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THE ROLE OF BRETTON WOODS INSTITUTIONS IN AFRICA'S POST-COLONIAL ECONOMIC CRISES

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Abstract

This paper discusses the origins, dominance and impact of the Bretton Woods institutions on Post-Colonial African states. The central argument of this paper is that, post-colonial African economic crises is blamed on the stagnating roles played by the IMF and World Bank in entrenching economic crises in Africa. This is achieved through direct involvement of these institutions in the affairs of African states such as imposition to power of puppet to leadership positions who could help carry out their policies, ruthless sponsorship of coup d'état to destabilize African governments that refuse to embrace their policies. They are also responsible for unequal terms of trade and other unequal bilateral agreements between African countries and developed countries of Europe, which have stifled Africa's development. As such, they have contributed to Africa's development woes as against their claimed founding objectives of providing more stability and certainty for the globalized world-economy by providing technical and financial assistance to developing countries, and to those nations struggling with economic and financial difficulties. The methodology used is the qualitative approach by use of textbooks, journal articles and policy documents and other relevant published resources. The paper contends a two-way solution for Africa. First, African countries must be represented at decision-making structures of these institutions where vital decisions as well as policies aimed at stimulating economic growth and development on Africa are initiated. Secondly, Africa should develop her regional alternative financial and development institutions such as African Development Bank, and other corporative frameworks that will fast track development of the continent. If not, Africa will perpetually remain within the vicious circle of underdevelopment under a fast globalizing world controlled by the Bretton Woods institutions.

Keywords: International Monetary Fund, World Bank, Post-colonial, Africa Economies,

Introduction

One of the problems of African States in the Post-colonial time is that of economic crises as manifested in the lack of economic growth and underdevelopment within their economies. This according to some African scholars like Kwame Nkrumah, Walter Rodney and Bade Onimode, is attributed to the kind of independence that was granted to them by their various colonial masters. While African States were granted only political independence which they hope would also

lead to their economic independence, it was later noticed that this political independence could not lead to economic independence. This was because of the incorporation of the African economies into Western capitalist economy. Ehiedu (1997) states the stages of gradual incorporation of African economy into global capitalist system as, during the period of the European slave trade in Africa from the 15th century to the early 19th century, the period of company mercantile imperialism, also referred to as informal or free trade, from early to late 19th century, the period of colonial domination or enslavement from the 19th to the mid 20th century. By the end of colonialism in Africa, Western European countries and the United States had created structures and institutions that would enhance continued domination of Africa. Under the new form of European domination of Africa known as neo-colonialism, emphasis was laid on decreasing direct visibility of European imperialism on the continent. However, European nations devised new strategies and institutions to enhance their firm control on the economy of independent African countries devoid of direct presence on the continent. None of these strategies and institutions of European used in the subordination of post-colonial Africa were as effective as the Bretton Woods institutions (IMF and World Bank).

Although the establishment of the Bretton Woods institutions- International Monetary Fund (IMF) and the World Bank- predated the independence of most African countries. The World Bank or the international Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF) were created in 1944 by leaders of 44 nations at a conference held at Bretton Woods, New Hampshire, as a result, they are thus referred to as "Bretton Woods Institutions." At inception, Adesola (2004) points the main objective of IMF as to ensure world fiscal management; the World Bank was to ensure reconstruction of European states immediately after the devastating effects of the World War II. These functions kept evolving. For instance, the fund (IMF) has increasingly become a development agency providing short-term loans to member countries in temporary balance of payments difficulties. It functions again as bank manager of poor countries advancing longer-term loans to cover what is now perceived as longer-term structural balance of payment difficulties, promotes International Monetary Cooperation through consultation and collaboration on monetary problems, promote exchange stability and orderly exchange arrangements and avoid competitive exchange depreciation etc. The WorldBank, on the other hand, functions to promote economic development and structural reforms in developing countries, assists developing countries by providing long-term loans, financing of development projects and programmes, provides special financial assistance to poorest developing countries through the International Development Association (IDA) etc. Nonetheless, after independence of most African countries, they have become very important tools at the disposal of western industrialized countries used in the domination of Africa. Muhumed & Sayid (2016) state that, they are imperialism tools used to exploit resources of the developing world and to protect interests of the west. They provide painful and destructive financial and technical support leading to retarded growth, expanded inequality, and occasionally global instability. IMF and the World Bank have in recent times represented major

instruments of Western domination of Africa under a multilateral system. The impacts of IMF and World Bank are identified as responsible for the disparity in the level of economic development noticed between Northern and Southern regions of the globe (Githua, 2011, Muhumed & Sayid 2016, Aondokaa 2014). Whatever the aim and objectives of IMF and World Bank are, for Africa, they are purely imperialistic and are widely criticized as responsible for post-colonial African economic crises. For instance, the World Bank and the IMF have forced developing countries (Africa) to open their economies to Western penetration and increase exports of primary goods to wealthy nations. These steps amongst others have multiplied profits for Western multinational corporations while subjugating African countries to horrendous levels of poverty, unemployment malnutrition, illiteracy and economic decline and the worst affected region has been Africa. For two decades, the World Bank and IMF have forced developing countries to create conditions that benefit the Western Corporations and governments. Understood as instruments of modern imperialism used in subordination of Africa, which is key to understanding contemporary African economic challenges, this discourse shall be structured around the scope of imperialism. A conceptual clarification of the term imperialism will be pertinent to bring out the various theories and debates driving European imperialism in Africa. This is done with a view to critically situate and interpret the activities of IMF and World Bank on Post-Colonial African economies as well as deepening crises of underdevelopment in Africa. This according to Onimode (1988) cannot be understood outside the logic of world imperialism.

Conceptualizing Imperialism

Langer quoted in Chikendu (2004) defines imperialism as “the rule of control political or economic, direct or indirect of one state, nation or people over other similar groups ... the disposition, urge or striving to establish such rule or control”. This is a bourgeois view of the concept, bringing out just the common sense notion of imperialism without alluding to the dynamics of the phenomenon. Another scholar of bourgeois view Hans Morgenthau, cited in Perkins (2000) defines imperialism altogether in terms of the expansion of a state’s power beyond its borders. Atkinson Hobson quoted in Ake (1981) defined imperialism as “the endeavour of the great-controllers of industry to broaden the channel for the flow of their surplus wealth by seeking foreign markets and foreign investments to take off the goods and capital they sell or use at home.” This definition brings the main propellant of imperialism namely economic motive, but fails to highlight the basic issue of economic inequality. To Brown (1974) imperialism is:

the outward drive of certain people ...to build empires both -formal colonies and privilege positions in markets and protected sources of materials and extended opportunities for profitable employment of labour... (resulting from) an unequal economic relationship between states, not simply the inequality of large and small, rich and poor

trading partners, but the inequality of-political and economic dependence of the latter on the formers (Brown, 1974, p.5).

Ake (1981) on the other hand, defines imperialism as "the economic control and exploitation of foreign land arising from the necessity for counteracting the impediments to the accumulation of capital engendered by the contradictions of domestic capitalist economy." Various motives such as the desire to have territories overseas, economic and the need to fill the power vacuum in Africa are advanced by European powers for embarking on imperial missions in Africa. However, most of these reasons have failed to explain the nature, character and essence of imperialism. Rather, they are mere rationalizations concealing the true nature, character and essence of imperialism. Effort to provide sound explanation to imperialism is found in theories of imperialism.

In his book *Imperialism: A Study*; first published in 1902, Hobson asserts that the dominant motive of imperialism was the quest for markets as well as opportunities for higher returns on investments. Hobson (1902) states that the need for this quest arises partly because of development of capitalism in the West. Industry was more productive and needed greater imports of raw materials, more food for the urban population growing in response to industrialization and more products to meet the rising demand for luxury goods created by a rising standard of living. He added that, a more important cause of imperialism was the tendency for production to outgrow consumption, a tendency towards over savings and over investment and under consumption. Also related to the tendency for investment to outstrip consumption; is the distribution of income which gives too much money to employers and too little to employees. Hobson sees imperialism essentially as a way of solving critical economic problems of major Western European nations, which the solution then was to seek for markets and avenues for investment in the relatively virgin economic grounds of Africa.

Similar views to those of Hobson were systematized into a more elaborate theory by disciples of Marx (Lenin, Luxemburg, and Kautsky). The most outstanding contribution of these disciples of Marx came from Lenin in his book *Imperialism: the highest stage of capitalism* first published in 1916. According to him, imperialism reflects a transitional stage of capitalism to a higher economic order, a transitional stage characterized by the displacement of capitalist free competition by capitalist monopoly. His theory of imperialism rests upon the assumption that all political actions springs from economic motives. Consequently, he asserts that:

When capitalistic societies find that they have reached a point where the production of goods is so great that domestic markets are no longer adequate, they bring political forces into play in order to achieve the subordination of outside areas so that these may be held as controlled markets for surplus products and investment capital. Therefore, capitalism itself is imperialism (Lenin,1999, pp. 15).

Lenin defines imperialism as; "capitalism in that stage of development in which the dominance of monopolies and finance capital has acquired pronounced importance; in which the division of the globe has been completed." Lenin (1999, pp. 9). The essence of this conceptual as well as theoretical exposition on imperialism is to help situate the basis of argument on how IMF and World Bank have entrenched subordination, underdevelopment and crisis in African economies in the post-colonial period.

International Monetary Fund (IMF) and the World Bank: A Historical Prognosis

International Monetary Fund (IMF) and International Bank for Reconstruction and Development (IBRD) also known as the World Bank came into existence on July 22, 1944 during a (United Nations) Monetary and Financial Conference held at Bretton Woods, New Hampshire, United States of America. This explains why the IMF and World Bank (IBRD) are called Bretton Woods Institutions. Onimode, B., (1988) traced the origin of Britton Woods institutions to the collapse of the first real International Monetary System based on gold and pound sterling; under the weight of British hegemony after World War I (WW1) as a result of massive dislocations by the Great Depression (1929-1932), and events surrounding World War II (WWII), from which USA emerged as the strongest capitalist economy, gave rise to the formation of the IMF and World Bank.

Efforts that led to the formation of these institutions were spearheaded by the then United States Treasury Secretary Harry Dexter White, and the British Economist, Lord Maynard Keynes. While Keynes suggested the establishment of an International Monetary Institution (IMF) to create and manage an international currency called |"bancor" that would eventually become the main reserve currency, USA's Harry White opined the cutting of credit to European allies' war efforts. Onimode, B., (1988). IMF was established with the major objective to ensure world fiscal management, the World Bank on the other hand has the responsibility to ensure reconstruction of European states immediately after the devastating effects of the WWII. Though IMF was founded in July, 1944 it actually went into operation in June, 1946.

It is equally instructive to note that, at the conference in Bretton Woods in 1944, only three African countries i.e Egypt, Ethiopia and Liberia were present. Most of the less-developed countries of Asia, Latin America and the Caribbean also had very few members at the inaugural session of the two institutions or participated at the meetings and schemes that led to their formation. Adesola, F., (2004) states that, this was because, like Africa, many of these less-developed countries were under the firm grip of one form of colonial rule or other. This therefore explains why the interests and development of these less-developed countries, which are considered late comers in the international system, have never been the topmost priority of the advanced countries who are the originators of these Bretton Woods twins.

The World Bank group is made up of five organizations: The IBRD which provides loans and development assistance to middle-income and credit worthy poor

countries; International Development Association (IDA), the Bank's concessional lending arm, focused on the poorest countries to which it provides near zero-interest loans. International Finance Corporation (IFC) which finances private sector investments in developing world and provides technical assistance to governments and businesses. Multilateral Investment Guarantee Agency (MIGA) which encourages foreign investment in developing countries by providing guarantees to foreign investors against loss caused by non-commercial risk. Lastly, the International centre for Settlement of Investment Disputes (ICSID) provides international facilities for arbitration of investment disputes (Halifax, 1997). As constituted, the World Bank is supposed to be both a bank and development agency focused on poverty alleviation whereas the IMF is only a financial institution.

From inception, the Fund (IMF) and the Bank had their clear objectives. The main objectives of the IMF are thus - the maintenance of balance of payments equilibrium and the promotion of economic growth in individual member countries (Onimode, B., 1988). The official objectives of the World Bank are the promotion of economic reconstruction of Western Europe and Japan after WWII and general economic development (that is antipoverty) (Onimode, B., 1988). Although it is observed that both the Fund and the Bank have a common fundamental objective of constructing and consolidating the international capitalist system, in recent time, the official objectives of the two institutions often conflict their internal ideology and actual operations. For instance, the professed roles of both the Fund and the Bank in Africa, and throughout other less-developed countries focused on specific objectives in particular countries, which are not necessarily consistent with the actual global role of institutions. The dominant objective and role of both agencies is the construction and maintenance of a capitalist international economic system, based on capitalist production and exchange under multilateral market forces for the accumulation of economic surplus by private capital without state restrictions. This primary role is most often atimes is sidelined.

Also the roles of the Fund and Bank with respect to balance of payments and growth of member states in the global context have given them leverage over national economies, because the operation of the international system is based on policies of individual countries. Therefore, the centrality of balance of payments to the growth and health of national economies is overlooked by these institutions.

There is also the issue of trade-off between the official objectives of balance of payments equilibrium and growth in Africa and other less-developed countries. From global commitment to build the international capitalist system on multilateral market forces, the balance of payments objective is usually ranked higher than growth, especially by the fund. Yet it is quite legitimate and theoretically sound to promote development at the expense of balance of payment equilibrium, as the advanced capitalist countries have been doing for years. But the rules of the Fund and Bank forbid poor countries to do this. Moreover, the growth objective is a pre-occupation of modernization, which falls far short of the requirements for economic development. In addition to growth of income, development requires structural transformation of the economy, increase in productive capacity and ability to meet the

basic needs of the majority of the national population. Hence, the pervasive evidence of growth without development in the less-developed countries.

Since the 1980s, an additional unstated but actual objective of both the Fund and Bank has been to require Africa and other less-developed countries to repay their debts to the imperialist countries - regardless of the dubious character of these external debts and the disastrous impact of their repayment terms on poor countries.

Understanding the Context and Functions of IMF and World Bank

IMF and the World Bank have traditionally assigned functions. For instance, the IMF major function is the stabilization of world economy, (Thirlwall, A. P., 1999) whereas, the Bank's function is to help finance the reconstruction and development of Europe after WWII (Adesola, F., 2004). Both institutions kept evolving on their functions. For instance, the fund has increasingly become a development agency providing short-term loans to member countries in temporary balance of payments difficulties. It again functions as bank manager of poor countries advancing longer-term loans to cover what is now perceived as longer-term structural balance of payment difficulties as well as promote international monetary cooperation through consultation and collaboration on monetary problems. Lastly, promotion of exchange stability and orderly exchange arrangements and avoid competitive exchange depreciation. The World Bank on the other hand, functions to promote economic development and structural reforms in developing countries, assists developing countries by providing long-term loans, financing of development projects and programmes, provide special financial assistance to poorest developing countries through the IDA and so on.

As world multilateral financial institutions, IMF and World Bank are non-governmental institutions but rather inter-governmental. They do not transact with private individuals, but through their specialized agencies, they deal directly with government agencies or representatives. For instance, IMF and World Bank work with government institutions or agencies such as the Central Bank of a country. They also transact with government representatives such as the President, Ministers of finance and labour, and Central Bank governors. The IMF and World Bank transacted mostly with governmental structures of a state or a nation through their specialized agencies such as the International Financial Cooperation; IBRD, and International Development Association etc.

IMF and World Bank and the Subordination of Post-Colonial African States

The IMF and World Bank as multilateral institutions are dominated or controlled by the developed or industrialized countries of Western Europe and USA that were present at their inaugural session at Bretton Woods. These countries include the USA, Britain, Germany, France and Japan. On the African continent, countries that were present were Egypt, Ethiopia and Liberia. Other less-developed countries of Asia, Latin America and the Caribbean also had very few members at the inaugural session. This was simply because, like Africa, many of them were under the firm grip of one form of colonial rule or the other. This therefore explains why the interests and

development of these less-developed countries (that were considered as "late-comers" in the international system) have never been the topmost priority of the advanced countries who are the originators of these Bretton Wood twins.

The subordination of African economies by IMF and World Bank can better be appreciated with the incorporation of economies of many less-developed countries after independence into the international financial system. Less developed countries that joined the IMF and the World Bank were considered as latecomers in the two institutions and have no impact in their decision-making processes. They are rather taken as subordinates upon whom the industrialized capitalist countries of the West could continue their domination.

According to Onimode, B., (1988), since inception, the interests of poor countries has been marginal to the official objectives and functioning of the Fund and the Bank. Both IMF and the World Bank are tightly controlled by the powerful members in the advanced capitalist countries with larger quota contributions to the Funds. The US with the largest quota amounting to 37 billion out of value of subscriptions of 212 billion has thus dominated both institutions(Thirlwall, A. P., 1999). Until 1956, this dominance was so absolute that decision was made effectively by the US staff had no authority to negotiate conditions for drawing from the fund (Onimode, B., 1988). No major decisions are taken against the wishes of US and while the president of the World Bank and the Deputy Managing Director of the IMF are always Americans, the Managing Director of the Fund is by agreement and tradition always a European. The industrialized capitalist countries of the West also exerted the subordination of African economies by IMF and World Bank with the use of their domestic currencies (Pounds Sterling, Dollar and Euro) as international currencies. Aside the mandatory use of European currencies as international currencies, Western Industrialized Countries ensure the subordination of African post-colonial economies by retaining all the operational headquarters of IMF and World Bank within their home countries so as to have total control and close monitoring of activities. For instance, the operational Headquarters of the World Bank group is located in Washington DC, USA.

Impact of IMF and World Bank in Post-Colonial African Economies

The impact of IMF and World Bank on Post-Colonial African economies can better be understood with a take-off point from the incorporation of African countries into the membership of IMF and the World Bank. The World Bank and IMF were established primarily to cater for Western interests at Bretton Woods Conference. But by mid 1950s, their task of lending for repairs of war damaged Europe and Japan was over (Adesola, F., 2004). The Bank then has exclusively become a development institution lending at this stage largely to developing economies of the globe (Africa, Asia, and Latin America etc) to reduce hardship and provide assistance to the poorer countries on terms that would bear less heavily on their balance of payments. The Fund (IMF) on the other hand started granting "soft" loans to developing countries with chronically weak balance of payment in relation to their growth.

With deepening of economic crises in developing countries, both IMF and the World Bank shifted their programmes on developing countries. For instance, the IMF expanded her loan facility. In 1963, compensatory financing was instituted, in 1963 the Buffer-Stock Financing was established and the Structural Adjustment facility in 1986, in order to broaden the scope of loans (Adesola, F., 2004). The Fund and the Bank shifted to the construction of a common Structural Adjustment Programme (SAP) that aims simultaneously at economic recovery, management of the external debt crisis, adjustment of balance of payments disequilibria (deficits and crises), and the promotion of rural development. While the Fund supervises the debt, trade and payments parts of the programme, the Bank concentrates on revitalizing the rural areas, overall growth and debt management (Onimode, B., 1988). Also, the Extended Fund Facility (EFF) established in 1974 to allow developing countries to borrow beyond their quotas over longer periods, other fund facility provided was the standby loans from which developing countries were to borrow from. It is borrowing from the fund facilities that attract stringent conditions. In Africa, most of the countries after independence were faced with severe economic crises. These economic crises became more deepened as from the 1980s because of some economic malaise plaguing most newly independent African states most of which were gross corruption, impropriety, fratricidal wars, civil strife, drought, famine, earthquake and bad leadership. In order to combat these harsh African economic crises, most African countries collected loans from IMF and World Bank to carry out economic reconstructions in their national economies. These loans, most of which were granted under the extended loan facility, attracted stiff and stringent conditionalities to the African countries. One of such conditionalities is the Structural Adjustment policies attached to these loans. The expositions of the Structural Adjustment policies, which are encapsulated as Structural Adjustment programme (SAP) to the borrowing African countries, show how IMF and the World Bank affected Post-colonial African economies.

Structural Adjustment programme (SAP) or Economic Recovery Programme as it is called in Ghana is defined as support programmes of policy and institutional change to modify the structure of the economy so that it can maintain both its growth rate and viability of its balance of payments in the medium term. The SAP or ERP is conditionality to qualify for structural adjustment Loan, a country had to adopt policies that were acceptable to the Bank and designed to secure external equilibrium in the longer run without sacrificing growth. SAP has short and long-term phases. The short-term policies or programmes involve currency devaluation, the removal of domestic economic and social subsidies and trade liberalization. The long-term programmes include - deregulation of economies which are allegedly over-regulated, privatization of public commercial, industrial enterprises and utilities, creation of a conducive political and policy atmosphere for the attraction of foreign investment etc (Thirlwall, A. P., 1999). The structural Adjustment Programme and policies were intended to enthrone allegedly efficient market forces and the principal determinants of economic affairs in the neo-colonial countries. According to Onimode, B., (1988), the SAP of IMF and World Bank most clearly represents the extent of the stifling control of African countries exercised by the Fund and Bank. Other objectives of SAP

though unstated are the integration of borrowing countries into the international capitalist system. These include, as Ehiedu (1999, p. 126) puts it:

to ensure that the borrowing poor countries repay their debts to the imperialist creditors, which are the major sponsors of the IMF and World Bank, intensify foreign domination and exploitation of African and other less-developed countries through unequal exchange and foreign monopoly capital under the multinationals, expand the accommodation of surplus by private capital through the weakening of the public sector by privatization and through the imposition of market forces after dismantling subsidies and the welfare state, undermine and weaken the working class through wage freeze and the reduction of real wages, foist a neo-colonial capitalist model of development on Africa and less-developed countries in general, consolidate the global influence of imperialism over the less-developed countries through the subjugation of its peoples in a campaign of re-colonialism that is thinly disguised as neutral technical advice.

The policy actions designed by SAP to achieve these objectives include - massive devaluation, trade liberalization, privatization of public enterprises, drastic subsidy withdrawal and expenditure cuts in all sectors; credit and wage freeze with increase in interest rates, and relaxation of restrictions on multinational corporations, and so on. The implementation of these structural Adjustment policies/stabilization Programmes on African economies in Post-colonial era has adverse consequences on their national economies and their fragile national sovereignty. Also, the conditions attached to these adjustment or stabilization programmes are also thorough and far reaching that they directly or indirectly constitute detraction from and an affront to the sovereignty of the African countries.

By January 1997, over 50% of all countries in Africa were implementing one or other type of programme under the supervision of the Fund or Bank or both (Onimode, B., 1988). The numbers include such major Africa countries as Nigeria, Egypt, Kenya, Zaire, Senegal, Ivory Coast and Tanzania, Angola, Ethiopia and Mozambique. Nigeria in particular first received IMF loan and propagated the SAP as the strategy for economic recovery in July 1986 under Gen. Ibrahim Babangida's regime (Onimode, B., 2000). This programme was to last till June, 1986 (Onimode, B., 1988). In these circumstances, IMF and World Bank Structural Adjustment Policies had negative consequences on most African post-colonial economies on both internal and external fronts.

To begin with, SAP has aggravated, and will continue to do so, unemployment of all categories of workers through its massive retrenchment of workers in the public sector. This is because the reduced expenditure that SAP preached can mostly be achieved through massive retirement and retrenchment of the labour force to reduce expenses. Privatization, subsidy withdrawal, drastic

expenditure cuts, destruction of small and indigenous capital and import dumping will automatically make some categories of people unemployed.

Through the IMF and World Bank SAP, the Post-colonial African economies have been stagnated. There is stagnation in development because, real wages have also fallen or stagnated through wage freeze, inflation unleashed by devolution, and the scarcity of essential commodities arising from a shift from local resources production to export promotion. The negligence in the production of essential commodities needed to be consumed locally to the production of export commodities left the left domestic population with little or nothing to consume domestically thereby, causing hunger and inflation on some consumable goods.

Another impact is collapse of the welfare state because of the deregulation and withdrawal of subsidies. This has created serious education, health and housing problems. Furthermore, SAPs open door policy on multinational cooperation and foreign investment has tightened the grips of imperialist monopoly capital over the African economies in the Post-colonial period. The combined effects of massive currency devaluation, liberalized imports and withdrawal of exchange controls undermines local industries and strengthens unequal exchange and the exploitative transfer of national surplus abroad. In this situation, the indigenous industrial sectors are forced to fall out.

IMF and World Bank programmes have very negative implications for national sovereignty of most African countries in the Post-colonial period. For instance, the IMF and World Bank have provoked violent demonstrations, coups and counter-coups as well as electoral defeats in Africa. In 1981 and 1982, there were riots in Sudan and Morocco over pre-conditions of IMF loans. Also in Nigeria, the abortive coup of December 1985 was reported officially to be due to the federal government's refusal to take a \$2 billion IMF loan that had been rejected at a national debate (Onimode, B., 1988).

Even more, IMF and World Bank has promoted corruption in the Post-colonial African economies by granting unjustifiable loans to African countries whose leaders, ministers, or economic adviser are loyal to. Most of these loans are not utilized but are rather diverted into individual pockets.

Contemporary diaspora of Africans is traced to the negative impact of IMF and World Bank in postcolonial African economies. This has resulted in the brain-drain syndrome. Because of the harsh conditions of living and high level of poverty, most resourceful people of African descent emigrated their countries to countries with better conditions of living. Some are medical doctors, scientists, academics, etc. contributing meaningful to the development of these countries and leaving Africa with her own poor state of affairs with little or no development.

The indebtedness of African states and its accompanying effects on African economies is largely as a result of the activities of IMF and the World Bank, which are the major world crediting institutions. The adverse effects of the foreign debts on African economies are so enormous. The annual export of capital from South to North is one of the major effects of the debts (Brown, M. B., & Tiffen, P., 1992). From Africa alone, foreign debt service has been imposing an annual movement of

capital from the South to the North of around \$20 to 929 billion dollars. Net capital export from South to the North is around \$50 billion annually from the mid 1980s to the mid 1990s. Other effects of the African debts include globalization of poverty, protracted fiscal crisis of the state, loss of international credit-worthiness, collapse of the real economy etc.

Navigating the Quagmire: Feasible Way Foreword for African States

The IMF and the World Bank have contributed positively on the world stage in so many areas. For instance, both promoted the expansion of the world economy up to the 1960, the reconstruction of war-torn Europe was completed (with the aid of America's Marshall Plan) and much financial assistance was given to developing countries to restructure their economies that were severely disarticulated by colonialism. IMF also had regulated the exchange rate and trade flows, while the World Bank provided loans for infrastructural development in the less-developed countries with some tentative anti-poverty programmes under McNamara, former president of the World Bank. On the African continent too, it is argued by supporters of the Structural Adjustment policies or programmes that, SAP brought economic growth and development to countries that improve on their macro-economies.

However as revealed in this assessment, IMF and World Bank is unjust and unfair, especially to the less-developed countries. These institutions were imposed on most African countries when most of them were still colonies of the West. Hence, they were not represented in the bargaining over the establishment of the institutions. Largely because of this political and economic weakness, the legitimate interests of developing countries in monetary, trade and capital flows have systematically been sacrificed to the interest of the North. A good illustration is that, the IMF and World Bank proved powerless and indecisive in applying sanctions against the industrialized countries during their monetary disorders and competitive depreciation of the 1970s, which clearly violated the rules of the Bretton Woods system. However, they were quick and implacable in applying sanctions, controls and even extra statutory pressures on less-developed countries since the debt crisis and the Asian financial crisis started.

In the light of these imbalances that characterized IMF and World Bank, African and other less-developed countries are calling for the restructuring of these institutions. There is a call for the restructuring of the Bank—the Bank should become a development lending institution as the apex of regional development banks, and should channel nationals and international surpluses for development purposes over the medium to long-term toward poorer countries with limited access to open credit markets. The Bank should lead the process of cancelling all multilateral debts that have been crippling the less-developed countries, aggravating their poverty and making their economic recovery impossible. The Bank should, therefore, get out of balance of payments Adjustment and SAP as the former is a fund activity and national governments should own the latter; the control of the Bank should be democratic; voting rights and regional rotation of its top leadership, which has been hitherto monopolized by Euro-America. The Fund, on the other hand, should be

elevated to the status of World Central Bank or World Financial Organizations. Its main functions should in this regard be to create a global financial investment to replace the dollar as an international body a true World lender of last resort. The Fund should provide adequate liquidity to meet the needs of less-developed countries by mobilizing the surplus of the industrialized countries; the new multilateral financial organization should also remove its crippling conditionalities on the debtor countries and change its lending criteria from SAP performances to criteria that are more objective. Also, as world financial organization, the IMF should be re-organized to discharge new functions such as the coordination and partial funding of international financial rescue operations as the need arise. Also to be added to her functions is, the reduction of systematic risk of volatile international capital movements and minimizing the "moral hazard" of using public funds to bail private financial institution from crisis. Other areas of the re-organization should include the democratic control of the restructured Fund through more balanced regional rotation of its top leadership positions as well as democratic voting in decision-making should be instituted.

Conclusion

This paper analyzed the origins and roles of the Bretton Woods institutions (IMF and the World Bank) in contemporary post-colonial African economic crises. It argued that these institutions have played negative roles in the economies of post-colonial African states, which have resulted to a number of developmental challenges in the economies of most African state today. The activities of IMF and the World Bank in Africa today represented nothing more than new avenues whereby, European domination of Africa under a modern form is championed. These institutions are controlled by the industrialized capitalist countries of the West particularly, the United States of America and not by Africa or other less-developed countries with shared historical and economic experiences like those of Africa. IMF and World Bank are better in the interest of the developed capitalist countries. Whatever the reasons that are advanced for their formation, to African states, these institutions are nothing but tools used by the developed countries to continuously dominate them politically and economically in the age of globalization. Therefore, given these negative roles of IMF and World Bank of the development of African economies, the paper suggests that, the earlier the African states recognize the need to cooperate among the countries of the region in addressing their similar challenges of development, the better for them to emerging out of their present developmental and economic predicaments. Also, it needless to suggest a total delinking from the west as a panacea for contemporary Africa economic woes as is the belief by dependency scholars such as Franz Fanon, Walter Rodney (in Africa), Andre Gondre Frank, Dos Santos, Samir Amin in (Latin America). This is because, the international system is today highly inter-dependent (globalization). And there are many benefits, which stand to be gained through this inter-dependence, and Africa cannot afford to be left out of this process. Although, it is observed that, the inter-dependence between African states and their European counterpart as manifested by IMF and the World

Bank is on an unequal level, however, Africa should not call for a total delinking from these multilateral institutions, but rather, campaign for a clinical restructure of these institution on the basis of equality, where the interests of Africa and other less-developed countries are considered. Unless this is done, the IMF and the World Bank will continually be serving the interest of the western European countries and other developed countries of the world at the expense of less-developed ones particularly Africa, and hence remained a stagnating force in her drive to economic greatness in the post-colonial period.

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