An Ethical Critique of Neoliberal Development in Africa

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Abstract: Following decades of abysmal developmental performance in most of post-colonial Africa, the collapse of centrally planned economies in Eastern Europe and the consequent triumph of the neoliberal ideology, there has been a paradigm shift in international policy circles and in mainstream academia about the appropriate developmental trajectory for the underdeveloped states of the African continent. Thus, the IMF, the World Bank and the WTO actively canvass for the “rolling back of the state” in order to unleash the potential of market forces in the developmental process. This development no doubt has altered the relationship between the trio of state, civil society and the market in favor of the latter.

This paper attempts an ethical critique of the neoliberal model of development. It specifically demonstrates that the combination of the logics of unbridled market capitalism, reckless state apparatus and hostile international environment generates consequences which are not only morally indefensible but also deepens Africa’s developmental crisis. In addition, it argues that unless Africans relentlessly pursue the reconstruction of their domestic societies as well as the global economic architecture along the lines of egalitarianism, justice and humanity, Africa will continue to be plagued by the pathologies of underdevelopment. The paper concludes by sketching the outlines of the way forward.

Keywords: Neoliberal, development, Structural Adjustment, Africa.

All economic processes are ultimately meant to serve the interest of human beings. Hence an abiding concern with social justice must go hand in hand with the pursuit of economic efficiency. (The South Commission, 1990:275).

Introduction

The ascendance of the neoliberal ideology and the attendant valorization of the market mechanism have brought about a fundamental shift in international policy circles and in mainstream academia about the appropriate developmental trajectory for the underdeveloped states of the African continent. In contrast with the immediate post independent conviction which emphasized the centrality of the post-colonial state in driving the developmental imperative, development thinking in the 80’s have made a 360 degrees turn: according to the new orthodoxy, the blame for Africa’s crisis of underdevelopment and
economic stagnation must be squarely placed on the shoulders of bloated, inefficient and interventionist governments which are littered across the continent. Thus, for Africa to extricate itself from economic stagnation and actualize its development potentials, it must embrace the neoliberal ideology.

By the end of that decade, the collapse of the Soviet Union and the consequent fading of socialist democracy as a counterbalance or alternative to unbridled capitalism, neoliberalism stood as the colossus in the policy environment, as the unchallenged politico-economic philosophy with the guaranteed capacity to deliver economic prosperity to all nations willing to adhere to it dictates.

The rise of Margaret Thatcher in Britain and Ronald Regan in USA vastly expanded the influence of the neoliberal ideology: the duo did not only draw their respective countries further along the path of laissez-faire, but also exploited their decisive influence in the Bretton Wood institutions to impose neoliberal policies on the rest of the world. Thus the logic of the market increasingly became the central organizing principle in the economic, political and social spheres of contemporary societies, including the heavily indebted countries of Africa.

Unfortunately, several decades after the adoption and practice of the neoliberal ideology, the socio-economic conditions in virtually all Africa countries has yet to experience any significant change in the positive direction. If anything, Africa’s condition has deteriorated. According to the 2005 progress report on Millennium Development Goals (MDGs) Sub-Saharan Africa, for instance, the total number of those who live in absolute poverty rose from 44.6% in 1990 to 46.4% in 2001. In addition, the gap between the developed and developing nations widened, just as the level of inequality within African societies worsened in spite of the much touted benefits of neoliberal development.

Taking the initial comments about the negative impact of neoliberalism on African socio-economic condition as its departure, this paper develops an ethical critique of neoliberal development in Africa, and concludes that a dogmatic adherence to the policy recommendations of the neoliberal package would only deepen the continent’s economic malaise as well perpetuate the prevalent injustices in the distribution of social goods. To facilitate a systematic discourse, the paper has been divided into four segments. Segment one clarifies two key concepts which are of critical importance to this discussion, namely, “neoliberalism” and “development”. Segment two provides a brief historical excursion into how African countries fell under the influence of neoliberal ideology. Segment three mounts an ethical critique against the adoption of neoliberal policies in Africa, while...
the final segment reflects on the way forward.

**Conceptual Matters.**

To facilitate the comprehension of the discussion that is to follow, it would be expedient to shed light on the meaning of two key concepts that remains central to this discourse, namely, “neoliberalism” and “development”. We begin with the former. Neoliberalism is an idea whose different articulations have generated considerable amount of conceptual confusion (Harisson, 2005). For instance while Hahn (2008) interpret neoliberalism as an hegemonic project, which concentrates power and wealth in local and trans-national elite groups around the world, many liberals sees it an as an economic philosophy that is best suited to the creation of prosperity and the advancement of human welfare in contemporary societies. It is therefore analytically imperative that we clearly specify the sense in which neoliberalism is deployed in this essay. According to Harvey (2007: 22 ) Neoliberalism is in the first instance a theory of political and economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade. Scholte(2000) for her own part sees Neoliberalism as an ideology based on the conviction that market forces will deliver prosperity, liberty, democracy and peace to the whole of mankind. Smith et al (2008:1) provide a slightly similar definition: Neoliberalism, is set of ideas and practices centered on an increased role for the free market, flexibility in labour markets and a reconfiguration of state welfare activities. Based on definitions enumerated above, it is clear that neoliberalism is essentially a political economic philosophy which posits that optimal economic system is achieved by given free rein to market participants, privatization, free trade and the shrinking of government intervention in the economy (Osimiri, 2009). If we contemplate the above definitions, a few conclusions comes to the fore: first, that neoliberalism promotes a global economic order in which market forces reigns supreme, what Salih (2001) describes as neoliberal globalization. Secondly, the emphasis on liberalization and free trade imply the removal of all government imposed constraint on movement of goods and capital between countries in order to create an open borderless world economy which incorporate both the advanced industrialized countries of the world and the developing nations of the third world. A third and final feature that needs to be highlighted is the neoliberal opposition to the interventionist state. According to neoliberals, the dismal economic circumstances of third world countries are rooted in a crisis of governance which is manifested in the failure of African states to
effectively manage their respective economies (Faulks 1999). Thus neoliberals sought to replace the interventionist state with a minimalist state that will guarantee the interest of capital in their respective jurisdictions. According to Harvey (Ibid: 7) present day Iraq is a supreme example of such a state.

What the US evidently sought to impose by main force on Iraq was a state apparatus Whose fundamental mission was to facilitate conditions for profitable capital accumulation on the part of both domestic and foreign capital. I call this kind of state apparatus a neoliberal state. The freedoms it embodies reflect the interests of private property owners, businesses, multinational corporations, and financial capital.

Having made more explicit our conceptualization of neoliberalism, we may move to the concept of “development”. In comparison to neoliberalism, development is a far more complex and contested concept. A casual perusal the literature on development reveals a clash of competing understandings of development, (See Martinussen, 1997). While mainstream thinking on development emphasize economic growth and its prospect for enhancing human lives, others stress its imperialistic character. To illustrate, consider, for instance, the divergent definitions of development provided below:

(a.) Development is the process whereby other peoples are dominated and their destinies are shaped according to an essentially western way of perceiving the world. The development discourse is a part of an imperial process whereby the ‘developed’ countries manage, control and even create the third world economically, politically, sociologically and culturally. (Tucker, 1999:1)

(b.) Development is a process of self-reliant growth, achieved through the participation of the people acting in their own interests as they see them, and under their own control. Its first objective must be to end poverty, provide productive employment, and satisfy the basic needs of all the people, any surplus being fairly shared. This implies that goods and services such as food and shelter. Basic education and health facilities and clean water
must be accessible all. (Goldemberg, 1993, 240)

These diametrically opposed definitions of development are emblematic of the level of consensus that presently characterizes contemporary development discourse. If anything, development thinkers and practitioners are deeply divided among themselves about what is it that constitutes development. We will not allow debate about the nature of development detain us here. For our purposes in this paper, we shall adopt Tucker’s definition which sees actually existing development as an imperialist project in which the ‘developed’ countries dominate, control and even create the third world economically, politically and culturally. This conceptualization of development is particularly apt for understanding the workings and the consequences of the neoliberal ideology in Africa. This statement will become clearer in the third segment where we provide an ethical critique of neoliberal development in Africa. For now, we will provide a brief historical sketch to show how neoliberalism rose into prominence in Africa.

Before proceeding to the question of the origin of neoliberal practice in Africa it is important that we make explicit the ethical framework that underpins this discourse. Moral philosophy is a field marked by the multiplicity of paradigms in the sense that there is no one ethical theory that commands a universal consensus amongst philosophers. Utilitarianism, which informs the critique in this work, however enjoys some degree of prominence within the field. What is Utilitarianism? Utilitarianism in its traditional formulation is an ethical theory which deems actions right or wrong depending on whether they maximize or minimize human pleasure. To paraphrase Bentham (1988), Utilitarianism refers to the principle which approves or disapproves of every action according to the tendency with which it appears to maximize or minimize the happiness of individuals affected by the action. In essence then, the right course of action or appropriate economic policies are those which maximizes utility, i.e., happiness or welfare. My contention in this paper is that the neoliberal economic ideology has failed to maximize human welfare on the continent, and as such must be rejected.

The Rise of Neoliberal Development in Africa.
In his tremendously popular book, The History of Neoliberalism, Harvey (2005) furnished what has become the authoritative history of neoliberalism. According to Harvey, the spread of the neoliberal practice and ideology ultimately must be traced back to 1973, when as result of the OPEC oil embargo, the price of oil quadrupled in the international market, placing “vast amount of financial power at the disposal of oil-producing states such as Saudi
Arabia, Kuwait and Abu Dhabi etc (Ibid, 27). In response to the oil embargo, the US allegedly threatened military action against the Arab states unless they are willing to deposit their excess petro-dollars in Wall Street investments banks. (Hickel 2012). Since the US economy suffered stagnation at this time, the huge Arab deposits were lent freely to a selected number of third world countries at high interest rates. Unfortunately the lending spree spiraled out of control, and by 1982, the nine largest banks in the US had lent over twice their combined capital base to mostly non-oil producing countries in the third world. (Kiely and Marfleet, 1998: 31).

In the same year the debt crisis broke out, under the burden of increased debt interest payment, Mexico declared its inability to meet its debt obligations. Other heavily indebted countries followed suit, precipitating what is now known as the “third world debt crisis”. The crisis seemed poised to destroy the Wall Street banks and consequently, to undermine the entire international financial system. To prevent this imminent collapse the US had to employ the instrumentality of the International Monetary Fund (IMF) to ensure that Mexico and other indebted countries repay their loans. It was under this condition that the IMF and the World Bank “were dispatched to the frontiers of global economy to exact payment from, and supervise the credits of, the third world” (Hoogvelt, 2001: 180).

In retrospect then, it was the debt crisis of the 1980s that provided the critical entry point for the IFI’s to dominate the sphere of economic policy making in Africa. In “regulating” the debt crisis, the IMF and the World Bank had to impose neoliberal policy prescriptions, popularly known as Structural Adjustment Programme (SAP) on many indebted Africans nations who had to request for debt rescheduling or fresh loans. So successful was this strategy that as early as 1986, nothing less than 36 sub-Saharan African countries were implementing the adjustment programmes. (Chazan et al. 1999: 337)

The typical IMF/World Bank neoliberal prescription includes currency devaluation, deregulation of prices and wages, removal of subsidies on basic necessities, trade liberalization, and privatization of state-owned enterprises, etc (Jochnick, 2001: 167). To justify the imposition of the neoliberal policy package on the adjusting countries, their proponents persistently referred to the prospective ability of a reduced role for the state and the dynamism of the competitive market to stabilize domestic economies, stimulate economic growth, which will ultimately culminate in broader social well-being. (Hoogvelt, 2001, Harrison, 2010).

After a decade of SAP, it became very clear that market ideology had woefully failed to deliver its stated
objectives. Contrary to the claims of the IMF and the World Bank, adjustment did not generate socio-economic recovery or development in Africa. Instead, standard performance indicators demonstrates that SAP only served to exacerbate the dismal socio-economic conditions of adjusting states as well as deepen the existing deprivations of the poor and the marginalized. Cheru (2010:121) sums up the failure of SAP in the following terms...

... economic turnaround has not occurred in any of the countries that introduced them (SAP), living standards of the majority have declined, and investments in the productive and social sectors of the economy has dwindled. The retreat of the state in key areas of social services has left enormous gaps that have at times been filled by local survival initiatives. Reform has become necessary to satisfy external creditors, and not adequately internalize as a domestic requirement for growth...

While Cheru’s assessment captures in part the negative impact of SAP on African economies and societies, his evaluation was quite a charitable in the light of the actual level of damage that the adoption of neoliberal policies inflicted on Africa. In the following section we shall provided a more comprehensive account of the disastrous consequences of the neoliberal economic order in Africa. Here I will identify and discuss the deleterious political, social, and economic consequences of neoliberal practice in Africa, which taken together demonstrates why neoliberalism is morally unacceptable as the only development model for Africa.

An Ethical Critique of Neoliberalism.
The first moral objection to neoliberal practice in Africa is that, as comparative data has shown, laissez faire capitalism tends to exacerbate the level of inequality and poverty in adjusting countries. The devaluation of currency, a move designated within the neoliberal framework to encourage export, negatively impacts on the incomes of the average citizen as price of imported necessities and their domestic equivalents shoot through the roof. This unfavorable economic situation is further compounded by “rolling back” the adjusting state from the provisioning of social goods and services such as education, roads, railways and healthcare delivery. In essence, states are forced to abdicate their traditional responsibilities to market forces and private philanthropy (Giroux, 2004). Further, the elimination of subsidies which made certain goods and services available for the poor leaves the people at the mercy of profit-hungry capitalists. OXFAM’s Kelvin Watkins (Cited in
Hoogvelt, 2001:183) hints at the economic burden heaped upon the poor, especially women under the regime of neoliberal adjustment programmes:

Contrary to the World bank and IMF claims, the position of the poor and most vulnerable sections of the society have all too often been undermined by the deregulation of labour markets and erosion of social welfare provisions, and the declining expenditure on health and education. Women have suffered in extreme form. The erosion of health expenditure has increased the burdens they carry as carers, while falling real wages and rising unemployment have forced women into multiple low-wage employment in the informal sector.

A related pernicious consequence of adjustment in Africa is the deepening of inequalities between the rich and the poor. It has been argued for instance that neoliberal reform policies unduly benefit the segments of the African elites with close link to international capital. Harrisson (2010:33) have also highlighted how the liberalization of exchange rates benefit the ruling elites “by the virtue of its access to dollars, connections to central banks and controlled import markets”.

The second moral objection to neoliberal development in Africa is closely related to the first. Expectedly the intensification of poverty and inequality triggered off a wave of violent protests and conflicts across the continent, bringing about a condition of permanent political instability in the affected countries. As the United Nations for Research and Social Development (UNRISD, 1995: 42) correctly observes the Structural Adjustment Programme has precipitated multiple unrest and violence in many adjusting countries experience “IMF riots”, which are usually a result of rising cost of food and transport. Beyond riots sparked off by rising cost of living, there is some evidence that SAP was a contributory factor to long drawn civil conflicts scattered across the length and breadth of Africa. Hoogvelt(2001: 187) put the point succinctly:

In many African countries the imposition of the neoliberal orthodoxy, including privatization of the public sector, the emasculation of the state apparatus and the insistence on electoral reform has contributed directly to the descent into anarchy and civil war. Recent wars have scarred Angola, Sudan, Sierra Leone, Liberia, Somalia, Rwanda, Democratic Republic of Congo, Ethiopia and Eritrea. Banditry, warlordism and
low intensity conflict have come to prevail in the other part of the continent.

What is particularly worrisome is that some of the armed conflicts identified by Hoogvelt continue till this very day. Even after several African states had officially ended the SAP regime, neoliberal policy prescriptions remains a major influence in the management of their economies, thus many African states find themselves perpetually dealing protest and rebellion engendered by popular resistance to the hardship inflicted by neoliberal practice. This leads me to the next point, i.e., the authoritarian influence of neoliberalism in Africa.

The third moral drawback of the marketisation of African societies is its tendency to generate a politics that is inherently undemocratic. The point here is that while the neoliberal ideology emphasis the idea and ideal of a minimalist state, in practice the neoliberal economy can only be constructed through an authoritarian and interventionist state whose primary brief is to make the society over which it presides, “safe for capital”.

Gill(2008:147) eloquently underscores this observation in the following words:

...a pure market system is an utopian abstraction and any attempt to construct it fully would require an immense authoritarian application of power through the state. This would raise doubts about the viability of a minimal or ‘night-watchman’ state, as portrayed in the liberal ideology. Indeed it can be shown that many of neoliberal forms of state have been authoritarian. In some case this involved a considerable coercive power to destroy opposition and eliminate the possibility of a third way...

Coercive imposition of unpopular neoliberal policies destroys democratic politics and encourages the militarization of the society. The unfortunate paradoxical implication for adjusting countries therefore is that the policy of economic liberalization leads to ‘militarization’ of politics and society. Ake (2001:94) makes the same point with unmistakable clarity.

...Sap usually arrives in Africa by imposition. This imposition calls for considerable coercion because the government doing the imposing has no legitimacy and because African SAPs are extremely austere. With rare exceptions, SAP goes hand in hand with the militarization of the society. A society thus militarized may look superficially unified and stable in its monolithism, but it is
effectively fragmented, incoherent and unstable.

There is an added dimension to the authoritarian influence of neoliberal practice in Africa. The typical African state is not only undemocratic, it is also unaccountable. Rather than being responsible and accountable to its domestic constituency SAP compels the state to be accountable to International Financial Institutions (IFIS) and international creditors, who dictate direction of economic management. In this regard, not only does SAP “truncate democracy but they also atrophy state sovereignty” (Akokpari, 2001: 92)

Another World is Possible

Given the evident shortcomings of the neoliberal development package, some of which has been highlighted in this essay, it is not surprising that from Cairo to Cape coast we have witnessed massive riots and protests over the harsh living conditions the implementation of SAP has imposed on economically vulnerable populations, namely, the poor, the aged, women and children. Similarly at the international level, the round of protest in Seattle and Genoa represents the rise a global counter-hegemonic movement which increasingly challenges the neoliberal global order. This group dismiss the Thatcherian Slogan that “there is no alternative” (TINA) and vociferously declare that another world is possible.

In constructing a world characterized by the maximization of human welfare and the promotion of social justice, We must abandon the neoliberal emphasis on the supremacy of the market and establish democratic and developmental states which can protect their citizens from the vagaries of neoliberal globalization and act a catalytic agent for initiating and sustaining industrialization and economic growth in Africa. Several decades’ years Karl Polanyi (1944) insightfully affirmed that a self regulating market is a utopian endeavour which will only result in catastrophe. If anything the experiment with neoliberalism has demonstrated the validity of the Polanyian insight. It is for this reason we must bring the state back in, and as the history of development indicates, most of the advanced industrial countries “built up their economies by wisely and selectively protecting some infant industries until they were strong enough to compete with foreign companies” Graafland, 2007:350)

The snag of course is that most of Africa is dominated by a predatory, externally oriented and corrupt state (Sandbrook, 2000). Thus Africans must relentlessly pursue the reorganisation of their domestic societies to ensure that people-oriented developmental states are in the saddle. In this regard, the quality of democracy must be deepened to move it beyond illiberal democracy (Zakaria,1997) or even liberal
democracy, which in Ake’s reckoning, amounts to “a repudiation of people’s power” (1992:2). In essence, popular forces in Africa must embark on a struggle for the enthronement of an all inclusive democracy. By all inclusive democracy it is meant a form of democracy where decisions affecting the political, economic and ecological realm are subject to some level of public control. (Fotopoulos, 1997). The assumption here is that the interest of the masses is best served where the institutionalized practice of popular control ultimately culminates in the emergence of a vibrant civil society that can act as a “powerful independent counterforce to prevent the state from monopolizing the political process” (Thomson, 2004, 238). It is in the context of the rise of an active civil society and the intensification of popular participation that we expect that governance will gradually be steered in the direction of humanity and social justice.

In addition to the reconstruction of the domestic politics, popular forces in Africa must join forces with global justice movement to redesign the present neoliberal global economic order into one that is more attentive to the interest of vulnerable sections of the world’s population. The unjust global economic order remains part of the basic explanation for the level of poverty and underdevelopment in Africa. It is for instance a well known fact that protectionism on the part of affluent countries robs the third world billions of dollars in potential income. The United Nations Commission for Trade and Development (UNCTAD) estimates, for instance, that developing countries loses $700 billion annually on this account. Another clear element of the unjust global order is the asymmetry of influence between the African third world countries and the economically advanced countries within international economic organizations (Roy 1999) thus African nations must collectively channel their energies towards the democratization of the World Bank, the IMF, and the WTO in order to be in better position to defend their economic interest at the international level.

Closely related, to the immediately preceding point is the imperative of regional integration and cooperation in Africa. Increasing trade relations and technical collaboration between African states remains one crucial strategy for reducing their external dependency and ensuring national and collective self reliance.

To break free from economic and political marginality, Africa must pay serious attention to Roy’s warning.

If the developing world does not follow the path of regional cooperation, the lack of stability and growth will push it further into the desperate margins of global society…the developing
countries must hang together or else they will be hanged separately by the developed world. (1999:120-121)

Conclusion
The primary motivation that informed this paper has been to demonstrate that the neoliberal model of development is inappropriate for Africa, given that the experiments with the SAP has produced morally inexcusable consequences in virtually all the societies on which it was imposed by the World bank and IMF. If development was designed to serve the interest of human beings, the practice of Washington consensus failed woefully in Africa; not only did it fail to deliver growth and prosperity that has been part of the standard promises of neoliberalism, it has also led to deepening of poverty, inequality, and political instability. It for this reasons that Africa must jettison neoliberalism and scout for alternatives model of economic development that pays the needed attention to issues of social welfare, justice and human development.

To extricate herself from the crises of underdevelopment Africans must initiate the process from inside-out. First, we must reconstruct the post colonial state into one that is accountable, transparent and development oriented, secondly, African intellectuals, state’s men and all other progressive forces on the continent must work assiduously for the transformation of the presently skewed global economic order into a more democratic and egalitarian one. It is when this change has be effectuated in the global economic architecture that Africa would rise from the ashes of economic ruin to takes its rightful place in the committee of nations.

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