



The Political Economy of Debt in Africa: Critical Propositions to Stop the Bleeding

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Abstract

This article conveys the critical elements of the keynote address delivered by the author at the opening session of the Second African Conference on Debt and Development (Lilongwe, Malawi). It presents four propositions to analyze and tackle the political economy of African external debt in the context of the socio-economic transformation of the continent. It claims that confronting, dismantling and reframing such political economies offer a level of difficulty that perhaps exceeds the challenges faced with respect to the attainment of political independence. The significant role of a collective African leadership in championing the evolution of an African financial architecture is emphasized.

Keywords External debt · Structural transformation · Political economy · International financial architecture · COVID-19

From Recovery to Reform: Stop the Bleeding, Sisi Ndio Tuko, is a befitting theme for the Second African Conference on Debt and Development.¹ Given the perpetuity of the continent's rising debt challenge and the associated continental vulnerabilities to shocks, a better theme could not have been selected to revisit and strengthen the Harare Declaration.² This article offers some reflections on the extent of the challenge that we face as a continent, as well as the need for us to take action directed towards dismantling the current global financial architecture and replacing it with one that would facilitate Africa's transformation and development. This alternative continental financial architecture is long overdue, and the continent's progressive thinkers, policy shapers and movements can no longer afford to be complacent.

Framing Observations

Let me start with five framing observations. Firstly, it is essential to recognize that African economies are weak and vulnerable to both internal and external shocks. This has been illustrated in the way in which the economies have been impacted on and responded to the COVID-19 pandemic. Despite that the sub-Saharan African (SSA) region accounted for only 3% of total global infections and 4% of total global deaths arising from COVID-19 as of April 2021 (Heitzig et al. 2021), the pandemic generated a huge impact on the economies of African countries, with many of them actually reporting negative growth rates in the 2020–2021 period. This is additive to the fact that the economies are also frequently impacted on very severely by climatic change-related shocks—notably cyclones, floods and droughts, which remind us, year-in-year-out, of the extensive vulnerabilities which continue to be little recognized and inadequately acted upon.

Secondly, the capacity of African countries to recover from these shocks is very limited. As a result, the effects of the shocks tend to exaggerate, enhance, and accentuate the economic challenges that the continent faces, namely: limited fiscal space, a compromise on the ability or capacity of state

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² The Harare Declaration 2021: A New Debt Movement to make Africa Rule Maker not Rule Taker <https://afrodad.org/wp-content/uploads/2021/12/The-Harare-Declaration-2021.docx-5.pdf>



governments to deliver key public goods and services, weak trade positions, macroeconomic instabilities, poverty, and general social insecurity.

Thirdly, the structure of African economies makes it impossible for them to actually respond to the external and internal shocks, and to recover from them quickly and sufficiently enough without recourse to external assistance. It is indeed essential to emphasize that it is virtually impossible for most—if not all—African countries to address these multiple and complex challenges without requiring external support, mostly in the form of material donations, grants and concessional loans.

The fourth framing observation is that Africa faces a persistent need for more debt, even under normal circumstances, because the global financial architecture is structured to perpetuate the dependence of the African economies on the economies of the Global West. Indeed, Africa is being forced to become perpetually dependent on external debt in spite of the fact that the terms associated with contracting such debt have increasingly become unfavourable to debtors, and more favourable to creditors. This is leading to the emergence of a new spiral of unsustainable debts on the continent, even after many countries benefited from the Heavily Indebted Poor Countries (HIPC) initiative, as well as the Multilateral Debt Relief Initiative (MDRI). At the time of writing, African debt had just surpassed the \$1 trillion mark. The rising domestic debt servicing costs that African countries have to pay worsen the trend, particularly given the dominant macroeconomic context of relatively high domestic interest rates set to dampen inflationary pressures. As a result, there is a natural limitation on the fiscal space available to African governments, implying stringent constraints on their ability to finance development. Indications suggest that some African countries were actually spending up to one-third of their recurrent budgets on servicing both domestic and foreign debts instead of channelling such resources to more productive uses. This should be cause for great concern.

The fifth and final framing observation is the need to restructure and reverse power dynamics and relations so that debtors have as much of the contracting voice as creditors. The latter have, over a long period of time—at least since the 1980s - milked and sucked our continent to a point where they have profited many times more than the initial debt. Instead of merely reforming the underlying global financial architecture, therefore, we should be talking about dismantling it altogether, in order to create a new fit-for-purpose architecture that will have due regard for debtor interests.

The Political Economy of Debt in Africa: Four Propositions

Against this background, it is essential to assess, expose and tackle the inherent challenges of the political economy of debt in Africa. This is imperative because, in order to understand the extent of the challenge that we face, we need to have a comprehensive picture of where we are coming from, why we are coming from there, and, therefore, how difficult it will be for us to dismantle the current architecture. In my opinion, such a difficulty arguably exceeds the challenges that we faced with respect to the attainment of political independence: dismantling this architecture has the potential to injure the deep-rooted vested interests that plague the continent. I have developed four propositions in this respect.

Proposition 1: Debt is Inevitable

The first proposition is that we need to appreciate that public debt is inevitable. It is not possible for us to imagine a situation where any state or government can run its operations without debt. In appreciating this inevitability, therefore, the questions that we must be asking ourselves as we seek to dismantle this architecture are: (a) where is the debt coming from? (b) how is it used? and (c) what terms are associated with it? Thus, the source of; the use of; and the justification for the debt are critical considerations. The responses that we give to these questions matter a lot.

Standard economic theory says that, when you look at the spectrum of economic agents in an economy, the household sector is a saving surplus unit. It is households that own companies and supply labour; it is households that, in general and on the aggregate, consume less than what they earn and, therefore, channel resources to other agents of the economy. From that perspective, the other agents of the economy—namely the firms and the government—are saving deficit units. It is inevitable to see a situation where a government consumes more than it actually generates in the short run or over a given period of time. Therefore, government debt is inevitable.

The significance of debt is also strongly highlighted in developmental state theories. From the work of scholars like Keynes (1936), Lerner (1943) and Domar (1957), it is hardly imaginable that a government can achieve growth and sustained development without debt. The literature actually makes it clear that nothing is characteristically bad about government borrowing, and that, in an ideal situation, macroeconomic policies must reflect pragmatism rather than a religious adherence to some ideology



(Armstrong 2019). This literature is also equally clear that inflation in a country generally reflects the deficiency of output relative to demand.

Although orthodox scholars like Irving Fisher emphasize that inflation is caused by a scenario where too much money chases too few goods (Fisher 1913), it is also possible—and perhaps even more likely—that inflation may occur if the economy has too few goods for the available money. In this more likely case, the economy must be stimulated in order to close that gap and address inflationary pressures. In short, the government has a responsibility to actively manage the economy in order to achieve full employment, and a deficit budget is the means for doing so (Keynes 1936; Lerner 1943). Upon looking at that kind of thinking a little more critically, it is evident that excessive aversion to public debt and too much emphasis on austerity may actually lead to bad policies. The criticism that is levelled against governments and, in particular, against deficit budgeting, is worrisome because it creates limitations on the ability of the government to deliver on public purpose (Armstrong 2019).

However, while we appreciate that debt is inevitable and important, we also must recognize that debt is important to the extent that it finances productive expenditures. The Neo-Keynesian framework that advocates for expansionary fiscal policy assumes that governments will be able to balance their recurrent budgets and borrow for development. When you have a situation where the reverse is the case, you create serious problems because expenditure on the development component of the budget with borrowed money expands the capacity of the economy to grow and, therefore, to service debt in subsequent periods.

To give you more evidence of the importance of debt, let me share some statistics. In 2018, the debt position of the US government was 105.4% of GDP. Because of COVID and other factors, it increased to about 137.2% of GDP by 2021 (Trading Economics 2022a). For the UK, debt was in the region of 78.4% of GDP in 2018 and increased to about 95.9% of GDP in 2021 (Trading Economics 2022b). The US government debt position is in the region of \$30 trillion, while that of the UK government is in the region of £2.4 trillion as we speak. These economies could not have achieved development without debt. By way of comparison, the debt position in sub-Saharan Africa was only 47.2% of GDP in the same 2018, and 56.9% of GDP in terms of 2021 numbers (Statista 2022).

Yet, in spite of the observation that all governments contract debt, it is only the debt burden of developing countries that is highlighted. In spite of the fact that debt exceeds the GDPs of developed countries in certain cases, it is only the debt of the developing countries that is the subject matter of global discourse. For a reason, we then have to look at the sustainability of debt. Even though the literature, the arguments and the discourse on the debt sustainability issue vary

from place to place, the academic literature, which I would like to believe in because I belong there, says that debt is only sustainable if its present value, does not exceed the discounted value of future surpluses (Woodford 1995, 2001). Therefore, the reason why we should be concerned about debt is that we perhaps do not have the capacity to generate surpluses in future periods. If you have governments that are perpetually running deficits on their budgets, they should absolutely not even be contracting debt. The global debt framework itself, which must be dismantled, generally makes it impossible for us to grow our economies and our tax bases to be able to have sustainable debt, and because we cannot contract sustainable debt on the basis of what we should be contracting it on (i.e., ability to repay using future surpluses), a different way of ensuring that we continue to contract debt in spite of the fact that we do not qualify for it is put on the table for us.

The space for contracting debt is, therefore, assessed in terms of what is referred to as the primary fiscal deficit or surplus. Instead of simply looking at the deficit in terms of the difference between revenue and expenditure, the primary fiscal surplus looks at revenue minus expenditure plus debt servicing as space for us to continue to borrow, and that entices us (by dangling a carrot for us) to continue to borrow, when our economies are not growing. Such debt, therefore, becomes unsustainable from the start, because we do not have the capacity to record sustainable surpluses on the budget.

Another point that must be stressed within this proposition is, therefore, that we need to look at the reasons for which we are borrowing very critically. Remember, I said source, use, and justification are critical considerations in the debt contracting process. We have many situations where debt is contracted for consumption: African governments are borrowing in order to give out social cash transfers; to subsidize consumption; or to support household production for consumption in the short term (Mangani 2020). However, as mentioned above, state borrowing can only be justified if it is going into investments as opposed to consumption.

The literature shows that HIPC countries (i.e., countries that qualified for HIPC), are now in situations where they are borrowing more debts than non-HIPC countries. As Easterly (2005) shows, seventeen of the eighteen World Bank-supported countries that were in the top half of adjustment loans received in the early 1980s became eligible for HIPC debt relief, compared to less than 50% of the World Bank-supported countries in the bottom half of adjustment lending. Moreover, none of the top 20 recipients of adjustment lending over 1980–99 were able to achieve reasonable growth and contain policy distortions. Evrensel (2002) further notes that programme countries tended to enter a new programme in a worse macroeconomic condition than they entered the previous programme. This is because the



non-HIPC countries were already in stronger positions than HIPC countries, and HIPC qualification did not strengthen the capacity of its beneficiaries to graduate from excessive dependence on development assistance.

Finally, we must be concerned that national capacities to actually assess debt are weak. Therefore, external debtors come to us and convince us to borrow for purposes that we would otherwise not be borrowing for if we had conducted extensive analyses internally. This is my first proposition: Debt is inevitable, but how, why, and in which form it is being contracted matters profoundly.

Proposition 2: Debt is a Key Instrument for the Perpetuation of Colonization

My second proposition is that, if we want to agree to call a spade a spade—and I hope that you want us to agree to call a spade a spade and not a big spoon—then debt is a key instrument for the perpetuation of colonization in Africa. It is perhaps the single most important variable that has impacted on the way in which neocolonialism—if that is what we want to call it—has been entrenched on the African continent.

I want to give you a bit of history here in terms of where we are coming from. When the Bretton Woods Institutions were established, we know that their main clients were their founders, the industrialized or developed world. The International Monetary Fund (IMF) was established to address the need for exchange rate alignment in the operationalization of the gold standard fixed exchange rate system; the need to provide short-term lending in order to address balance of payment challenges; and the need for surveillance as a result of providing that kind of assistance. The World Bank, on the other hand, was established to finance the reconstruction of Europe at the end of the Second World War. These are the main reasons why these institutions were initially created, and their clients, at the point of establishment, were the founders themselves. The founders reached the point where they no longer needed the IMF and the World Bank because reconstruction had been achieved and they had strengthened their economies to the extent that they needed no further borrowing from the IMF. Furthermore, the end of the gold standard in 1973 made it unnecessary for exchange realignment of the type that was previously necessary.

Therefore, these institutions, the so-called Bretton Woods Institutions, eventually found themselves in a ‘crisis of purpose’ (Przeworski and Vreeland 2000). They found themselves in a situation where they were no longer relevant to their founders. The question had to be answered as to how they could continue to exist, and how they should reinvent themselves in such a way as to remain relevant.

To expose evidence of such an irrelevance, it is worth noting the 1976 IMF loan to the United Kingdom was the last loan that the IMF had ever extended to developed countries

until Ireland required recourse to the IMF in 2008. Since then, the industrialized world, generally, except for COVID-19 and such other interventions, did not have recourse to the IMF. The work of the IMF and the World Bank was basically completed unless a new purpose could be found to perpetuate their existence (Thacker 1999).

That purpose was found in the fact that, as a result of the global recession of the 1970s, African countries became heavily indebted to private Western creditors, including Northern banks (Thacker 1999). Some estimates indicate that African debt reached 500% of the continent’s export earnings by the late 1980s (Watkins 1995: 74). Therefore, following this crisis, the Bretton Woods Institutions almost exclusively redirected their operations and focus to developing countries. They then became debt collection agencies for the founding Western creditor countries: they started making African countries repay their debts by giving them loans that would allow them extended time-periods to repay those debts in return for reforms. In order for the World Bank and the IMF to do this, they had to influence the way in which African economies were managed. With public debt being handled more privately, the policy and academic discourse centred on the privatization of public debt.

The linchpin of the work of the Bretton Woods Institutions was what is referred to as the Berg Report (World Bank 1981) which attributed the economic problems of SSA to the countries’ failure to manage their economies effectively, and further set out the need for the ‘structural adjustment’ of these economies. It is on the basis of the Berg Report that African countries, therefore, adopted structural adjustment policies. When they did that, they were ignoring and putting aside another tool that had been put on the table for them earlier, namely the Lagos Plan of Action for the Economic Development of Africa,³ which was a continental home-grown solution to the challenges that the continent was facing at that time.

The third point, or maybe implication, that I want to attribute to the Berg Report, even though perhaps it may not have come out very clearly at that time, is that the report opened the way for a consequential entrenchment of neoliberalism in Africa. It is because of the Berg Report that Africa actually moved to neoliberalism.

With this newfound relevance, the Bretton Woods Institutions became the most dominant voice in shaping Africa’s economic management and development. In fact, the World Bank and the IMF—especially the IMF—became more important and more pervasive in deciding how the economies had to be managed than the people that were elected to manage the economies. This means, therefore, that the

³ The Lagos Plan of Action for the Economic Development of Africa, 1980–2000, Organization of African Unity, April 1980.



adoption of the Berg Report and the entrenchment of Bretton Woods Institutions in economic management reversed the role of the African state in managing the African economy, and actually delegated that function to foreigners. The risk we therefore run to date is that of delegating the economic management function to the descendants of colonialists and slave traders, despite this being a fundamental function and the logical reason for which we elect people to manage our economies based on agreed social contracts and post-colonial developmental agendas.

We also know the main reason for which the Bretton Woods Institutions persist in influencing African economies. Although the stated goals at their point of entry were to set prices right and to set institutions right (Williamson 1990; Carroll and Jarvis 2015; Springer et al. 2016: 2), the fundamental question is: for whom were these prices and institutions generally being set right? Unfortunately, the evident ultimate goal of the Bretton Woods Institutions was—and continues to be—that of safeguarding the interests of Western transnational corporations and their related elites (Sundaram 2008; Mangani 2020). They do so by ensuring that African economies present investor-friendly environments; that African economies are characterized by declining wages and persistently low cost of labour; and that African economies do not maintain capital controls, so that the inflow and outflow of capital remains easy. They also do so by entrenching export-oriented growth strategies even in economies that are incapable of producing and exporting adequately, therefore worsening the balances of payments of these economies.

Another point that I want to make about the entrenchment of continued colonization is that the African countries' debt has only gotten worse by taking advice from the Bretton Woods Institutions. We know that the scheme culminated into the bailout of Northern commercial banks by Northern taxpayers. The taxpayers put money into the kitty; part of that money is transferred to African economies, while a chunk is used to pay off the Northern banks. African economies have to pay the Bretton Woods Institutions in manners and under terms that are very difficult for the economies to actually sustain. The repayment difficulties and resultant debt trap accentuate the need for the continued dependence of Africa on the Global North. That is my second proposition: debt is an instrument for the continuation of the colonization of Africa.

Proposition 3: Africa Cannot Avoid the Debt Crisis Without Focusing on Growth

My third proposition is that Africa can never avoid the debt crisis without focusing on growth. For as long as policymakers put aside the significance of growth, we must forget about our ability to come out of the debt crisis. Yet, in spite

of this stylized fact, the neoliberal machinations—the system itself—systematically creates a framework that makes it impossible for African governments to focus on growth.

In the 1970s, neoliberalism led to a situation where African academics and policymakers began to despise development economics and the role of the state in development. Thandika Mkandawire⁴ and others have written extensively on this (Amin et al. 1978; Mkandawire 1985). Therefore, attention was diverted to focusing on short-term macroeconomic stability, while growth was relegated to the long term. Unfortunately, most African economies have been stuck in that short term since the introduction of neoliberalism. This is a short term that, for most countries, has been running for about 40 years. And, regrettably, up to now, we are still talking about focusing on macroeconomic stability.

In recent times, one of the important instruments that neoliberalism uses to manage the economy is the central bank. When African central banks were being formed in the 1960s, 1970s, and thereafter, they had an important developmental role to play. However, this role significantly shifted over time to the extent of making it very clear that central banks should no longer focus on growth, but only on price and financial stability; if there is a conflict in the conduct of monetary policy between growth and price stability, price stability should be pursued even when it will dampen growth. Effectively, we have put the real sector aside and placed the health of the financial sector ahead of us, because it is in the financial sector that neoliberalism has most of its interests.

Because we are not focusing on growth, and because we have to invoke contractionary monetary policy perpetually in order to contain inflationary pressures, we can say that we are stuck within a vicious cycle. We have a situation where we have to continue to borrow because we are not growing and, therefore, we are not broadening the tax base. Because we are not broadening the tax base, we have to continue to borrow, and we cannot grow. That has been our dilemma as a continent over a long period of time.

In this context, it is also essential to emphasize that the orthodox conduct of monetary policy positions domestic capital as bad money. It is defined as excess liquidity that must be mopped out of the system. As the economy does not have capacity to absorb that excess liquidity, the way to mop it up from the system is to lock it up in the central bank. If you ask many people out there whether they can put extra money to good use if it is given to them at a reasonable

⁴ Thandika Mkandawire (10 October 1940 – 27 March 2020) was a Malawian economist and public intellectual who was a Chair of African Development and professor of African Development at the London School of Economics. He was a widely published scholar and his research focused on development theory and the socio-economic transformation of Africa.



interest rate, the answer for most of them is going to be yes. But the neoliberal model says that domestic capital is bad, and it must be mopped up, while foreign capital (foreign direct investment or FDI) is good, and it must come into the domestic economy to facilitate technological transfer and ensure that it closes the gap in capital inadequacy which arises from mopping up excess domestic liquidity.

This approach *de facto* relegates domestic citizens who are incapable of borrowing at very high-interest rates to perpetual suppliers of labour. They cannot own tangible and profitable investments. Instead, by encouraging FDI, the neoliberal model also perpetuates illicit financial flows (IFFs) from African countries. The evidence is very clear that most of the IFFs that are taking place in Africa are being done by transnational corporations, and, therefore, FDI. And IFFs are being worsened by increasing investments in the extractive industries (where we have very limited knowledge) as well as many other sectors, simply because we are incapable of actually taking charge of what is happening with transnational corporations (UNECA 2015). In the past 50 years to 2015, Africa is estimated to have lost US\$1 trillion to IFFs (Kar and Leblanc 2013). As of 2015, it was estimated that Africa loses US\$50 billion to IFFs annually. The 2020 Economic Development in Africa Report (UNCTAD 2020) estimates that Africa loses about US\$88.6 billion (equivalent to 3.7% of its GDP) annually to IFFs. Assuming no significant difference in methodology and scope or definition of IFFs adopted in the studies for the 2015 and 2020 estimates, the growth in the IFF value between 2015 and 2020 may reflect deteriorating institutional capacity to curb the vice.

Some of the evidence seems to suggest that the loss that African countries are incurring as a result of IFFs alone exceeds the totality of official development assistance and official aid for some of the countries (UNECA 2015), which means that it would actually be possible for these countries to graduate from debt and aid dependence by tackling IFFs. But IFFs will never be controlled given that the model is structured to entrench and safeguard the operations of the transnational corporations, as noted by Mangani (2020) and Sundaram (2008).

IFFs obviously mean tax-base erosion, slow revenues being collected by the state, and high borrowing. If the revenue base is narrow because Africa is a leaking bucket of IFFs, the continent's need to borrow will continue to rise. That need also rises because, when one looks at the totality of the structure of the current model, African governments are being loaded with more and more responsibilities; in particular, responsibilities that mostly do not contribute to production.

The other dimension worth noting about IFFs is the reality of FDI that comes in purportedly to grow economies but actually results in facilitating illicit outflows of resources.

As a result, total investment capital is declining, leading to further economic contraction. As the tax base is thus being narrowed, once again, this translates into greater need for governments to borrow.

Therefore, my proposition once again is that if African governments are not going to focus on production—that is, if African governments continue to believe that growth must be relegated to the long term while their focus in the short term (which has persisted for more than 40 years for most economies) should continue to be macroeconomic stability only—then the continent must forget about graduating from dependence on debt. An economy that does not produce anything is basically doomed before it begins to walk.

Proposition 4: Africa Must Dismantle the Neoliberal Model

My fourth and final proposition is that it is time for a Lagos Plan of Action-type⁵ of approach to African debt and development. The focus of the neoliberal policy reforms is inappropriate for Africa because of the same initial arguments that African governments used in order to pursue mixed economies—economies where the government plays a leading role, not only as a referee but also in facilitating and even leading the expansion of productive capacities. These arguments are still valid today as we speak (Zaman 1995).

As argued by Khan and Aftab (1994), the other reason why the neoliberal model is inappropriate for Africa is that the underlying behavioural relationships that offer its building blocks do not necessarily exist in most African countries. To have a neoliberal model that really operates and entrenches the operations of free markets, you need functional institutions. For instance, if the Treasury borrows irresponsibly and the central bank is too weak to control fiscal dominance, then you have a situation where the banking sector simply sits down and channels all its resources to the public sector, thwarting private investment in the process.

Banks that simply mobilize resources from savers and channel them to the government should be called 'non-banks', but that is what commercial banks in debt-ridden African economies are doing. Their officers can simply sit in their posh offices and monitor how Treasury securities are moving on a daily basis, because the governments have insatiable appetites to borrow. They have those insatiable appetites to borrow, not out of choice, but because the framework is set in such a way that it is impossible for them to broaden the tax base in order to generate adequate resources to meet their expenditure needs.

⁵ Reference is made to the Lagos Plan of Action for the Economic Development of Africa, 1980–2000, Organization of African Unity, April 1980.



Scholars have made the point that the neoliberal model is one of the most powerful concepts to have emerged within the social sciences in recent times (Springer et al. 2016), but one that continues to endure despite being ideologically exhausted (Aalbers 2013; Bruff 2014). It endures because there are strong vested interests that are backing it (Dymski 2013). When we had the global financial crisis around 2008–2009, governments injected liquidity into the systems to bail out economies. When COVID-19 started, Germany alone is known to have injected, if public sources are correct, something in excess of 30% of its GDP to counter the effect of the pandemic.

Governments have a very important role to play in every country in the world where developmental progress has been achieved, except in countries that think that their solution resides in the households of the descendants of slave traders and colonialists.

Conclusions

As earlier mentioned, the Berg Report of 1981 thwarted Africa's opportunities for obtaining self-sufficiency through the earnest implementation of the OAU's Lagos Plan of Action for the Economic Development of Africa from 1980 to 2020. The Lagos Plan of Action, as we look at it now, correctly predicted the adverse effects of neoliberalism in Africa. It was accurately premised on the fact that the solutions to Africa's continental challenges can only be inward rather than outward, and offered comprehensive strategies to tackle Africa's debt crisis of the 1970s and the 1980s. The continent disregarded those recommendations to its own doom. It chose doom over growth and development.

For abandoning a timely home-grown solution, Africa, collectively, must bury its head in the sand in shame, because solutions were put on the table but the continent's decision-makers were enticed by carrots that looked sweeter, when in fact, they were bitter. That bitterness has led us to a situation from which it is difficult to extricate ourselves without invoking a revolution at a continental scale. For us to dismantle and reconstitute the global debt architecture, monetary and fiscal policies must be redirected to recognize that macroeconomic instability—inflation and external imbalances—reflect deficient aggregate demand. The solution is not to worsen the situation by making it impossible for people, for domestic residents, to borrow.

There is now increasing evidence that suggests that the solutions to Africa's challenges reside in Africa; that they do not reside anywhere else. But, as it has already been mentioned, the pursuit of these home-grown solutions will require a collective effort on the part of African countries to surmount many complex challenges. Individual African states that have tried to resolve these challenges for

themselves have faced dire consequences, and the rest of Africa has sat back and watched them suffer. They have suffered in isolation instead of the rest of Africa coming together and saying: 'Wait a minute, what are we doing to our colleagues?'

I would like to put significant emphasis on this point: it will take no less than the type of continental revolutionary wave that led to the independence of African states in the 1950s and the 1960s and beyond, in order to resolve the challenge that we face. We need a forceful continental coalition of the willing, within what I would describe as a 'whole of continent' framework to create a continental critical juncture. When structural adjustment policies were being adopted in the 1980s, a critical juncture had been invoked. We have run that experiment long enough to know that it is leading us nowhere.

While a lot of talking is being done on this subject, the evolution of a necessary collective political leadership and political will to address the challenges seems to be lacking. There might be isolated political leaders here and there that are trying to do the right thing, but if no collective political leadership and political will emerges at the scale that helped African countries to gain independence, we are going nowhere. Following talk with action is the only way in which we can extricate ourselves from looming doom. Indeed, development is always and everywhere a leadership-driven process.

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