patronage system they employ to keep their political base. To them, economic reform is tantamount to suicide. Unfortunately, that is a myopic way of looking at the situation because, in the long run, failure to reform is far more costly and deadly.

Countries that do not reform eventually implode: Liberia (1990); Somalia (1993); Rwanda (1994), Burundi (1996), Zaire (1998); Sierra Leone (1998); Guinea (1999). Schwab (2001) has warned:

> "Unless something truly fundamental is done to promote democracy, the previous 10 years will have been merely a harbinger of the decade just begun, a destiny that may well encompass a continuing series of coups, countercoups, wars, ethnic explosions, and an elephantine number of AIDS fatalities. States will most probably continue to crumple until the political leadership of African countries come to value the long-term betterment of their populations over their own personal and political interests" (p.167).

Increasingly, more and more of their traditional allies are turning against them. At a press conference in London in April, U.N. Secretary-General Kofi Annan, lambasted African leaders who he says have subverted democracy and lined their pockets with public funds, although he stopped short of naming names. “Billions of dollars of public funds continue to be stashed away by some African leaders – even while roads are crumbling, health systems have failed, school children have neither books nor desks nor teachers and phones do not work,” he complained (*The African-American Observer*, April 25 – May 1, 2000; p.10). And “Former South African president Nelson Mandela urged Africans to take up arms and overthrow corrupt leaders who have accumulated vast personal fortunes while children have gone hungry. He urged the public to pick up rifles to defeat the tyrants” (*The Washington Post*, May 7, 2000; p. A22).

The tragedy is, since African despots insist on repeating their own inane mistakes, more countries will explode and the following are likely candidates: Burkina Faso, Cameroon, Kenya, Togo, Zimbabwe, among others. The future is bleak for Africa but the truth must be told.

**REFERENCES**


Ayittey, George B.N. *Africa Betrayed*. New York: St. Martin's Press, 1992.

____________________ *Africa In Chaos*. New York: St. Martin's Press, 1998.

Gourevitch, Philip (1998). *Stories From Rwanda*. New York: Farrah, Straus and Giroux.

Herbst, Jeffrey (1993). *The Politics of Reform in Ghana*. Los Angeles, CA: University of California Press.

Maren, Michael (1997). *The Road to Hell: The Ravaging Effects of Foreign Aid and International Charity.* New York: The Free Press.

Michaels, Marguerite (1993). "Retreat From Africa," *Foreign Affairs*.

Schwab, Peter (2001). *Africa: A Continent Self-Destructs*. New York: Palgrave.

United Nations, UNCTAD (1998). *Trade and Development Report, 1998.* New York: United Nations Publications.

Whitaker, Jennifer, (1988). *How Can Africa Survive?* New York: Harper & Row.

World Bank (1989). *Sub-Saharan Africa: From Crisis to Self-Sustainable Growth*. Washington, D.C.: World Bank.

____________ (1994). *Adjustment Lending In Africa*. Washington, DC. World Bank Publications.

_____________(2000). *African Development Indicators 2000*. Washington, DC: World Bank Publications.