

Beyond the Western Economic Paradigm: Exploration in Indigenous Capacity Building in the African Context

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This paper argues that a broader conception of human flourishing that honors the socio-culturally embedded heritage of a region may be a more appropriate blueprint for the African region. Arguing that the very idea of development is often rooted in a euro-centric vision of what is appropriate for Africa, the paper proposes the use of development phenomena that fits the African region. Such appreciative inquiries would serve as basis for generating and leveraging locally embedded knowledge within the African context that, as supposed to pure Western conception of development, could provide a much more viable basis for human flourishing in Africa.

Key Words: Structural Adjustment Plan, Non-Traditional Agricultural Exports, Economic Development, Debt, Globalization

According to the World Bank, all countries in sub-Saharan Africa are either developing or underdeveloped; on average Gross Domestic Product (GDP) per capita (the value of a nation's productivity divided by the country's population in a given year) in Africa is about US\$2000. The challenge of economic growth is therefore huge, and the situation gets worse all the time especially as a result of rapid population increase, Western exploitation, among many others. So critics wonder if a utopian vision of Africa is attainable for a continent that has spent centuries wearing the emblem of economic failure in the eyes of the world.

One of the biggest problems Africa faces today is over-reliance on rich Western countries for development ideas and financial support, plunging Africa further into ignorance, debt crisis, and poverty. Data from the Organization for Economic Co-operation and Development (OECD) indicate that the African continent spends US\$40 million a day paying old debts to rich countries; an amount that adds up to US\$14.6 billion a year and superior to the budget of the entire continent on health care and education. Such a heavy debt repayment, among many others, dwindles severely Africa's financial resources, leaving very little for support of basic services needed to pave the way for self-sufficiency. What is worse, many African countries cannot generate enough revenue from taxation as a result of low tax-paying population, low productivity, and inefficient tax-collecting mechanisms. In this event of rising expenditure vis-a-vis inadequate revenues, therefore, Africans usually have no other choice than to continue borrowing from these foreign sources.

The Establishment of Western Institution

Before most African countries gained independence, the fairly standard development objectives and approaches that were set had often been backed by African indigenous creativity and semi-capitalist development concepts. Even though such pre-independence growth and development phenomena led to significant practical outcomes in many African countries, as Western institutions came into the African scene in the late 1950s, Western ideology was imposed as basis for sustained development. This led to a number of Western theories which were developed for reasons, namely, that the basis for earlier conception of development few decades earlier had not maximized Africa's full potential. These theories were:

- (1) that economic development would be attained automatically once the Western system is set in place for rising employment, rising production, and higher earnings;
- (2) that most African countries would democratize and once they do, the system of revenue generation would be in order and that revenues generated would be used to enhance the productivity of workers;
- (3) that where gaps exist as a result of capital shortage, Western aid would flow automatically to fill in, generating further capital.

The IMF and the World Bank were the two major players in Africa on the West's behalf. In several countries in sub-Saharan Africa, they introduced what they referred to as Structural Adjustment Programs (SAPs), intended to contain debt crisis. The effects of the SAPs were actually widespread, because they prompted strict anti-inflationary monetary policies, privatization of public enterprises, and, in some cases, elimination of subsidies (Stiglitz 2006). These institutions induced farmers to forgo their traditional crops for the so-called Non-Traditional Agricultural Exports (NTAEs), such as cacao and cotton (with Ghana and Burkina Faso leading the way respectively). The World Bank especially promised both trade and financial support over the years. Campaigns were conducted in several poor African countries for massive increase in production of NTAEs with the hope that farmers that export NTAEs would be eligible for tariff-free exports and other tax exemptions.

With the introduction of SAP in Burkina Faso, for instance, farmers dropped their domestic crops such as millet and sorghum for export-oriented crops, such as cotton. Initially, as the World Bank had promised, cotton received considerable amount of funding, and consequently Burkina Faso became the largest producer of cotton in sub-Saharan Africa. Farmers who initially hesitated began to forgo their traditional crops sooner than later in favor of cotton and other cash crops. Cotton farming alone became the employer of about 700,000 farmers—about 17% of Burkina Faso's population. The success was, indeed, reflected in the country's GDP for the first years, as the GDP rose significantly.

How the Western Institutions Failed Africa

Most SAPs and multilateral lending to Africa, besides their knee-jerk reactions to privatization, deregulation, and trade liberalization, however, failed to spur Africa's economic growth. Assessing the prospects of these programs, the UN declared in 1999 that "70 countries [including several African countries], all aid recipients, are now poorer than they were in 1980. An incredible 43 were worse off than in 1970. Chaos, slaughter, poverty and ruin stalked third world states, irrespective of how much

foreign assistance they received" (qtd in. The Washington Post). To strengthen this claim, the UN also reported that the per capita income comparison between the United States (the most productive nation in the world) and that of the entire African continent is about 55 to 1. In view of these figures, it is obvious that Western institutions have failed to fulfill the duties for which they have assigned themselves: to reduce the development gap between underdeveloped countries and the developed ones.

But, are such failures unexpected or planned? Economists such as Perkins (2004), George (1997), Rowbotham (2007), and Shiva (2005) strongly believe that the Western institutions in Africa deliberately engage in strategies that promote the prosperity of their powerful contributors at the expense of Africa. These economists reviewed several development policies imposed by these Western institutions and identified a number of key issues. These issues include:

- (1) introduction of numerous projects on a scale too small to be assessed and adequately supervised;
- (2) difficulties in carrying out projects that require foreign expertise and raw materials;
- (3) revenue allocations and project rankings not based on the people's project priorities;
- (4) difficulty in getting funds for locally-designed projects that require local expertise.

Thus, these observers insist that these Western institutions are established to make profits, and their mission in Africa would not be any different. In Africa, the IMF and the World Bank especially have created policies of intervention, and to enforce such policies experts are appointed who would play huge roles in designing and manipulating economic policies (Danaher 2004, 7). In his book, "Confessions of An Economic Hit Man," John Perkins, a former World Bank representative in Africa, confesses that his "job as an Economic Hit Man (EHM) was to convince third world countries to accept enormous loans for infrastructure development, loans that were much larger than needed and to guarantee that the development projects were contracted to US corporations like Halliburton and Bechtel" (Perkins 2004, 248). Perkins also claims that once poor countries are saddled with huge debts, Western governments and their institutions would control these economies and

ensure that oil and other resources are channeled to serve the interests of building the West's global empires.

Moreover, every decade or so, the IMF and the World Bank decide to help the bottom poorest countries pay off their debts by offering them more loans. As well, as evidenced in his book "50 Years is Enough," Kevin Danaher declares, "third world leaders are told [by Western financial institutions] that, in order to get more loans to pay off the old loans, they must [again] implement 'Structural Adjustment' reforms, a program designed to reduce consumption and to redirect resources to manufacturing exports for the repayment of debt" (Danaher 2004, 20). Thus, these "rescue loans" that come with interests, requirements, and sacrifices plunge poor African countries further into debts. In 1980, Africa's external debt was \$115 billion, an amount that has, and probably would, never be fully repaid. But poor nations always bear the full consequence while the so-called IMF and World Bank economists sitting in plush offices in Western nations are insulated from their own actions (Stiglitz 2006).

Furthermore, policies of these Western institutions often tend to be contradictory and irregular. While African countries are forced to accept loans often at unfair interest rates to build their agricultural sector, Western countries shower enormous subsidies to their own, forcing down world prices and undermining living standards in African countries (Stiglitz 2006, 16). To make things worse, Western governments often impose higher import levies on goods from poor countries in general and sub-Saharan African countries in particular. There is no explanation for such behavior on the part of the West except for greed. Several Western economists even believe that it is impossible for both poor and rich countries to benefit in a competitive world economy. But Stiglitz disagrees; the 2001 Nobel Prize winner in economics insists that developed countries can reframe international trade in a way that it benefits both themselves and developing countries. Africa, he insists, has only become a pawn in the West's power play.

To cite the case of cotton farming in Burkina Faso, its success after a SAP was short-lived because real producer price dropped at the time when cotton price was soaring in the world market. For example, during the early 1980s

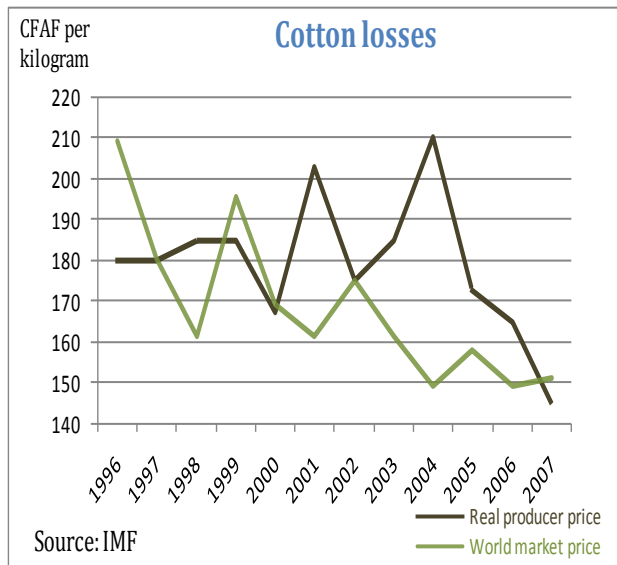
cotton producers in Burkina Faso were receiving between 60 and 70 Central African Francs (CFAF) per kilogram of seed cotton, while the world cotton price ranged between 200 CFAF and 250 CFAF (Baffes 2007). Most farmers who devoted their lives to cotton farming ended up with agricultural wages insufficient to even support their families. Also, the deteriorating terms of trade inhibited the acquisition of relevant inputs needed for maintenance. Several farmers, in their desperate attempts to secure their farms, borrowed from their neighbors what they subsequently could not reimburse, drowning them further into debts.

To emphasize the depth of the desperation, the village of Gaoua, which consisted mostly of cotton farmers, counted three cases of suicide following what was called the "cotton depression." Rowbotham (2007) argues that unlike in medicine where if patients die repeatedly at the hands of a doctor, the doctor goes out of business, in economics, since causality is almost impossible to establish given the complexity of factors, economists such as those at the IMF and the World Bank continue to enjoy unblemished reputations and astronomical salaries despite the failure of their policies, even by their own admissions (Stiglitz 2006).

As well, exchange rate devaluations of some African economies, encouraged usually by Western experts, also call for attention. The depreciation in the real exchange rate is relevant in some cases in encouraging farmers to shift from traditional crop production to exportable cash crops. But first, devaluation, as the name suggests, reduces the value of a local currency vis-à-vis other foreign currencies; this automatically raises the amount of foreign-exchange denominated loans to be paid to foreign institutions. Second, several IMF and World Bank projects require foreign machinery and capital to implement, so devaluation automatically raises the cost of importing such capital. Third, small-scale traders who have been the back-bone of Africa's service sector since time immemorial find it extremely difficult to borrow local currencies to import goods from around the world. All these negative impacts of devaluation favor the Western world at the expense of these African economies.

The devaluation of the CFAF in 1994 and the subsequent appreciation of the euro a few years

later took their toll on the cotton industry in Burkina Faso. Even though real producer price of cotton did not rise significantly during those subsequent years, “the ginning companies that sell at world prices incurred sizable financial losses. The largest, SOFITEX, which is partially government owned, incurred losses amounting to more than 1 percent of GDP” (Yartey 2008). So, even though cotton farmers struggled, the ginning companies (that also employ a significant proportion of Burkina Faso’s labor force) were hit even harder because they sold cotton products in the world market at prices that were lower than they had paid to cotton farmers. The following table depicts the difference in world market price of cotton and real producer between 1996 and 2000. In the mid 2004, for instance, the farmers received CFAF 210 per kilogram seed cotton, while the ginning companies sold at world market price of CFAF 150.



Yet, on several occasions observers have wondered why several Asian economies are developing rapidly (especially their agricultural sectors) while African countries are terribly lagging behind. But the reason is not hard to find: whereas African countries have failed to ignore policy prescriptions of the IMF and World Bank to unnecessarily liberalize their trade regimes, countries such as Singapore and Malaysia have been re-thinking their options, and indeed stubborn in opening up their markets to foreign competition. Such policies have freed

the Asians to nurture those sectors that constitute the back-bone of their national economies where necessary, and to process raw harvests where needed, in order to make their exports competitive on foreign markets.

Lastly, it is no secret that cases where poor African countries make successful loan repayments and on time, Western institutions usually underrate such efforts. Sometimes such feats are simply disregarded, if not loathed. In Ethiopia, a loan from the IMF (at a very high interest rate) to purchase an aircraft was agreed on by the government. Since the need prevailed, Prime Minister Meles Zenawi agreed to the unfavorable terms. And despite the high interest rate, Zenawi implemented a vigorous economic plan that expunged the loan faster than the IMF had expected, or rather, had wanted. With no extended time to reach maturity, the loan had simply failed to accumulate the anticipated interest (Stiglitz 2002). As a result, the IMF was unhappy, and tried to discredit Zenawi’s government with non-relevant evidence (Stiglitz 2006). Stiglitz, who was then the Chief Economist at the World Bank, has since claimed in several interviews that plans were put in place by the IMF to destabilize the Ethiopian economy. He remains agnostic, however, as to whether such a disgraceful act was of deliberate intention or just a show of arrogance on the part of the IMF. Either way, it was unethical and it made several observers question the Western countries’ mission in Africa.

“Odious Debt” and Africa’s Underdevelopment

African politics has been dominated since the early 1960s by totalitarianisms and dictatorships. Beginning with the assumption that most African leaders are greedy political opportunists just as Western institutions in Africa are poverty profiteers, most African leaders implement policies primarily for political expediency.

But, most urban workers in Africa, such as businessmen and industrialists, are better educated and therefore put a lot of pressure on bad governments. The majority of them naturally have no faith in bad governments, given that such governments usually overthrow democratically-elected governments that everyone assumes would submit to the needs of

the people. For such reason, bad governments in Africa usually lose their legitimacy.

To gain support, bad governments do interfere in urban markets, shifting privileges from the well-informed citizens to the relatively uneducated and weaker citizens. Such government interventions also generate funds for distribution to the poor as political patronage. They forge alliance with some working class, religious, and ethnic groups, take care of their immediate economic needs, and curb any grievances they might have against the government. To organized labor, several illegal privileges are restored. To college students, college loans that are otherwise payable after graduation are written-off. To influential state workers, salaries are raised astronomically. When such a system exists, long-term development planning becomes relatively unimportant compared with the immediate political and economic interests of ruling governments.

But where do illegitimate governments get such "redistribution" money from? The phrase "Odious Debt" was coined by the legal scholar Alexander Sack to refer to debts that are issued to a bad government in a country in order to subjugate and to colonize the country's citizens. Patricia Adams, in her book, "Odious Debts," provides plenty of research evidence to prove the terrible nature of loans made by Western institutions, such as the IMF and the World Bank. Such loans, she claims, have had several unwarranted consequences leading to the strengthening of military regimes, destruction of environment, shabby capitalism, and loosed lending systems that fuel government corruption in underdeveloped countries. She therefore calls for what she refers to as "Odious Debt Proceedings" in relation to debts made by the IMF and the World Bank to third world governments, especially illegitimate governments and corrupt dictators. Her measures, where implemented, have been effective in bringing about transparency and accountability (Majot 1994).

But, staffed with technocrats who make the rules and dictate terms in their favor, Western institutions have created power bases through which they succeed in issuing loans to corrupt governments and brutal dictators, without bothering to question these governments' true democratic principles (Halon 1998). It is

disheartening that the Western institutions that profess to be friends of African countries lack the moral obligation to stand up to the principles they preach. According to a United Nations report, conditions in Zaire continued to deteriorate at the time when president Mobutu was looting hundreds of millions of dollars into his personal coffers. Considered the world's most corrupt leader at the time, Mobutu's fortune was estimated to be more than \$10 billion dollars, not including many secret mansions he owned in Europe and other parts of the world (Halon 1998).

After examining the sordid and pernicious nature of corruption in Zaire, for instance, Erwin Blumenthal, a senior IMF official, wrote a report to the IMF revealing the problem, but no serious action was taken. So he resigned. As Halon (1998) describes the situation, "when Blumenthal wrote his report [to the IMF], Zaire's debt was \$5 billion; by the time Mobutu was overthrown in 1998 the debt was over \$13 billion. In the six years after Blumenthal's report, the IMF lent Zaire \$600 million and the World Bank \$650 million" (Majot 1994). Such is a typical example of "Odious Debts," where regimes such as Mobutu's are favored as they are a strategically of influential powers to the Western world.

True, the support for dictatorial regimes in Africa by Western financial groups has helped propel bad governance, worsening poverty situations. But, more often than not, only African leaders are held responsible by the rest of the world. To illustrate, Barclays Bank has for years helped bankroll President Robert Mugabe's disastrous regime in Zimbabwe, by providing millions of pounds in support of Mugabe's vilified land reforms (Barnett 2007). Barclays is the most high-profile of three British-based financial institutions, and has provided more than \$1 billion in direct and indirect funding to President Mugabe's administration (Barnett 2007). According to *Influential Newsletter Africa Confidential*, "the British organizations [financial institutions] provide an economic lifeline keeping Mugabe's regime afloat" (qtd in. Barnett 2007). Even though Mugabe's opponents describe the banks' activities as a "disgrace" and an "insult" to the millions who suffer human rights abuses and live under horrible conditions, these institutions have turned a deaf ear to such reactions.

A New African Development Paradigm

1. *Pre-Colonial Creativity and Abundance*

During the pre-colonial times, Africa had an economic system free from debt burdens and unfair trade policies; the system also provided an economic security that its populace was pretty much contented with. Africans were mainly involved in simple activities such as farming, animal husbandry, fishing, and artisanship (pottery works and mining). Goods produced from these activities were exchanged in local markets, without any fear of foreign competition. Banking and investment, though in a very basic form, existed even before the “Europeans” arrived. The “family pot” banking system, for instance, was a system where accumulated funds contributed by all were used for the welfare of communities. Communities contributed financial resources to cover the costs of activities such as funerals, weddings, festivities, educational expenses of gifted children, and start-up businesses (Ayittey 1992).

The main form of banking, called “Susu” in Ghana, involved contributions from several people into a huge fund. After every three months or so, the entire amount was handed over to the members in turn. To be operational, such a “loan club” required a liberal dose of trust among members. In fact, for many businesses in the indigenous and informal sectors of several African countries today, the “loan club” is the primary source of capital (Ayittey 1992). Thus, in most African cultures, given the nature of their collective lifestyles, there is a social premium on reciprocity and helping each other for mutual benefits (Sachs 1992). It is not even about the bottom line and profit at any cost without regard to who is affected.

In addition to such innate attitude is the abundance of tremendous natural resources, such as gold, diamond, oil, timber, salt, cattle, poultry, forest, and sea. Indeed, if wealth is defined as the possession of resources that can generate income, then Africa is in a position to prosper tremendously.

Such community-based development efforts cannot, of course, sustain a country in this age of globalization. But why couldn't Africans build on such intelligence and creativity? Was it colonial brainwash?

Ayittey (1994) realizes that the influence that the West has had on African minds is so powerful that most African scholars denigrate indigenous African institutions and capacity building. African colleges today are full of textbooks and course outlines that are full of Western concepts. Africans at every level of their education are bombarded with Western ideological superiority. Almost all fields of study— medicine, technology, economics, government, sociology— promote the superiority of Western capitalism and cultural influence. African educators teach and lavish praises on Western concepts, theories, and practices in ways that make most Africans feel inferior about their indigenous capabilities. Thus, today most young Africans believe that Western concepts are the benchmarks against which the appropriateness of all development ideas can be measured.

Some African observers plead the post-colonialist argument that the aftermath of slavery and colonization has caused the development problems in the post-colonialist era. Such a belief, they insist, is exactly what causes the Western world to be inherently pessimistic about development prospects of Africa; it is also what encourages the West to take advantage and impose economic policies on Africa based on an overrated sense of Africans' inferior intelligence.

There is no question that Western influence is an inevitable force in today's Africa, but Africans should be the force in their own development. So if sub-Saharan Africa is still lagging behind after several decades of independence, then there must exist a structural deficiency within Africans' mentality that deter them from being the force needed in their nations' development.

2. *Some Indigenous Scholars' Perspectives*

The following are a few of Africa's own scholars who have contributed valuable and fascinating ideas for Africa's development.

Joseph Ki Zerbo

Born in Burkina Faso (formerly Upper Volta), Professor Joseph Ki Zerbo is definitely one of the African thinkers whose writings in development in the African context have been inspirational. Educated through the French school system, but dedicated to sustaining African traditions and systems, Ki Zerbo made waves with his notion of “Self Made

Development” (Badini 2000). Ki Zerbo argues that “thinking for oneself” is the basis for all authentic human actions and has special validity for Africa. Thus, instead of always consulting IMF and World Bank bureaucrats, it would be wise for African governments to look internally and to bring together their own businessmen and enterprising leaders to generate incentives for prosperity. The principle of self-sufficiency incites African students and researchers to believe that they are capable of thinking and innovating, and competing with the rest of the world.

Andrew Mwenda

Andrew Mwenda, an African journalist who earned his postgraduate degree in the United Kingdom, believes that western aid is obstructive to African development. He is a contemporary African scholar whose keen awareness of poverty issues, reinforced by his commitment to his country, Uganda, and the entire African continent makes his ideas worth adapting. Mwenda corroborates Ki Zerbo’s principle when he affirms during his speech at the Technology, Entertainment, Design (TED) conference in June 2007 that, “no one became rich by receiving charity, nor a country developed due to the generosity or the kindness of another.” In other words, only self-reliance will result in true and sustainable development. Simply put, foreign aid is an inappropriate weapon to use in fighting poverty. With the abundance in Africa, progress will be attained if its rulers trust and implement their indigenous capacities.

Hassan Zaoual is a Moroccan professor of economics at L’université du Littoral Côte d’Opal in France. Founder of the North-South Network Culture and Development, and director of a journal series *Economie Plurielle, L’harmattan, Paris*, Zaoual has involved actively in raising awareness of the African cultures and perspectives to international institutions. He states the following:

“Contrary to the western model, or way of seeing things, the paradigm that emerges from the cosmogonies of the African site would seem to be characterized by relations between human beings than by utilitarian, individual, economic functions... This suggestive maxim help us to understand the [indigenous] African economy as an economy of affection” (qtd. in Bawtree,

Victoria and Majid Rahnema 1996, 34-35).

Dr. George Ayittey

George Ayittey is a prominent Ghanaian economist who teaches at the American University in Washington, DC. With a Ph.D. from the University of Manitoba in Canada, this African scholar, who serves at the Foreign Policy Research Institute, has been an incessant opponent of some foreign aid packages to Africa. According to Dr. Ayittey, “reform of the abominable political and economical system” is mostly what Africa needs, not aid that never reaches those most in need (Ayittey 1992). He adds that since 1960, more than \$600 billion has been transferred into the continent, but the result has, instead, been more poverty. Therefore, Western institutions must abandon their humanitarian impulse of aid and come up with “smart aid” that would subsidize traditional crops, modernize pastoral activities, finance artisan works, and create smaller local banks, such as Grameen Bank in India, for the poor.

3. Providing the Basic Necessity for Indigenous Growth

No country ever develops without the basic economic foundation. A solid economic foundation can be built by first taking care of public, economic, and social services. Public services consist of items such as public administration, law enforcement, and efficient military system. These “amenities” constitute the primary foundations of any country in establishing an adequate and secure government and in enforcing the rules of the state. In Africa, expenditures on public services were higher during the early 1960s when several African countries had recently gained independence, constituting on average 7% of GDP and about 25% of entire governments’ expenditure (World Bank 1995). Compared to these earlier periods, however, public expenditure as percentage of GDP has fallen for several African countries during the last 25 years.

Government spending on social services should include mainly spending on health care, basic education, and other social needs. As is the case in several African countries, the private sector is not developed enough to take care of these, so the government always provides them. Because there is strong correlation between a

countries' quality of health and education on one hand and productivity on the other, these services have become nothing but public goods. Beyond basic provision by the government, however, anything beyond is left to the government and private sectors—tertiary education, for instance, becomes more of a luxury than a necessity for a typical agrarian economy, until the economy reaches certain level of development.

Across board, as regards to social services, education should receive the largest proportion of financial assistance, and it should reflect in the provision of basic school supplies, child nutrition, and teachers' earnings. In Botswana, for instance, expenditure on social services has remained high and fairly constant for several decades and that explains for the most part the steady growth of Botswana's economy.

Education, especially basic education leads to what economists refer to as "positive externalities." Thus educated individuals behave and respond to situations in ways that benefit the entire economy—such behaviors as voting the right individuals into political offices. And more important, education plays a huge role in lowering fertility among women and enhancing women's knowledge of health and nutrition. Nobel Laureate Amartya Sen argues that adequate provision of free basic education and health care is a prerequisite for economic development (Sen 2005). Sen finds it hypocritical, though, that several of the industrialized countries that provided subsidized health care and education for their populations in their early years of development are now preaching the mantra of privatization of these basic services to their so-called less developed counterparts.

4. Solutions for Debt Crisis

First, countries experiencing severe cases of poverty should have their debts cancelled, especially if such debts were incurred during dictatorial regimes. However, such a decision must not be left to the World Bank and the IMF because, as incompetent as they are, their approach to debt cancellation might lead to other growth problems. The best way to go about this is to create an international mediation committee that would determine a bias-free debt cancellation procedure.

Already-incurred "Odious Debts" should be dealt with in the same manner, while the IMF and the World Bank are warned against knowingly issuing "Odious" loans. Recalcitrant dictators must be put to justice accordingly by the International Court of Justice, so in the future innocent citizens would not bear the consequence of greedy, semi-educated, and power-hungry individuals. As Stiglitz (2006) asserts, help for the very poor should not come at the expense of the poor; debt relief should not be a tool for holding countries to ransom, or for undermining their democratic institutions. Debt relief should provide a fresh start (Stiglitz 2006, 234).

Second, new loans should absolutely be targeted to projects that tap into indigenous skills and knowledge, and must be given at low interest rates. Project loans that come with pre-conditions, restrictions, and high interest rates should absolutely be rejected. Yet these loan packages are presented so nicely that several third world countries fail to recognize the consequences. Financial institutions send their representatives over to wine and dine with third world government officials while they (the representatives) sell loan packages. They give nationwide presentations, using technical economic terms, as to why it is a good time to borrow, why their particular package is particularly attractive, and why it is the right time to restructure debt (Stiglitz 2006, 216). African leaders must recognize these traps and deal with them appropriately.

Third, the SAPs were just invented to reinterpret loan terms of greedy Western institutions, and make these terms look less severe. The SAPs are full of Western ideas and they do very little, if any, good to these African economies; they must be abolished. The SAPs are used by the IMF and the World Bank to set guidelines borrowers must follow, and when these guidelines lead to failure, these same institutions refuse to accept responsibility. It is time Africans consider themselves masters of their needs and decisions.

Conclusion

The causes of Africa's poverty have little to do with lack of resources and natural intelligence necessary for economic prosperity. That is why the development of Africa should be better left to those who have personal interest in its economic success, rather than to those who are in to pursue profit. The best interests of African

nations are served by foreign investment strategies designed to enhance rather than exploit its economic potential.

As discussed, the Western institutions' SAPs have never paved the way for Africa's economic progress and have, in most cases, hindered previous growth processes. Privatization and trade liberalization have been vigorously pursued, but the indigenous economic as well as cultural environment are yet to be incorporated into these processes to promote efficient use of factors of production and technologies. Taking "short-cuts" with Western concepts will hardly, if ever, bring any glimmers of hope to Africans.

But, while the adaption of African indigenous capacity is a necessary condition for Africa's development, this alone is not a sufficient condition for eliminating severe cases of poverty. Democracy, accountability, a process of national dialogue (where different parties voice their opinions), and implementation of widely-accepted policies are needed.

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