

# Shadow Sovereignty and the Effects of Aid and the Global Economic System on Africa

**Daniel M. Evans**

*For Presentation at The Twelfth Annual*  
ILLINOIS CONFERENCE FOR STUDENTS OF POLITICAL  
SCIENCE  
April 8, 2004

In contemporary politics the pursuit of human rights, humanitarian aid, and the growth of intergovernmental and international organizations are fostering a more peaceful vision of the future. Despite the identification of these efforts with the blossoming of genuine international cooperation, there is much evidence that these occurrences are in fact exponents of a policy of exploitation. Since the political independence of most African states was achieved by the 1970's, a number of theories have risen to describe the new methodology of Western control over African governments, and ultimately over the African people. Many theorists have described a pervasive dependency on the west consciously or unconsciously enforced through the bilateral policies of individual states and the multilateral policies of international organizations controlled by western states. The control established by the economic structures described by the dependency school is strengthened by the psychological and cultural coercion of neo-colonialism. As Kwame Nkrumah describes the legacies of colonialism and persistence of invasive foreign intervention in African countries inhibits their development. The continuance of economic and political control of the West over African nations through subtle coercion will be described as shadow sovereignty.

To elaborate this new theory this paper will follow a particular framework: First, the particulars of shadow sovereignty will be described and the conditions, which define it will be identified. Second, two case studies will be provided to shed further light on this theory as it occurs in contemporary Africa. Third, the dependency and neo-colonialist theories will be discussed in terms of how they support and reinforce the tenants of shadow sovereignty. Finally, a conclusion will tie these discussions together and provide a final understanding of shadow sovereignty.

In a nation-state, the governmental leadership is compelled to utilize sovereignty to protect the interests of the people. This compulsion is wrought by the leverage of the people over the state. In any type of governmental system the people provide the state with the resources to rule, primarily in the form of taxes and legitimacy. To ensure the people will continue to provide for the government and accept the legitimacy of their leadership the governors must act in the interests of the people. The denial of resources, including legitimacy as expressed through revolution, is the only method by which the people may exercise effective accountability over their government. The degree in which the resources of an external entity supply the state with the resources to rule, the ability of the people to exercise accountability is correspondingly diminished. Carol Lancaster describes this process by stating:

Where foreign governments and international institutions finance a significant proportion of government expenditures, particularly investment expenditures, and where many of the decisions on investments are left to those foreign governments and institutions, a diminution of the sense of initiative, responsibility, and accountability on the part of recipient government officials to their own populations is almost inevitable.<sup>1</sup>

Alarming, if the state receives enough resources to maintain rule from an external source the support of the people becomes expendable to the survival of the regime and is therefore insufficient to exercise effective accountability. Furthermore, if the aid injection is large enough the government can maintain control even if denied legitimacy by the people. In the process of securing the continual procurement of foreign resources, leaders must consider the interests of external actors, thereby succumbing to foreign influence. Indeed, the acquirement of the resources of an external entity can come at the

---

<sup>1</sup> (Lancaster 1999, 67)

cost of “a sale of sovereignty by the recipient”.<sup>2</sup> When the influence exerted by this relationship allows foreign entities to manipulate or dictate the policies of the state, the foreign power has seized the machinery of the state. This accountability of national leaders to foreign interests, beyond the influence of their own population is the condition of shadow sovereignty. The foreign entities that control government policy are concealed and alien possessing no connection to the people and therefore exercising power with no direct responsibility for results and no fear of accountability.

The occurrence of shadow sovereignty is dependent upon the degree of influence exercised by donor entities, merely receiving aid does not make one a victim of this condition. Furthermore, large-scale loans are an essential component of shadow sovereignty, while grants may exacerbate dependency they do not contribute to the debt cycle that eventually ensnares a recipient nation. A crucial statistic is the amount spent by a recipient country to service previous debt in comparison with the total unconstrained budget. Most monies that are received by recipient governments have limitations to what they may be spent upon, many funds are not available for debt service. The recipient government is forced to spend incoming aid on an agenda determined by donor entities; meanwhile it must spend its own revenue to service the interest on previous loans. “Large amount of aid loans for many African countries over the past several decades have created large debt overhangs and debt-servicing obligations,” which have caused African nations to owe on average 68% of their gross national product in debt as of 1998.<sup>3</sup> For many African nations, this means that significant internal revenues must be spent on debt service and therefore many funds spent to provide for all other expenses of

---

<sup>2</sup> (McNeill 1981, 29)

<sup>3</sup> (Lancaster 2000, 18-19)

government are aid funds earmarked for specific purposes by foreign entities. These African nations can either accept the distortion of their budgetary policies or choose to default on loan payments. Defaulting is penalized by international financial organizations resulting in the country in question enacting harsh austerity measures or choosing to allow foreign sources of revenue to dry up. After so many years of aid and the provision of public services by foreign entities, the denial of aid is often equivalent to the elimination of vital and often life sustaining government services. Faced with this choice, if one may call it that, African countries the cycle of debt to persevere. The continual mounting of debt makes the African nations at once less able to extract themselves from foreign assistance and more dependent upon it. As the role of foreign actors in governance grows and the ability of the state to determine its own policies decreases, “aid can undercut planning and budgetary discipline on the part of the government and so weaken public institutions”<sup>4</sup>

Western ascendancy in technology, wealth, higher education, and military capability makes their ability to exert influence greater because of the authority this status confers. Furthermore, the legacy of African repression and degradation as described by neo-colonialism makes the African states particularly vulnerable to the penetration of western influence. The aforementioned circumstances in Africa artificially increase the influence Western entities may exert. In this manner, a relatively small infusion of resources may produce significant influence, whether sought or unsought. This seizure of power is difficult to prevent because it is slow and difficult to measure. Nonetheless, it occurs, and is the natural conclusion of the alleged charitable intentions of the west. Western officials, endowed with the knowledge they know better what a country needs

---

<sup>4</sup> (Lancaster 2000, 4)

than its inhabitants, increasingly make more decisions regarding the way in which money is appropriated. The governance of a country becomes a dialogue between donors and elites, in this situation “It seem(s) evident that the accountability of the government to its people was gradually being replaced by accountability to its major aid donors.”<sup>5</sup>. The primary impact of foreign aid, particularly loans, to Africa has been the establishment of shadow sovereignty by donor entities over national governments.

In the interest of presenting the presence of shadow sovereignty and effects of foreign aid within this framework, I will present two case studies in addition to the previous evidence: Eritrea and Egypt. These two cases have been presented because they represent two antithetical strategies in terms of aid, and clarify the difficult circumstances that create and maintain shadow sovereignty. Eritrea is a new African nation founded in 1993 out of the ashes of a long and brutal civil war with Ethiopia. Eritrea is a small country of less than 100,000 square kilometers; located on the Red Sea it was a province of northern Ethiopia. A colony of Italy until it came under British jurisdiction following the Italian expulsion from Africa during World War II. The state would become a major depot for the British war effort in the south and as a result would have nearly 2200 industrial firms, significantly more than their much larger neighbor Ethiopia and most other African states<sup>6</sup>. The industrial tradition of Eritrea, fostered during the Italian and British colonial period is a key distinguishing element for Eritrea today. Forced by Italian imperial ambitions to leave their homes due to expropriation and commence new professions; the Eritrean were given rare opportunities to learn valuable skills. By 1948, 20,000 Eritreans had received primary education in British schools making them amongst

---

<sup>5</sup> (Lancaster 1998, 68)

<sup>6</sup> (Yohannes 12, 1991)

the most educated African populations at the time. Eritrea, by the time of unification with Ethiopia in 1952, possessed a strong urban working class that had worked primarily in the field of military construction. These developments engendered a truly distinct culture in Eritrea, at this time in Ethiopia the society was still immersed in rural tribalism. In the spirit of this unique tradition, Eritreans have been fighting for their independence since 1941, against an Ethiopian state that has made “the struggle to acquire and maintain Eritrea its main foreign policy goal”.<sup>7</sup>

Repeated struggles against Ethiopian military control have defined Eritrean history from the end of World War II to the achievement of independence in 1991. Despite the ferocity of the recent war with Ethiopia, Eritrea has shown a commitment to “stand on its own feet economically”.<sup>8</sup> As one article tell us, “Eritrea is determined to avoid the dependency on foreign loans that has trapped so many developing countries in an ever-tightening spiral of debt, forcing them to neglect small-scale, local growth in favor of cash crops, giant dams, and other large-scale projects that bring in foreign exchange for the short term;”<sup>9</sup> but are detrimental to growth in the long-term. Many questioned the ability of Eritrea to turn down loans and survive as a nation, however when Italy offered a massive loan for the reconstruction of a crucial rail link between Massawa and Asmara the government declined the money. Nearly the only example of foreign involvement in Eritrea was is the provision of food, which results in the accrument of no debt. This African government has denied the enticing influence of foreign loans and has remained accountable and dedicated to the interests of its own population, not to that of donor state. This decision have come with severe costs to the

---

<sup>7</sup> (Yohannes 17, 1991)

<sup>8</sup> (Haberson & Rothchild, 2000, 4)

<sup>9</sup> (Haberson & Rothchild, 2000, 10)

quality and quantity of public service, but it has made Eritrea a highly autonomous nation. This refusal to submit to shadow sovereignty has not given Eritrea prosperity, but this African state's stubborn stance has kept its debt low and hopes high for a new dawn in a region that has known only hunger, deprivation, and war in recent years.

Egypt is one of the oldest nations in the world with a history that spans over 5000 years. This North African state has been ruled by a litany of external powers, experiencing control by an outside people from 332 BC until 1922 AD. Egypt achieved its full independence in 1936 as a Kingdom, until Abdel Nasser seized the nation in a coup in 1952. The rule of Nasser was a period of increased importance for Egypt, as he became a leading spokesman of pan-Arab socialism and anti-Israel sentiment. Since the beginning of the Cold War Egypt has been one of the leading recipients of aid, particularly military aid. Egypt was able to use the bipolar disposition of politics to garner aid from both sides of the Cold War world. As with many African nations, the Cold War was a time when aid was available to the developing world with less restrictions and more generosity provided the government was willing to give political support to the highest bidder. The collapse of the Soviet Union has ended this competition for influence in Egypt, causing Egypt to rely exclusively on aid from the West and largely from the United States. The conflict between Israel and Egypt have long been a defining factor of relations in the Middle East, its continuing importance as a leader of the Arab nations will keep the attention of the West on the Nile

The path taken by Egypt is perhaps the complete opposite of the Eritrean model; they are perennially one of the leading recipients of foreign aid. An exporter of oil and producer of textiles the Egyptian economy is not as anemic as many of its fellow African



states, however Egypt is by no means self-sufficient. By 1990, the Egyptians had 4 billion<sup>10</sup> in foreign debt coming up for repayment and yet the aid continues to accumulate. These massive aid injections have resulted in some economic and military progress, indeed the maintenance of a large and skilled Egyptian army has helped provide employment and a sense of pride to young Egyptians. In economic terms, “there has been significant growth in GNP that has been felt at all income levels.”<sup>11</sup> Egypt has benefited in security and economics from this pervasive Western influence, but at what cost? The Egyptian state cannot feed itself, nor can it sustain its economy or defense without massive Western assistance. The Egyptian leaders hold little support of the people, and could not likely maintain their power without Western aid. This apparent overwhelming influence has caused many Egyptians to “associate the United States with weaknesses in the economy or with matters such as corruption.”<sup>12</sup> In 1998, the Egyptian state received 40.8\$ per capita including developmental grants of between 2.3 and 2.7 million a year.<sup>13</sup> It is difficult to question the doubts of Egyptians over the priorities of their government when the state requires such a massive economic crutch, the large majority of which comes from a single state. The aid program in Egypt has achieved some success in economic and security terms; however, the overwhelming Western influence and lack of independent development occurring concurrently makes the realization of a truly independent Egyptian state, accountable to Egyptians as opposed to donor states, unlikely. For these reasons Egypt is an excellent example of a nation under the power of shadow sovereignty.

---

<sup>10</sup> (James, 1996, 143)

<sup>11</sup> “The Effectiveness of Economic Assistance” (Berg, 1982, 192)

<sup>12</sup> (Berg, 1982, 192)

<sup>13</sup> (Boutros-Ghali, 1998 176)

To accomplish a full understanding of shadow sovereignty in Africa, the principles that underlie it must be discussed in terms of the African experience. The occurrence of this phenomenon is relatively new, appearing only after the collapse of colonial power in Africa. By 1980 this collapse was almost complete, nearly every inch of African soil was controlled by a politically independent African state. The realization of independence was supposed to signal the dawn of a new age in Africa. For years, the Africans had delivered the raw materials that fed the industrial revolution of the West. Finally, these resources could be mobilized to bring technological and industrial advances to Africa. However, the hopes of a continent have faded like a mirage in the Sahara. In 1997, 94% of Africans lived in a country with per capita income levels lower than the levels that existed in 1982. Between 1989 and 2000 the African share of world trade decreased from 4% to 2%, in addition to massive trade deficits. African unemployment has quadrupled to over 100 million; the poverty rate is climbing over 50% amidst health and education services, which are worsening throughout most of Africa<sup>14</sup>. The cause for the lack of growth in African nations has been a source of debate in the years since the pattern of stagnation and decadence became apparent. Many argued that increased economic assistance from the West was the only answer, yet paradoxically the increase of foreign aid had accompanied increasingly unfavorable conditions in Africa.

Initially, western scholars believed the lack of growth of less developed countries (LDC's), in Africa and elsewhere, was due to a societal "backwardness". This theory ascribed the inability of LDC's to develop on cultural and societal norms that conflicted with the demands of modernization. It was thought that "the isolation of LDC's from the

---

<sup>14</sup> (Orjiako 2000, all statistics in introduction)

rest of the world, rather than their exploitation by more advanced countries”<sup>15</sup> was the primary cause of underdevelopment. This theory contended that the traditions and values of LDC’s were not conducive to the formation of a successful capitalist state. However, many voices emerged to challenge this view, by asserting that the poor economic progress of LDC’s was a symptom not of resistance to capitalism, but of their integration into global capitalism as a peripheral region. Latin American scholars such as Dos Santos and Cardoso first elaborated this paradigm, however it has since been adopted in studies of Africa as well. This theory asserts that the peripheral regions develop a dependency upon a central economic region as transnational economic penetration increases. In the short-term these investments appear to stimulate growth, however over the long-term the efforts of the central economic system to “generate higher income for themselves affect the growth potential of the penetrated country adversely”<sup>16</sup>

There are multiple understandings of the concept of dependency within political science; it is necessary to elaborate exactly what this means in terms of Africa. The theory of dependency has been primarily associated to an international system of economic hierarchy. The assertions made in support of this paradigm are based on the premise that in the logic of a global capitalist system there are central regions and peripheral regions. The central regions exert a certain influence upon the lesser economic centers. The peripheral state experiences “expropriation of a significant part of the economic surplus produced within the country”<sup>17</sup>. The economy is manipulated to serve the needs of the larger powers, forcing what dependency theorists call “disarticulation”. In the classic capitalist example, businesses arise within each market to fill the needs of

---

<sup>15</sup> (Smith 1996, 142)

<sup>16</sup> (Bornschieer and Chase-Dunn 1985 2-3)

<sup>17</sup> (Smith 1996, 148)

the consumers; a supply is created to satisfy demand. As the supply rises, businesses expand, the job market grows and the citizens become more active consumers as their disposable income and perception of materialist need becomes more developed. However, within the economies of dependent states the growth of business is dictated by the realities of the greater capitalist state. Once this capitalist state is penetrated by the central state, the profits from this region are not reinvested locally, because the shallow consumption ability of a peripheral market is quickly saturated. This development eliminates incentive for greater investment within the peripheral states, and profits are reinvested in other economic systems. Consequentially, in the long-run transnational corporations in the peripheral states adversely affect income growth<sup>18</sup>. This peripheral state becomes a market for the companies of the central economy, thereby creating a capital drain from the subordinate economy.

The resources of the peripheral economy are then “incorporated into world capitalism”<sup>19</sup>. This is accomplished by providing foreign investment to create infrastructure conducive to certain types of economic activity. Most economic activity in Africa is related to raw material extraction. The developing countries of the world produce roughly one-third of key minerals, but use only one-twentieth of these minerals<sup>20</sup>. In Africa, where dependency is more pronounced than anywhere else for reasons that will be discussed later, the proportion of production to use is even lower. The economic centers in the west use their own technical expertise and personnel to construct and manage industries, and give Africans unskilled or low skilled, labor-intensive jobs. In this manner, the wages and skills of the African labor force are kept

---

<sup>18</sup> (Bornschier and Chase-Dunn 1985 4-5)

<sup>19</sup> (Mazrui 1986, 223)

<sup>20</sup> (Mazrui 1986, 161)

low, while most of their production is exported. Furthermore, foreigners, who spend and invest their money abroad, hold the high-income jobs at such businesses. Western business operates with impunity in these economies, armed with free market access enforced by international financial institutions; new African businesses cannot compete with experienced and technically proficient western firms causing chronic underdevelopment in the periphery. The determination of production needs and establishment of jobs are seriously influenced by the interests of foreign powers creating a disarticulation of the subordinate economy; expressed by consideration of the interest of foreign economies before the economic needs of the domestic society.

The final and perhaps most devastating effect supported by the dependency theory is upon the structure of political power. This precept argues that citizens who do realize wealth and influence within an LDC “have a vested interest in the existing international system and perform domestic political and economic functions on behalf of foreign interests”<sup>21</sup>. The power of domestically formed unions is marginalized as power is controlled by an elite few, whose allegiance to developmental policies is questionable. The central state holds disproportionate influence over the governments of dependent states. The influence of the people over the state is further diminished by military repression and control of the press. Dependency theorists argue that these developments are indicative of the formation of a bourgeoisie within the state, which distinguishes its interests from those of the lower classes. This understanding would hold that such individuals would maintain a stronger loyalty to members of the affluent classes in foreign countries than to their poorer countrymen.

---

<sup>21</sup> (Smith 1996, 153)

The weaknesses of this theory lie in two primary areas, economic determinism, and attempts to place it within a Marxist framework. The dependency theory argues that all aspects of a state development are determined by the economic relationship of an LDC or peripheral zone with a central zone. The closer the connection of the peripheral economy with the central economy the greater the underdevelopment of the periphery, consequently “those that had the closest ties to the metropolis in the past”<sup>22</sup> are the least developed countries today. The parsimony of this theory is enticing, but its fundamental simplicity fails to lend any importance to social and historical factors outside the economic realm. While the economic patterns described by this theory give us insight into the causes of chronic underdevelopment, the insistence upon a disloyal bourgeoisie is inconsistent with other parts of this theory. The poor decisions of the peripheral elite are not driven by affection for their aristocratic counterparts in the economic center, they are motivated by the need to maintain and acquire aid. It is clear that “as in colonial times, the foreigners use (an) elite as their link to the rest of the population”<sup>23</sup>. These elites are not without practical reasons to accept such aid. As we will see the acceptance of foreign involvement is crucial for the survival of many poverty-stricken populations in Africa. The need for technical proficiency also necessitates cooperation with the west, as Mazrui points out “at the time of independence many African countries could not make their own bulbs and plugs”<sup>24</sup>. African leaders usually have little choice when considering whether to accept western assistance, and this assistance does not come without leverage.

The high level of generality and economic determinism of the dependency theory makes it insufficient to explain the complex reality of the African predicament. Another

---

<sup>22</sup> (Smith 1996, 149)

<sup>23</sup> (Maren 1997, 17)

<sup>24</sup> (Mazrui 1986, 165)

theory to explain the African condition arose in the 1960's, this paradigm was called neo-colonialism, and its main proponent was Kwame Nkrumah. A scholar and political leader Nkrumah anticipated some aspects of the economic argument that would be put forth later within the framework of the dependency theory. The neo-colonial viewpoint accentuates the paralyzing legacy of colonialism in the African situation. This perspective describes the dependency of African nations not merely in terms of economics, but describes the psychological and cultural impact of European colonialism. The center-periphery formulation does not account for the role of history and the domestic population sufficiently. It is important to understand this aspect of dependency, because the dependency theory cannot independently explain the vast influence of Western states over the progress of the African continent.

The rule of Western powers in Africa covered most of the continent by 1920; this occupation would have a profound effect on the perspective and culture of Africans. Mazrui characterizes this effect with the following statement:

(The) combined western onslaught on the African mind, linking the sacred with the secular, allying science with religion, created a particularly strong cultural revolution in Africa, not least because traditional African cultures themselves did not differentiate between secular knowledge and sacred wisdom. <sup>25</sup>

Accordingly, the European introduction of new scientific knowledge necessitated an African reconsideration of spiritual/cultural knowledge as well. The Europeans came to Africa with a belief that the continent was an enclave of darkness and ignorance within a progressive world. The inability of the Africans to develop institutions and innovations, which Europeans identified with modernization and progress, caused them to discount all

---

<sup>25</sup> (Mazrui 1980, 51)

vestiges of African culture in favor of the apparently superior European system. Indeed, one European administrator felt “For countless centuries, while all the pageant of history swept by, African remained unmoved in primitive savagery.”<sup>26</sup> This development undermined the faith of Africans in their own culture and traditions, and attempted to artificially impose the values and mores of an alien entity: Europe. Those Africans receiving formal education received it exclusively in colonial schools staffed with European teachers. These schools attempted to train a new African elite that would be taught to forget all native culture had to offer in favor of a supposedly superior foreign ideology. These elites would learn to look down on their own culture and countrymen as superstitious and ignorant. Furthermore the colonial system educated only a precious few natives, for instance the Belgian Congo at the time of Independence (1960) “had only sixteen university graduates, no doctors, no lawyers, and no engineers.”<sup>27</sup> The educational void that exists in contemporary Africa ensures two things: most Africans will not receive a high level of education, particularly of the technical persuasion and most of those who do receive higher education, will be educated at Western schools in Western traditions. Consequentially, the devaluation and estrangement of African traditions from African leaders is one unfortunate legacy that has survived to this day.

Neo-colonialism not only points out the damage of lost traditions to society but the formation of new negative traditions engendered under the logic of colonialism. While educated Europeans and missionaries were attempting to transplant European ideology into the African, the agents of capitalism were hard at work exploiting the natural resources and manpower. The most pervasive and perhaps the most devastating

---

<sup>26</sup> (Chamberlain 1985, 27)

<sup>27</sup> (Gifford and Lewis, 1982, 307)



legacy of colonialism, has been the legacy of degradation of the African people. The permanent abduction of over 12 million Africans into a life of forced labor and absolute detachment from every aspect of their heritage is the most harrowing example of this degradation<sup>28</sup>. The forcible extraction of so many Africans certainly ripped apart many families, not to mention robbing the continent of the productive potential of so many. However, the fate of many who remained would not be so different from those exported like goods across the sea. Throughout the African continent colonial powers utilized forced labor to extract the greatest possible economic gain from their colonies. This was not a short-lived policy; indeed the requirement for forced labor could still be imposed on Africans in the Portuguese region until 1961.<sup>29</sup> Dr. Nkrumah insists that an unbroken tradition of ruthless capitalist exploitation can be drawn from the end of colonialism to the logic of contemporary West-African relations. He contests that “Friendly co-operation is offered in the educational, cultural and social domains, aimed at subverting the desirable patterns of indigenous progress (to achieve) the imperialist objectives of the financial monopolists.” The culprits he identifies as instruments of this new type of control are: “financial and industrial consortia, assistance organizations, financial aid bodies, and the like.”<sup>30</sup> Many slave owners sought to confuse and degrade their slaves to convince them that their bondage was legitimate and without the guidance of whites they could never survive. The closed and arbitrary manner in which many Western entities exercise power and determine spending within African states is in keeping with this tradition of deception and coercion.

---

<sup>28</sup> (Mazrui 1986 234)

<sup>29</sup> (Chamberlain 1985, 71)

<sup>30</sup> (Nkrumah 1965, 50 both quotes)

A further testimony to the legacy of colonialism is the impact on the values of the African community. The effects on work ethic within African culture have been predictably catastrophic; the practice of labor motivated by violence has spawned many cultural beliefs. “A major cultural casualty of this practice was the concept of work as a process of self-fulfillment”<sup>31</sup> The worker became separated from the product of his labor; the lack of incentive eliminated the communal African tradition of voluntary work. Additionally, menial/outdoor labor became attached to the stigma of degradation and subservience. This development is ironic because the departure of the colonial powers resulted in the closing of most of the educational institutions, which provided Africans the opportunity to learn the skills necessary for technical or white-collar employment. The gloomy realities of African education and employment opportunities result in most intelligent Africans either leaving to pursue their education overseas or staying and never developing their intellectual abilities in a formal setting. This “brain drain” combined with the lack of domestic technological expertise contributes to underdevelopment and the perpetuation of dependency upon the West. While the aid policies, which should be empowering and training Africans only reinforce their inability to develop independently.

The legacy of Western control of Africa is still a significant influence on contemporary politics and economics. The perseverance of instability and poverty in Africa is partially due to the trauma and upheaval that African culture suffered during the colonial period. The borders of Africa, drawn to make colonial administration more efficient or to intentionally divide and conquer homogeneous groups, have resulted in political boundaries that do not reflect the traditional geographic dispositions of groups of African people. Simply put these arbitrary borders contribute to the violence and

---

<sup>31</sup> (Mazrui 1986, 229-30)

political strife that have dominated much of African since independence. African nations are still struggling to establish a mentality that can balance the needs of the modern world and the traditions of their ancestors. Neo-colonialism and dependency tell us that the current condition of African states is more objectionable than during the struggle against overt foreign control. The soft manipulation that exists under the current system deceives the people with all the trappings of an independent state. The state has African leaders, but these leaders depend on the support of the West to maintain their regime, therefore they “derive their authority to govern not from the will of the people, but from the support they receive from their neo-colonialist master.”<sup>32</sup> Under the logic of this paradigm the West holds African leaders accountable, and while they may wish to help their people they must consider the interest of the “neo-colonialist master” first. The Western powers may exploit African resources, penetrate African markets, and influence African politics without assuming financial or moral culpability for chronic underdevelopment. The Western states in relation to Africa possess shadow sovereignty, simply control without responsibility.

This system has three perpetrators: the businesses of the Western economies, the governments of these economic systems, and the international governmental organizations (IGO's)/ non-governmental organizations (NGO's). It is important to understand that while these entities possess an overwhelming amount of influence, they do not always act in coordination and occasionally execute contradictory policies. Indeed the lack of coordination between these entities results in disjointed development efforts, the African government must spend funds as directed by each separate donor forcing domestic policies that do not necessarily share any unified strategy. This highly arbitrary

---

<sup>32</sup> (Nkrumah, 1965, 15introduction)

form of budgetary spending cripples the ability of African recipient governments to spend aid effectively. Regardless of the degree of unity between these perpetrators their combined actions create the circumstances necessary to enact and institutionalize Western influence. Therefore the overwhelming majority of policies adopted by these entities preserve or exacerbate the shadow sovereignty of the West.

In many ways the penetration of business into these ostensibly independent countries is more ruthless than the incursion of colonialism. As Chamberlain writes the colonial powers “had every interest in making sure that (the colonies) remained reasonably prosperous and not stripped of all its assets”<sup>33</sup>. Multinational companies have no such automatic check on their operations. In some areas, at least, it would seem that neo-colonialism has proved worse than colonialism. However, the penetration of foreign business could not be accomplished without the assistance of international bodies such as the International Monetary Fund (IMF). Between 1980 and 1990, “structural adjustment programs have sought to open the economy to foreign trade, through policies aimed at reducing or elimination of discrimination against tradables.”<sup>34</sup> International financial bodies have long adamantly encouraged open markets throughout the third world. These programs have ignored “the deterioration of the terms of trade”<sup>35</sup> constantly experienced in the international market by African nations. While the economies of African states whither, Western officials endlessly speak on the value of international competition and comparative advantage. Yet history gives us many examples of developing states, amongst superior economic rivals, using protectionism to foster the growth of domestic industry within the home market. From a historical perspective, the United States, the

---

<sup>33</sup> (Chamberlain, 1985, 77)

<sup>34</sup> (Boorman 1992, 64-65)

<sup>35</sup> (Dos Santos 1998, 256)

Soviet Union, and China have all used trade barriers to assure the development and survival of domestic industry before they were prepared to compete on a level playing field. Yet Western free market doctrine denies this path to African nations, even as Western countries continue to give considerable subsidies to domestic agricultural producers much to the disadvantage of less developed countries which cannot produce more sophisticated goods. We must recognize that Western economic rhetoric is often “ideology disguised as science” seeking to “justify the inequalities of the world economic system and to conceal the relations of exploitation on which it is based.”<sup>36</sup>

The inability of African companies to compete in the international economy is hardly surprising considering the lack of capital, technical expertise, competent economic institutions, infrastructure, and political stability. As Wunsch insists:

Complex economic institutions such as banking systems, equity markets, and personnel skilled in the management of large, modern corporations were never developed under the mercantile and state-authorized monopoly systems characteristic of colonial rule.”<sup>37</sup>

The indispensable tools of a modern capitalist economy were not present in African countries at the time of independence and cannot be developed without a high degree of genuine independence. The inadequacies of African economies are seen not only in the lack of necessary institutions and infrastructure but in the unequal trade relations they are forced to accept. The value of raw materials, by far the most prevalent export of African countries, tends to be lowered by international competition more than incoming industrial products causing significant depreciation of African exports. During the 1980’s this tendency was exhibited by a 25% increase in exports accompanied by a 30% decline in

---

<sup>36</sup> (Dos Santos 1998, 256)

<sup>37</sup> (James 1996, 142)

overall value<sup>38</sup>; this trend continued through the nineties and is likely to become more pronounced as synthetic raw materials become more prevalent. The weakness of African currencies further degrades the ability of African nations to have successful trade relationships in the international market. For these reasons African free trade continues to benefit the West, but provides a constantly shrinking profit in real and relative terms to the countries of Africa.

The negative effects of economic interaction with the West present themselves in regard to foreign investment as well as international trade. For instance, a study of the twenty-four largest African countries revealed “a substantial and statistically significant negative association between penetration by transnational corporations and economic growth.”<sup>39</sup> Given all the empirical evidence supporting a negative correlation between African prosperity and foreign economic penetration/uninhibited international trade one would expect the IMF to realize the necessity of some trade protection for African economies. On the contrary, IMF author Jack Boorman, after twenty years of stagnant or negative per capita income levels in Africa feels the Fund should place a greater emphasis on “reducing trade barriers, liberalizing markets, and securing competitiveness.”<sup>40</sup> The only interests protected by the decision to continue promoting open African economies are those of Western companies seeking to enter new markets.

The obvious question is if African countries are so thoroughly exploited by allowing foreign business and international organizations to operate within their countries why not force them to leave. The answer, beyond the psychological legacy of African dependence on the West, is that funds provided through foreign aid and investments

---

<sup>38</sup> (Smith 1996, 124)

<sup>39</sup> (Bornschieer and Chase-Dunn 1985, 307-8)

<sup>40</sup> (Boorman 1992, 64-65)

endow Western entities with substantial leverage over African governments. Western donors use this leverage not just to influence African trade policy, but also to protect the investments of Western firms within African markets. This leverage is often underestimated due to the low percentage of total income, foreign aid usually represents. However, years of foreign aid loans have produced more than enough debt to provide Western donors with remarkable leverage. For instance, in 1986 nearly half the total income of all African nations went to repayment of international debt. In the same year Sub-Saharan Africa received 16 billion in aid, while spending 15 billion in debt repayment<sup>41</sup>. As debt grows, the depressing effect of massive interest payments and the interest in donor states to recover their loans causes aid to be increased and often diverted from economic development to some aspect of debt management. This process is well documented in the case of Zambia, throughout the early eighties this country accepted 3-4 hundred million a year in aid. This number escalated steadily from 1986, to its peak of 1.479 billion in 1992, an increase intended to relieve the Zambian government from an exponentially growing debt problem<sup>42</sup>. This massive escalation of foreign aid was meant to solve a debt problem that it created. As a report on aid and debt in Zambia points out “aid is very important in Zambia, due to the high level of debt.”<sup>43</sup> The provision of foreign aid has led to a debt problem that Zambia cannot address without massive assistance, thus increasing Zambia’s dependency on more aid and ultimately on Western donors.

---

<sup>41</sup> (James 1996, 145)

<sup>42</sup> (Andersson/Bigsten/Persson 2000, 42-45 all statistics)

<sup>43</sup> (Andersson 2000, 44)

Foreign aid, like any other aspect of foreign policy, is used to “induce recipients to follow courses of action favorable to the donor’s interest.”<sup>44</sup> One goal of aid, as described above, is to maintain leverage over LDC’s by providing increasingly crucial services/funds and in the process creating an increasing degree of dependency, which confers influence to the donor state. An exclusive goal of bilateral foreign assistance is what Elliot Berg refers to as “achieving the trade promotion objective.”<sup>45</sup> The accomplishment of this objective entails the use of funds allegedly earmarked for foreign assistance to provide contracts and market opportunities for donor country firms. These firms include non-governmental assistance organizations as well, non-profit firms have national roots and also benefit from Western intervention in African states. This kind of capitalism disguised as assistance is practiced by establishing a “legal or de facto requirement that the recipient country procure goods and services financed by an aid program from the donor country.”<sup>46</sup> The aid program then becomes a lobbyist for the donor countries’ business, making profit a condition of assistance.

The aid organization itself becomes a bureaucracy that employs citizens of the donor country and quickly develops a survival instinct. The urge for survival and material gain within these organizations is a reality that must be faced when considering the veracity of their reports and financial practices. In 1985, Save The Children was hit with a 21 million dollar lawsuit following revelations that they had recruited teachers to photograph American students to pose as hunger-stricken children in order to produce more donations.<sup>47</sup> This example of corruption within the aid sector begs the question

---

<sup>44</sup> (McNeill 1981, 28)

<sup>45</sup> “The Effectiveness of Economic Assistance” (Berg 1984, 206)

<sup>46</sup> (Berg 1984, 206)

<sup>47</sup> (Maren 1997, 50)



how are aid organizations held accountable to fulfill their goals, not just to those that fund them, but to the people they are supposed to serve. Indeed, in many countries such as Zambia, Somalia, and the Democratic Republic of the Congo aid programs have survived through decades of failure with slight changes in rhetoric and even slighter alterations in strategies; yet these profoundly unsuccessful organizations continue to exist and often expand in chronically undeveloped countries. One must consider that it is not in the interest of aid organizations to solve problems because this will result in a cessation of funding. Indeed, the most effective way to secure greater funds is to emphasize the escalating need of the recipient nation for whatever service is provided by the organization. In lieu of any discernable signs of progress the only functions served by an aid organization, is as an executor of Western control and a symbol of African inability to develop independently.

The role of aid is indispensable to the process leading to shadow sovereignty. This is not meant to be an attack on foreign aid as a potential tool for development. As the Burnside and Dollar model demonstrates “aid has a positive effect on growth in countries, which have a good fiscal, monetary and trade policy”<sup>48</sup> The difficulty is that most aid goes to countries with the highest need, and there is a proven correlation between need and poor policy decisions. Regardless of the policy, aid has rarely been successful in Africa, in many cases aid “actually causes or exacerbates many of the very problems that aid is meant to alleviate.”<sup>49</sup> As one critic states “the persistent failure of the economies of a number of recipients despite a long history of assistance demands that

---

<sup>48</sup> (Anderson 2000, 34)

<sup>49</sup> (McNeill 1981, 9)

donors and recipients embark on a critical examination of aid programs”<sup>50</sup>. These failures do not only result in a waste of time and resources but in the slow imposition of shadow sovereignty over the nations of Africa. In order to develop, African nations must resist the destructive lure of foreign aid loans. It is difficult for African nations to enact these economically painful policies, but the construction of independent, viable, economically competitive states demands a departure from the debt-ridden assistance strategies of the past.

The overwhelming influence of the West in Africa has been enacted through an intricate network of international business, national governments, IGO’s and NGO’s. The cloud of shadow sovereignty hangs over the African continent, existing behind of veil of independence and autonomy. Foreign aid, particularly in the form of loans, has been an essential tool in the creation and sustainability of this condition. The cycle of debt and imposition of Western trade and financial policies facilitates substantial Western influence in African nations. Whether well intentioned or not the policies of Western entities have resulted in the exploitation of African markets and resources without sustainable development within African countries. The policies of the West have taken much from Africa and given back little more than degradation, confusion, poverty, and decadence and must be reexamined. As one author states “All domination involves invasion-at times physical and overt, at times camouflaged, with the invader assuming the role of a helping friend.”<sup>51</sup>

---

<sup>50</sup> (Boutrous-Ghali 1998, 176)

<sup>51</sup> (Maren, 1997, 25)

## Bibliography

- Maren, M. (1997). *The Road To Hell: The Ravaging Effects of Foreign Aid and International Charity*. New York: Free Press.
- Chamberlain, M.E. (1985) *Decolonization: The Fall of the European Empires*. New York: B. Blackwell.
- Gifford, P. & Louis, L.Wm. (Eds.). *The Transfer of power in Africa : Decolonization, 1940-1960*. New Haven : Yale University Press.
- Nkrumah, K. (1965). *Neo-colonialism : the Last Stage of Imperialism*. New York: International Publishers.
- Orjiako, H. (2001). *Killing Sub-Saharan Africa with aid*. Huntington: Nova Science Publishers.
- Haberson, J. & Rothschild, D. (Eds.). (2000). *Africa in World Politics*. Boulder, CO: Westview Press.
- Bornschiefer, Volker. (1985). *Transnational Corporations and Underdevelopment*. New York : Praeger.
- Berg, Elliot (1984). The Effectiveness of Economic Assistance(paper). *Foreign Policy*, 65-93.
- Dos Santos, T. (1998) The Structure of Dependence. In Grant, R. & Nijman, J. (Eds.). *The global crisis in foreign aid*. New York: Syracuse University Press
- Boutros-Ghali, Y. (1998) Foreign aid in the new world order. . In Grant, R. & Nijman, J. (Eds.). *The global crisis in foreign aid*. New York: Syracuse University Press.
- Mazrui, A.A. (1986) *The Africans : A Triple Heritage*. London: BBC Publications.
- Lancaster, C. & Wangwe, S. (2000). *Managing a Smooth Transition from Aid Dependence in Africa*. Washington D.C.: John Hopkins University Press.
- Lancaster, C. (1999). *Aid to Africa : so much to do, so little done*. Chicago: University of Chicago Press.
- Boorman, Jack. (1992). International Trade in Africa. *International Monetary Fund Report*, p. 64-65.
- Passé-Smith, J.T., Goddard, R.C. & Conklin J.G. (Eds.). (1996). *International political economy : state-market relations in the changing global order*. Boulder: Lynne Rienner Publishing.

- McNeill, D. (1981). *The Contradictions of Foreign Aid*. London: Croom Helm.
- Yohannes, Fesshaye (1991). The Economics of Eritrea at Independence, *African Affairs* 59-73.
- Andersson, P., Bigsten, H., & Persson, A. (2001). *Foreign Aid, Debt & Growth in Zambia*. London: BBC Publications.
- James, V.U. (Eds.). (1996). *Sustainable Development in Third World Countries: Applied and Theoretical Perspectives*. Westport, CT: Preager Publishers.
- Walle N.V.D. & Johnston, T.A. (1996). *Improving Aid To Africa*. Baltimore, MD: Johns Hopkins University Press.
- Sender, J. & Smith, S. (1986). *The Development of Capitalism in Africa*. London: Methuen.
- Shaw, T. & Aluko, O. (1984). *The Political Economy of African Foreign Policy*. New York: St. Martin's Press.