

The Role of IMF and World Bank in the Democratization Process in Africa: A Critical Analysis

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Abstract: *International Monetary Fund (IMF) and World bank a giant economic and financial institutions established following the Second World War. The IMF was established with the aim of administering world's economic system. On the other hand World Bank was primarily established to offer loans for Europeans post- Second World War reconstruction. This paper attempts to analyze the role of these institutions in democratization of Africa. Scholarly written books, journals and articles were reviewed and analyzed critically. The IMF and World Bank strived more to pave the for Euro- American intervention in the internal economic and political affairs of Africa than they worked for democratizing Africa.*

Keywords: IMF, World Bank, Democratization

1. Introduction

The International Monetary Fund (IMF) and the International bank which is later changed to World Bank were international financial and economic institutions established following the Second World War. The International Monetary Fund was established with the aim of administering world's economic system. The World Bank was primarily established to offer loans for the Europeans in the post-second world war reconstructions (Manfred B. Steger 2008).

The World Bank had some aims of improving good governance through democratization and poverty reduction (Ishac Diwan 2009). Before embarking on describing the race of this giant economic institution in democratization process in Africa, I would like to highlight what democratization is as follows.

Democratization is defined in many ways by different scholars at different times. On one hand, democratization means the process of establishing, strengthening, extending the principles and institutions that define a democratic regime. It is the process that can be improved, enhanced, and developed through process of time. On the other hand, democratization refers to the establishment of democracy where there was no democratic system previously. It is also defined as the transition of political process to a democratic way of governance (E. Osaghee 1999).

Democratization in Africa became strong in the 1980s when the undemocratic regimes faced challenges internally from the host community and externally from the international community.

2. The Role of IMF and World Bank in the Democratization Process in Africa

In the 1960s many African countries had achieved their political independence. But political independence has not proved to be reliable insurance against external power

control, domination and intervention in Africa as the experience of the continent demonstrated after independence (R. A. Akindele 1985)

Consequently, African liberation movement leaders became presidents of their respective countries. Gradually, these African leaders had begun to establish dictatorial leadership under a single political party (Robert O. Collin and James M. Burns (N.d:160-163).

In many countries, political freedoms were eliminated and the source of political power had become war, revolution and coup d'état than popular, air and free election. Multi-party political system was not legally allowed in almost all African countries (Ibid). It was after the end of Cold War in the 1990s that multi-party political systems and the implementation of other democratic principles had become preconditions for loan and aid by IMF and World Bank (Manfred B. 2008).

In the same way some other studies (Gibbon, Ofstad and Bangura, 1992, Nelson, 1990) argued that foreign aid may have contributed to democratization. This was observed after the descend of the Soviet Union, donor institutions paid increasing attention to political reforms and they persuaded to put in practice stringently conditionality and African countries were put under pressure of these donors to run elections in their home country. From the argument of these scholars what is plainly observable is that it not development of democratic system in aid recipient countries that worried the IMF and the World but they worried for the extension of the ideologies of the western countries in developing countries.

But there is an argument that fifty years experience of loan and aid from western countries had negatively affected the political reforms of the recipient countries. The aid diminished states power decide on their internal economic issues. Even the world had begun to question about the assistances given to developing countries through these international institutions that the impact on the governments of these countries is harmful against their democratic

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development. People begun to question concluding that the bank had been giving much money to the political regimes which were not effective in their administration (Arthur A.Goldsmith 2001).

During the cold war period there had been intrusion of European powers in African politics. For the intrusion of the super powers there was contribution of African leaders in which they made Africa the battle ground for East- west competition and rivalry. USA and Soviet union benefited from the competition but they did not want to consider African interest and examine African concerns realistically (R. A. Akindele 1985). These foreign powers they gave high attention for their global strategic advantages that they could benefit from their in the internal affairs of Africa. The interaction was between un equal partners (the big powers and Africans) the intervention in Africa produced outcomes favourable to the political and strategic interests of the European powers

The western powers and their donors after the cold war increased their intervention in the internal economic affairs of African states. Their aid to African countries faced opposition from the mass of African countries (E.osaghee 1999). There were revolts, uprisings, and strikes among the different sections of the society. The urban working classes, dwellers, students and change seeking elites reacted against the World Bank and the IMF intervention which was followed by policy changes in African countries (Ibid).

The Structural Adjustment Programmes were the focus of the revolt. Peoples also reacted against the inept and corrupt governments for their lack of transparency and accountability in their governance (Isahc 2009). The opposition and reaction of African people against the international donor agencies and African despotic rulers revealed that Africans themselves were eager for democratic form of government.

However, the World Bank linked its assistance and aid with good governance conditionality which is helpful for democratization process. But the problem for approval of good governance is how to determine and identify countries with good governance from countries from countries with bad governance. To overcome this problem the World Bank used differen criteria as good governance. These were high percentage of investment, substantial income growth and improvement in health and education (Teshome Mulat 2009).

The donors overtly attempted to protect people from inhumane treatment like the case of the Rwanda type of genocide through helping the government of African countries. if these countries are progressing in the direction of good governance ruling system by either hindering aid and loan for those countries who were against democracy or by giving huge loan and aid for countries which were on better position in democratization process (Ibid).

Global good governance rule advocates political liberalization by controlling aid from those who rule their people undemocratically. The governments were assisted to change their system of rule. However, still there were social

and economic upheavals and instabilities (Arthur A. 2001 Bassirou 1998). Further, there were still criticisms against the World Bank and IMF aid as demonstrated as "...aid is like a narcotic fostering addictive behaviour among states that receives it."

The aid and loan donors greatly weakened the accountability of the rulers to their citizens. In other words, the aid had repercussions on political atmosphere of the continent in that in some countries it brought despotic rule. From the beginning aid and loan is an international transfer of resources from the prospered countries to poor countries (Ankie Hoogvelt 1997).Therefore, this transfer of wealth to poor countries could be used by the rulers to strengthen their power over the people.

The influence of the World Bank and IMF in Africa became high in 1980s. It was during this time that these aid donors institutions created packages of rulers, rules, regulations and conditionality to be imposed on the aid and loan seeking countries (Ibid). The IMF introduced structural adjustment programs contracts..This contract was the best means of intervention in the internal economic affairs of aid and loan recipient countries in general and in Africa in particular (Taye,Severine and Ghafar 1990). Thus World Bank have forced African countries to adopt the Structural adjustment program in 1980s to get new aid and loan.

The World Bank used the structural adjustment program to alleviate the political and economic crisis in some African countries such as Kenya in 1989. But the peoples of Kenya specially the university students reacted against the World Bank's structural adjustment program policies in Kenya and its despotic rulers (Jacqueline and Janai 2002).

By 1990s the international donors together with other loan agencies to a greater to greater extent linked with democratization process and democratic reforms. In the early independence period. Africa leaders regarded multi-party politics and representative democracy as unworkable for Africa (Ibid). At the same time, the developed and democratic countries were not interested to react against the dictators of African during the cold war period. This was because of their fear that their opposition against African rulers would derive these countries to the side of socialist countries (Esaghae 1999).

In the colonial period, African countries had experienced different levels of authoritarian rule. There was different between countries ruled by the British colonial rule and the French colonial rule. In British colonial rule there had been formal 'pluralism' and 'bill of rights' but under the French rule they faced advertent autocratic rule (Goldsmith 2001).This had different problems in democratization process in African countries. Some African countries such as Botswana and Gambia had experienced formal multi- party system in the post- independence.

These different conditions can be factors for slow or rapid pace of democratization process in different countries in 1980s and 1990s. In other African countries democratization was a kind of 're-democratization' and extension of democracy more than their democratic experience in the

past. This was true with countries like Nigeria, Kenya, Zambia and Ghana (Ibid).

The western donor agencies were not only concerned for the democratization of African countries. They were more concerned for their own national interest. Until the end of the Cold war they were assisting very repressive regimes in Africa. For instance USA gave for the anti- human right regime of Mobutu of Zaire because of his anti- communist policy (Goldsmith 2001). Ali A. Mazrui in his article 'entitled 'Who killed democracy in Africa?'

Clues of the Past,Concerns of the Future' ' wrote that' the limus test of legitimacy was taking the right side in the Cold War between the Atlantic Alliance and the Warsaw Pact. Dictators like Mobutu Sese Seko lasted from the 1960s to the 1990s.Mobutu was defended by the West even as against internal civil disobedience'.

It was in 1993 that new official consensus on democratization was revealed in the Development Assistant Committee (DAC) statement. The DAC encouraged aid seeking countries to develop procedures in which their citizens can control arbitrary rule (Ted C.Lewellen). This began to take place after the western developed countries assured the defeat and collapse of their ideological contender USSR. Thus they were confident that African leaders have no option than accepting their consensus on democratization.

The IMF and the World Bank persuaded African countries to follow their foot step on the line neoliberal policy by using their aid and donation. The neoliberal policy needs new rules and regulations especially in relation to the domestic economic affairs of African countries. These regulations include removal of subsidies, privatisation of economic institutions, removal of any man made trade barriers between nations, decreasing the value of currency, opening their door for massive investment (Jhon K. Akakopari 2000).

However, the economic situation in Africa ruined in the post-Cold War era . There was unbalanced trade agreement between developing countries and the owners of IMF and World Bank. Africa and other third nations tried to exert some degree of influence on the international system. The developed countries behaved in the way that they would give some concessions from which African states derive benefits. Nonetheless, after the collapse of the Berlin Wall in 1989 Africa became politically less useful for the western nations and the importance of Eastern Europe supersede western interest in Africa. Thus the motive behind IMF and World Bank had been ideological scramble in developing countries but not democratizing the courtiers in the way that their democracy would bring practical change in the politics of developing countries

But their Structural Adjustment Program did not improve democratization process in Africa, rather it created internal economic problem in many African countries. It was considered as one challenge for sustainable and consolidated development in South African countries. Peoples of the region opposed the implementation of structural adjustment program in their country.

3. Conclusion

Africans have their own indigenous democracy until the colonial conquest of Europeans. During the colonial period European colonizers ruled their colonies by using authoritarian ruling system. After their independence, African rulers acted against democratization by adopting dictatorship and one party system. In the Cold War European democratic countries kept salient about democratization in Africa for the sake of getting acceptance from African dictators. After the end of the Cold War and the collapse of USSR, Europeans began advocate democratization in Africa through their financial institutions of the World Bank and IMF.

But the effort of these institutions was not for democratization but mainly concerned with paving the way for the Europeans and Americans internal economic affairs of Africa to maximize their economic, political and strategic advantages in Africa. That is why their aid and loan did not bring vivid improvement in the democratization Africa.

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