West African Expectations of Europe

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To assess the expectations West Africa can look forward to from Europe, there is, first, the need to understand the root causes of the problems that have beset the populations and the countries of the region for centuries. Only a clear understanding of these causes can lead to the conceptualisation of the policies and the strategies that need to be put in place in order to address them with a possible contribution from Europe. The forerunner of these causes is a misconceived conception of leadership engrained in African culture, and the ill-designed development strategies that the Bretton Woods institutions, the IMF and the World Bank have implemented for the development of the region for nearly half a century.

When it comes to leadership, African rulers consider the land they rule as their possession. Exercising leadership for them is not about giving priority to social justice and implementing policies that provide security, progress, and prosperity to the great majority of the people they govern while protecting the poor. Instead, in the eyes of the African rulers power means seeing the people and the wealth of the land they govern as personal belongings for them to use as they like. This conception of power led to kinglets handing over their subjects to slave traders and contemporary leaders to squander the revenues of their countries, leaving the majority of their populations mired in poverty, division, disease, hunger, war, inter-ethnic confrontation, despair and hopelessness. Therefore, if it is customary to link Africa's failures to slavery and colonisation, and no one can deny such claims, this recognition does not exonerate African leaders from their own responsibility.

As a vital much sought after source of energy, oil is a perfect example to illustrate these deficiencies. An oil rush is underway in West Africa, due

[1] Senegalese Economist, Website: http://sanou.mbaye.free.fr

to the fact that all developed countries' national security depends on a steady oil supply, and sub-Saharan Africa owns 8% of the world's known reserves, it would seem to be a great advantage to own so much of the percentage (cf. Annex I). However the reality is much to the contrary, instead of being an asset, oil has become a "curse" generating corruption, conflicts, ecological disasters, and an anaesthetized entrepreneurial spirit.

In Nigeria, an estimated $300 billion in oil revenues entered the government's coffers over the past 25 years, but per capita income remains less than one dollar a day for the simple reason that much of the money ends up in Swiss bank accounts, like the one owned by the late dictator Sani Abacha. In Angola, British Petroleum revealed that it had to pay a $ 111 million "signature bonus" to members of the government. As scandalous as it may seem, these sums are mere peanuts compared to an estimated unaccounted $ 4.5 billion in Angolan oil revenues. This is a far cry from the way other countries are using their energy resources.

Vladimir Putin's Russia is using its gas and oil as an economic weapon and a political tool to recapture its lost great power status. Hugo Chavez, the President of Venezuela, is using the revenues of his country's petrol to provide free literacy and health care to the poor, to help alleviate the debts of his Argentinean and Ecuadorian neighbours, to forge energy alliances with Brazil, Argentina, Uruguay and ten countries in central America and the Caribbean, and to propose a strategic rapprochement to the Andean countries. He has revived pan-Americanism by re-inventing the vision, the dream and the achievement of Simon Bolivar's revolution. He has helped Venezuela become a member of Mercosur, the regional grouping whose other members include Argentina, Brazil, Chile, Uruguay and Paraguay.

Evo Morales, the newly-elected president of Bolivia, has pledged to nationalise his country's gas supply and re-negotiate the sharing of royalties to tackle the poverty that has made Bolivia the second poorest country of Latin America after Haiti. As a matter of fact, with all the elections coming up soon in the region and the prospect victory of a new breed of leaders such as Chavez and Morales, Latin America is slipping away from the US, with the Bush administration and its cortege of neo-cons too fixated on the Middle East to even notice.

There is a need to break away from the leadership practices of the West African rulers and embrace a style of governance whose objective is to weave pan-African identity, social justice, solidarity and independence into the fabrics of sub Saharan African societies. This entails overhauling the prevailing leadership culture, establishing the rule of law and justice, and enhancing democratic institutions. This will lead to accountability, innovative and creative leadership, political stability, civil liberties and property rights. Corruption will be eradicated and the creation a pan-African army whose task will be intervention to end the wars and conflicts that have ravaged the region for so long will finally be possible.

A congregation of African church leaders convened in the Senegalese island of Gorée a couple of years ago urged their people to assess their share of responsibility for the slave trade. The call went unheeded. It was unfortunate, for here was an historical opportunity to expose the flaws of most African leaders throughout our tormented history, discuss them in order to squeeze out of our culture, customs, habits and political practices, the misconceived and unproductive conception of power of the African elite. This is of paramount importance and urgency if the shattered identity, self-respect, and fortune of Africa are to be rebuilt around a common sense of belonging to a pan-African identity, and the worldwide community.

The second cause of West African backwardness is connected to its "hostage" status in relation to the Bretton Woods institutions (the IMF and the World Bank). When West African countries gained independence in the late 1950s and early 1960s, their leaders found out the harsh reality of inheriting bankrupt states with nothing left in their coffers, and the denial of access to the capital markets in order to raise money from the western rating agencies. The only sub-Saharan African countries privileged enough to borrow money in the financial markets were, South Africa and Zimbabwe, which were then administered by white minorities. As a result, newly established African leaders had no alternative but to sub-contract all matters related to the development of their countries to the Bretton Woods institutions and the western countries which control them. The loans they granted to these countries served to finance projects, identified, appraised and declared financially and economically viable to their standards.

The Bretton Woods institutions monitored and approved the recruitment of the consulting agencies and the expatriate staff involved in the conception and the execution of these projects. They approved all the contracts financed by these loans. Furthermore during the whole period of project implementation, they carried out regular supervision missions supplemented by quarterly progress reports and the annual audit reports they commissioned.

All the post-evaluation reports carried out on completed projects indicated that the overwhelming majority of these projects had failed for the simple reason that they were designed to perpetuate the role of Africa as a supplier of basic products in the international labour division. The region was entangled in an inextricable web of debts, not to mention the addiction to and dependency on “aid”.

As if things were not bad enough, economic liberalisation, deregulation of capital movements, suppression of subsidies, privatisation of valuable public assets (liquidation would be a more appropriate word), budget austerity, high interest rates and repressed demand thrust upon the countries of the region through the odious structural adjustment programmes of the IMF and the World Bank ended up transforming these countries into dumping grounds for western over-subsidised agricultural surpluses and obsolete manufactured goods and a souk for Asian, mainly Chinese, products.

West Africa’s appalling poverty and living conditions have been exposed repeatedly through the media and the Internet as opposed to the less reported brain drain and capital flight which also, adversely affect them.

The exodus of the intellectual elites and the skilled workers has harmed the already skimped budgets of the States, which in addition have to deal with continuing ruthless cuts from IMF and World Bank as the years go by. All this is another form of extortion which helps accentuate the degree of backwardness of West African countries. Europe, North America and the greater part of the industrialised world, in search of permanent technological and scientific breakthroughs, yet confronted with a lack of skilled workers due to an aging population and a dwindling birth rate, have no qualms stripping the region of its elites. Countries such as Mozambique, Ghana and Tanzania have seen half of their workers desert their countries for the western world.

As for capital flight, it stems from a myriad of causes: debt servicing, the awarding to foreign firms of almost all contracts financed by multilateral lenders (and exemptions from taxes and duties on these goods and services), unfavourable terms of trade, speculation, free transfer of benefits, foreign exchange reserves held in foreign accounts, and domestic private capital funnelled abroad. According to the UN Industrial Development Organisation (UNIDO), every dollar that flows into the region generates an outflow of $ 1.06. Most of this haemorrhage is debt-fuelled: approximately 80 cents on every dollar that flow into the region from foreign loans flows out again in the same year. As a result, sub-Saharan Africa is a net creditor to the rest of the world as external assets, as measured by the stock of the capital flight, exceeds external liabilities, as measured by the stock of external debt. The fact of the matter is that while the assets are in private hands, the liabilities are public debt thrust upon the poorest of the poor and their descendants.[2]

No wonder that with such a deadly combination of bad leadership and short-sighted western policies, the region has become such a land of misery. It was obvious from the outset that the IMF/World Bank strategy was doomed to fail. All developed nations put in place foreign exchange controls, protecting their markets against foreign competition, and subsidised their domestic production in the first phases of their development – and continue this process whenever it suits them.

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[2] Cf. "Public debts and private assets: explaining capital flight from sub-Saharan African countries", by Léone Ndikumana and James K. Boyce (study conducted under the auspices of Massachusetts University): http://www.umass.edu/peri/pdfs/WP48.pdf

In the face of these undeniable facts, the strategies devised by the IMF and the World Bank for the development of West Africa were, at best, a mark of their incompetence and, at worst, which is much more likely, their deliberate ploy to keep the countries of the region and their populations in bondage. Whatever the case, both institutions certainly have much to answer for.

Well-functioning credit markets require that lenders face the consequences of irresponsible or politically motivated lending. The notion that creditors should always be repaid, regardless of how and to whom they lend, is indefensible. Repudiating the African debts, which were not used for financing domestic investment, would be consistent with international law as well as historical precedents and economic logic.

At the end of the 19th century, the United States government repudiated the external debt owed by Cuba after seizing the island in the Spanish-American war. The U.S. authorities did so, on the grounds that Cuba’s debt had not been incurred for the benefit of the Cuban people, that it in fact had been contracted without their consent and that the loans had helped to finance their oppression by the Spanish colonial government.

However, the debt issue is just the tip of the iceberg. What West Africa needs most is to free itself from the jaws of the IMF whose supremacy stems from its power to cut off not only its own credit but also most loans from the larger World Bank, other multilateral lenders, the rich country governments and even much of the private sector. This has been the source of the IMF’s overbearing influence over economic policy in developing countries. It has been, in effect, the leader of a creditors’ cartel which is answerable primarily to the U.S. Treasury Department. To appraise the mammoth task the Africans would face in taking on the IMF, it would be worth recalling some of the previous attempts made by other countries and regions.

After their nightmarish experience with the IMF in 1997-1998, Asian countries began piling up huge international foreign exchange reserves so that they would never have to go begging to this institution again.

At the beginning of 1998, Argentina suffered a great depression, many Argentineans blamed the IMF which had played a major role in designing the policies that led to the collapse. Rejecting IMF demands for higher interest rates, utility price increases, budget tightening and maintaining the Argentine peso's unsustainable link to the U.S. dollar, Nestor Kirchner's government was able to chart its own economic course by applying the opposite to the advice of the IMF. Argentina also took a hard line with foreign creditors holding defaulted debt despite repeated threats from the IMF. In September 2003, Argentina did the unthinkable: a temporary default to the IMF itself. The fund eventually backed down on its demands. The result was a rapid and robust recovery for Argentina.

Vietnam is another case worth mentioning. America maintained a trade embargo against Vietnam until 1994. Vietnam is excluded from the WTO and receives neither foreign aid nor any other kind of assistance from the West. It is prevented from borrowing from the IMF and the World Bank. Yet the Vietnamese economy maintains its own high barriers on international trade (in the form of state trading, import tariffs, and quantitative restrictions). By designing its own economic reforms, Vietnam pursued a strategy that focused on diversifying its economy and enhancing the productive capacity of domestic suppliers. Its economy grew at an annual rate of 5.6% per capita between 1988 and 1995, and has continued to grow at a rapid 4.5% pace since then. As a result, Vietnam experienced sharp increases in international trade and foreign investment, standards of living, particularly for the poor have benefited hugely from these increases.

What attracts us to these experiments is that the development of West Africa will not be done by delegation of powers. To resist the neo-liberalism rollercoaster which is crushing us, West Africa must find the means to reverse the situation. In this respect, it is worth remembering that the United States alone imports 1.5 million barrels of oil a day from West Africa, the same amount it imports from Saudi Arabia. According to the US Energy Department, within this decade American oil imports from Africa will reach 770 million barrels annually, as exploration intensifies throughout the Gulf of Guinea, and as the US brokers peace in war-ravaged oil-producing countries, such as Sudan and Angola, it will establish strategic military bases to safeguard and secure this future output. As a result, West African oil producers will be earning an estimated $ 200 billion over the next decade, more than 10 times the sum Western countries allocate each year to the “aid industry” in the region. These estimations were made before the sharp increase in the price of oil which is likely to remain high in the foreseeable future due to strong demand from countries such as the US, Japan, China, India, etc. Therefore, the initial estimate of 200 billion dollars of oil revenues over the next ten years can be revised upwards and could reach up to 500 to 600 billion dollars.

To take advantage of this manna, the African countries must take over the formulation of their development strategies by creating and managing a West African confederation of raw materials under the tutelage of a thoroughly reformed Economic Community of West Africa (ECOWAS). This faction is a regional grouping which is made up of fifteen members. It is in charge of all matters related to economic integration, political and monetary union of its members.[3] In order for West Africa to break free from the suffocating embrace of the IMF and from free market imperialism the main focus of this confederation will be on oil. The purpose of such an endeavour would be to provide West Africa with the muscle to follow a development strategy based on the same strategies that the US, the EU member states and the East Asian countries adopted in regulating inward foreign investment by imposing capital controls, establishing partnerships with foreign companies designed to allow local businesses to benefit from technology transfer and training, while creating the most favourable conditions for local producers to add value to their domestic production and exports. The focus must be put on diversifying West Africa’s economy and enhancing the productive capacity of domestic suppliers.

The first step towards implementing such policies is to give an overriding priority to the creation of a common market starting with an effective

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[3] Ecowas members: Nigeria, Ghana, Côte d’Ivoire, Senegal, Niger, Gambia, Guinea, Mali, Guinea-Bissau, Liberia, Sierra Leone, Benin, Togo, Cape Verde, Burkina Faso.

custom union. Broader post-war experience supports the conclusion that for any given region, its engine for development is intra trade (cf. Annex II). This requires educating people on the costs and benefits of cooperation and integration, which requires partial surrender of national sovereignty to regional authorities.

What are West African expectations of Europe in charting out its own economic course in the areas of leadership, debt, "aid", trade, investment, capital flight, brain drain and security? With regard to leadership, the contribution Europe can bring to such a process is to stop reigning by proxy in West Africa, backing corrupt leaders instructed to pursue western interests in the region at the expense of the natives.

On the debt issue, European leaders should remember that after the Second World War, Germany's debts to the allies were cancelled as recommended by the British economist, John Maynard Keynes. As a result, Germany was not only able to rebuild its economy but also to be the driving force, along with France, of the European Union's construction. Europe should advocate the same treatment for West Africa which should lead the way to a pan African new age of enlightenment and economic integration, which is the only recipe that can provide greater scope for growth-oriented policies for the region. The countries of the region are entitled to expect that Europe will be willing to unveil the real holders of these debt-fuelled assets which are in private hands while their corresponding liabilities are those serviced by the populations of West Africa. Legally and morally there can only be three ways to solve the debt problems. On the western front in general and Europe in particular, there are two options if one excludes the prevailing status quo of debt repayment by any means necessary: either to make accountable the actual beneficiaries of these assets for the payment of the debts concerned or to have these debts provisioned and cancelled by the lenders which have accumulated huge amount of profits and gold reserves at the expense of the Africans. As far as West African countries are concerned, if any of these two options are discarded, they would be better off defaulting on their debts and charting their own way out of the multidimensional crises engulfing them. However this can only be accomplished if they stand up and stick together.

Concerning the "Aid" debate, it is worth mentioning that of all financing sources, "aid" is the least appropriate since it relates to credit and handouts used to buy goods and services from donor countries. Credits are allocated to projects that suit the needs of the developed countries and not that of the recipient. The projects and the programmes carried out are dictated by the import and export priorities of the west rather than the development of West Africa. South Korea took off in the early 1960's, not when foreign aid was at its apex, but when it was being phased out. Taiwan did not receive foreign aid or preferential market access. China and India, today's two economic superstars, have prospered largely through endogenous reform efforts.

Therefore, the debate should not only focus on the need to increase the "aid" package, but also to reform the concept. Such reforms could take, for example, the form of earmarking part of the "aid" budget to the regional structural funds needed to conduct adequate economic integration policies. West Africa's expectations of Europe in this field are to be articulated along these lines.

With regard to trade, Europe, as with the rest of the industrialised countries, must stop the arrogant, unfair and irresponsible agenda that they pursue under the auspices of the WTO which can be labelled: "*Do as we say, not as we did*".[4] Ignoring the consequences and the negative climate that such policies entail towards the region would be unwise. According to the New York Times, quoting US military personnel, the Sahara Desert is becoming a "new Afghanistan". A prospect bordering reality when one considers the present American military deployment in the region with the view of protecting their energy supply under the disguise of the "war against terror" which they have extended to Africa. Given the legacy of history, common sense would dictate that Europe backs the relaxing of WTO rules and conditionality that would produce greater long-term development impact and contribute to the internal demands for change within West Africa. However, given France's uncompromis-

[4] The Northern WTO Agenda on Investment: Do as we say, not as we did, by Ha-Joon Chang (Cambridge (Cambridge University) and Duncan Green South Centre/Cafod, June 2003: http://sanou.mbaye.free.fr/pdfen/Do_as_we_say_not_as_we_did.pdf

ing stand on the maintaining of the European common agricultural programme based on subsidising European farmers, any expectation of change for the Africans would be unrealistic as the mixed results at the late WTO meeting in Hong Kong illustrated. So, instead of wasting time and resources trying to penetrate the west's fortified market, the West Africans would be better off concentrating on boosting regional trade.

Concerning investment, the lion's share of the limited foreign direct investment (FDI) that West Africa has received so far, has been directed to finance investment in the exploitation of natural resources, petroleum and minerals in particular. Private foreign investment in these sectors has merely perpetuated the region's dependence and impoverishment, systematically exploiting its resources without any productive investment. This is a pattern dating back centuries and implemented by imperial and strong European nation states in the first place. Given this background, can West Africa reasonably expect anything from the same European countries, to reverse this trend now that they are in the throes of the market which is at the very heart of free market liberalism and its devastating consequences on the lives of the Africans? Even the "*Commission for Africa*", which the British Prime Minister, Tony Blair, created to foster Africa's development has not received an endorsement from Blair's peers in spite of the fact that Blair's initiative did not really distance itself from free market liberalism – it was its embodiment, especially with its NEPAD-induced beatification of the private sector.[5] Therefore, one can harbour doubt about any reverse of European policies towards West Africa with regard to investment and other economic issues.

However, West Africans are entitled to expect Europe to distance itself from French neo-colonialism in its former West African colonies which were articulated around military occupation, political meddling and the CFA franc. The CFA franc was created in 1948 to help France shape and control the economies of its African colonies. After independence, former West African French colonies immediately undertook to dismantle the federal structure in which they had been operated under and erected

[5] NEPAD: New economic partnership for Africa's development

trade barriers. However somewhat paradoxically, they decided to keep the CFA as their common currency. They surrendered the management of 65% of their foreign exchange reserves to the French Treasury in exchange for the convertibility of the CFA. This creation, under the auspices of France and the Economic and Monetary Union of West Africa (UEMOA) cannot resolve the fundamental problem that confronts these countries, i.e. they cannot put the cart before the horse in the sense that they cannot start with a monetary union and then proceed to build an economic union upon it. This delaying strategy will only add to the misery of the people. It is within the Economic Community of West African States (ECOWAS) that the task of uniting the countries of the region politically, economically and financially should take place. In condoning these neo-colonial practices by shifting the link between the defunct French franc and the franc CFA to the euro, Europe is perpetuating an economic environment which is drowning these countries into the deeper waters of poverty, insecurity and instability as the situation in Ivory Coast testifies.

Equally, West African French war veterans must expect Europe to exercise its judicial empowerment to force France to abide by the ruling of the French state council to compensate them. Although the ruling was based on article 14 of the European convention on human rights, the French authorities did not hesitate to bypass it, arguing cynically, that the economies of the countries involved would not be able to absorb the big amount of money involved.

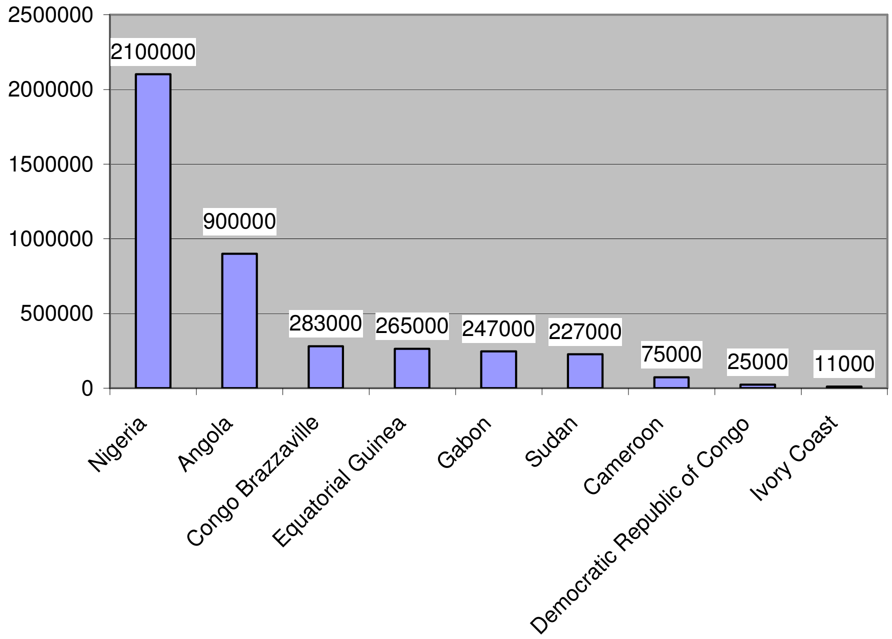
As for the capital flight that is bleeding the region to death and the brain drain, it is worth drawing a parallel between the liberalisation policies of the west that are the root causes of these woes to the tough and restrictive immigration policies towards the thousands of young Africans desperate to enter Europe no matter what the cost, drowning, incarceration, deportation, wandering in the desert of Morocco or even hiding in the bush, as images beamed by the media all over the world have illustrated. West Africa ought to impose controls to keep a rein on capital flight and to emulate Europe's restrictive immigration policy to thwart the brain drain. There are reasonable grounds for West Africa to expect Europe to understand such measures and back them, though the question remains to be asked as to whether there is any logic in the way politics and economics are being conducted in this era of globalisation.

Finally, it will come to nobody's surprise that with the combination of bad leadership and economic policies, West Africa has become a breeding ground for conflicts, inter-ethnic confrontations and wars whose main victims are civilians. With military troops like the French situated in their former colonies and the Ivory Coast in particular, and American troops deployed in the region also, they are viewed as occupying forces by the public. What the region needs is a pan African army that can bring security to the region. West Africa should be able to expect the Europeans to take their share in equipping, training and giving logistic support to such an army.

Whatever the future holds, the only certainty resides on the fact that it will be up to the Africans, standing together, to do what has to be done to deliver peace, progress and prosperity to the region. The challenge has to be taken by a new breed of genuine pan-African leaders who will, hopefully, eventually, emerge.

Annex I

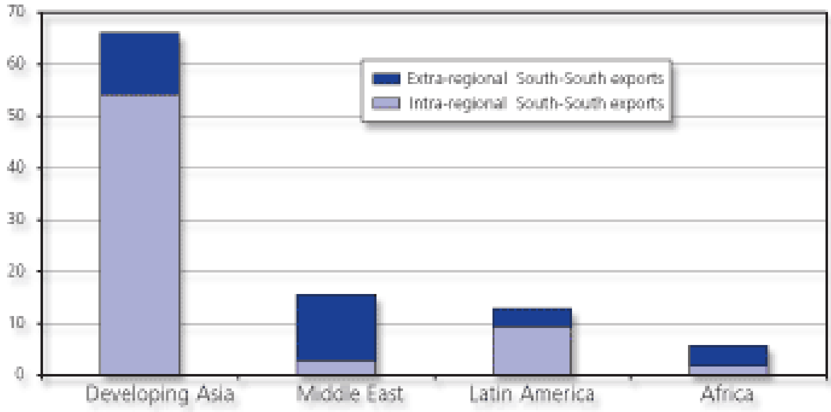
West Africa oil production, 2002 (barrels a day)



Source: EIA/EIU (Energy Information Administration/Economist Intelligence Unit)

Annex II

Developing Asia is the predominant region in South-South trade, 2001
(Percentage)



Source: WTO and UNSD, Comtrade database.