

# NEOLIBERALISM AND IMPOVERISHMENT OF THE GLOBAL SOUTH: A CASE OF NIGERIA AND GHANA

DEBORAH EBUNOLUWA OLUWADARA  
Department of History & International Studies  
Babcock University, Nigeria  
deboraholuwadara@yahoo.com

## Abstract

*Neoliberal policies such as free trade, privatization and lack of spending on health and education have not always been the desire of countries of the Global South. In so many cases, these policies were shoved down their throats through a process known as 'Structural Adjustment' which is an initiative off the Bretton woods institutions. Using the historical analysis method, this paper sought to investigate the extent to which the application of neoliberal policies has impacted the economies of Nigeria and Ghana. In a bid to achieve this, journal articles and other online sources were consulted to trace the introduction, application and consequences of neoliberalism in Nigeria and Ghana. This paper found that even though Nigeria and Ghana (the latter more than the former) experienced some economic relief as a result of the implementation of the Bretton wood's Structural Adjustment policies, on the long run, no enduring economic gains were recorded. This paper concluded that while in various respects, the neo-liberal policies of the west were advantageously framed to serve Nigerians and Ghanaians alike; they were hardly suitable to help to ameliorate the economic problems of the countries largely because they lacked the political will to formulate workable policies and see them through to maturity. This paper therefore recommends that a homegrown neo-liberal approach be utilized to help solve Nigerian and Ghanaian economic problems.*

**Keywords:** Ghana, Global South, Impoverishment, Neoliberalism, Nigeria

## Introduction

Neoliberalism is a social science and largely economic policy that confers control of economic factors from the public to the private sector of the economy. Neo-liberal policies promote a laissez-faire approach to economic development, encouraging the government to reduce its involvement in free market capitalism as a means to promote business, and the society as a whole. Neoliberalism is often used interchangeably with globalization. Activists, since 1900, use the word 'neoliberalism' for global market liberalism (capitalism) and free trade policies.<sup>1</sup> According to Abubakar, neoliberalism is fundamentally a theory of wealth creation.<sup>2</sup> He goes further to say that the neo-liberal perspective espouses the idea that the state is the root cause of penury in any given nation. Either as a result of misguided public policies

<sup>1</sup>Neoliberalism: Origins, Theory, Definition, web.inter.nl.net. Retrieved 19/11/2021.

<sup>2</sup>R.S. Abubakar, "The Rise and Fall of Neo-Liberalism in Contemporary Nigeria", *International Journal of Humanities Theoreticus* Vol 4(1), www.integhumanitatis.com. Retrieved 19/11/2021.

that are a derivative of incorrect theories of political economy or evils of corrupt government, the state is still the single biggest obstacle to a prosperous economy except its unproductive influence on the market economy is checked.<sup>3</sup> It essentially talks about easing up movement of goods, resources and enterprises between nations for the purpose of maximizing profits. Neoliberalism, within the context of African development, broke out as “an externally-directed attempt to remove the large-scale dirigisme and involvement of the state from the economy”.<sup>4</sup>

Neoliberal policies such as free trade, privatization and lack of spending on health and education have not always been the desire of countries of the Global South. In so many cases, these policies were shoved down their throats through a process known as 'Structural Adjustment'. Control of International Economic Institutions is one of the primary methods through which neo-liberal policies were introduced to Africa. The post war international economy is modulated by international economic institutions such as the World Bank, The International Bank for Reconstruction and Development, The International Finance Corporation, The International Development Association etc. Rich and industrialized nations tend to have a monopolistic control over these financial institutions; the control they use in their favour when new underdeveloped states seek to secure loans and financial aids from these institutions. These industrialized states (the haves) often use the influence that they wield to design and secure favourable economic policies from the underdeveloped states (the have nots). The grant of loans and aids to the have nots, is usually accompanied by the influences and interests of the haves who in fact have the actual control over these institutions.

Less-developed countries have often campaigned for a New International Economic Order so as to make these institutions really effective in advancing the wholesome interests of the world without any lopsidedness. This demand continues to be ignored by countries of the Global North as it would reduce their influence on the international economy. International economic institutions remain agents of neo-liberalism as well as neo-colonialism as they are controlled and manipulated by the developed states for preserving their supremacy in the international system. In the 1980s for example, the International Monetary Fund and the World Bank (influenced by European and North American powers), gave out loans to several less developed and developing countries (which constitute the Global South) on the condition that they embraced neoliberal policies. All of which includes privatizing services, restricting regulations, opening markets up to foreign trade and cutting government expenses on health and education.

The resultant effect of these was that it occasioned poor economic performance and accelerated poverty in the Global South, destroying the provision of health services with the impoverished class taking the worst hit. It also promoted a false narrative that an individual's lifestyle choices are solely responsible for poor health, deflecting attention from wider political, economic and social causes. According to an extensive multi-country report by a global civil-society network published in 2002, which revealed the impacts of structural adjustment across a wide range of countries, it was discovered that there was an exacerbation of poverty and inequality in these countries, with women being the worst hit.<sup>5</sup> According to a

<sup>3</sup>R.S. Abubakar, “The Rise and Fall of Neo-Liberalism in Contemporary Nigeria”...

<sup>4</sup>*Characteristics of Neo-liberalism*

<sup>5</sup>Health Poverty Action, *From Colonialism to Neoliberalism*, healthpovertyaction.org. Retrieved

paper by the World Bank and the US treasury Department, economists estimated that over a half million child deaths in the Global South in 1990 were a consequence of poor economic performance in the 1980s (the age of the height of structural adjustment).<sup>6</sup>

### Tracing the roots of Neoliberalism

Classical liberalism hinges on relationship between private property, the market and the individual. As Gray puts it, “private property is the embodiment of individual liberty in its most primeval form and market freedoms are indivisible components of the basic liberties of the person”.<sup>7</sup> The belief is that the development of private productive property liberates individuals from despotic authority. Possession of private resources empowers individuals to freely make decisions and further them based on their own interests and with their intelligence and efforts. These competing individual interests is played out in the context of the 'market'. Liberalism is predicated on the competitiveness of a capitalist economy. All individuals must have access to properties even if they do not realize it, none must enjoy a vantage monopoly position. A competitive framework is a prerequisite for internal adjustment processes that make for putative choicest outcomes.<sup>8</sup> It is also important to uphold the morality of capitalist societies in which individual make their own fortune, or lack thereof i.e. individual outcomes are predicated on individual actions.

In its early days, in the 1930s and 1940s, neoliberalism was a political ideology and a philosophy. Its founding fathers were Ludwig von Mises (1881-1973), Freidrich Hayek (1889-1992) and Karl Popper (1902-1994), all of which were Austrians and Nazi exiles.<sup>9</sup> Having witnessed first-hand in Nazism, Soviet Communism and Mussolini's fascism, the evils of collectivism trampling upon individual freedoms, they began a vigorous critique of collectivism. The neo-liberal consensus was established in the Mont Perlin Society which held its founding conference in Switzerland in 1947.<sup>10</sup> The society's membership included von Mises, Hayek, Popper, Michael Polyani, Raymond Aron, Ludwig Erhard, Lionel Robbins, Milton Friedman, George Stigler, Aron Director, James Buchanan and Gordon Tullock, all of which were choice intellectuals.

Neoliberalism is seen by Peters as “ultimately, a doctrine based on a classical account of political and economic freedom that became the basis for government administrations and policy regimes based on the minimal state and free market, often brutally established with force and coercion, against the rule of law, and in an antidemocratic way...”<sup>11</sup> Neoliberalism became popularized among left-wing commentators in the late 1970s as an essentially derogatory short-hand description for free market policies that were formulated and implemented in the period when Margaret Thatcher and Ronald Reagan came to power in

<sup>6</sup>Health Poverty Action, *From Colonialism to Neoliberalism...*

<sup>7</sup>J.F. Henry, “The Historic Roots of Neoliberal Program”, *Journal of Economic Issues*, Vol. 44 (2), [www.researchgate.net](http://www.researchgate.net). Retrieved 19/11/2021.

<sup>8</sup>J.F. Henry, “The Historic Roots of Neoliberal Program”...

<sup>9</sup>K. David, *The Origins of Neoliberalism*, [www.colombotelegraph.com](http://www.colombotelegraph.com). Retrieved 11/11/2021.

<sup>10</sup>K. David, *The Origins of Neoliberalism*

<sup>11</sup>M.A. Peters, *The Early Origins of Neoliberalism: Colloque Walter Lippman (1938) and the Mt Perelin Society (1947)*, tandfonline.com. Retrieved 11/11/2021.

1979 and 1980 respectively.<sup>12</sup> It came to be known as a set of related public policies aimed at deregulating capital markets, promoting free trade globalization, “and privatization policies responsible for states assets sale, and the commercialization and corporatization of government departments with the overall aim of paring back the state and increasing individual responsibility”.<sup>13</sup> These policies were developed by conservative and right-wing government intent on limiting state powers and rescinding social welfare provisions. John Williamson, in 1989, developed the term 'Washington Consensus' to describe the policies of the World Bank (WB), International Monetary Fund (IMF) and the United Treasury in ten points: fiscal policy discipline, redirection of public spending away from subsidies to user-pays; tax reform; market interest rates; trade liberalization; privatization of state assets; deregulation; and security property rights.<sup>14</sup> Imposition of this Consensus in the 1980s came with structural adjustment policies of the International Monetary Fund (IMF) and the World Bank (WB) that placed a demand on transitional economies of the Global South to liberalize trade and monetary systems, to open up their economies, privatize state assets and trim state welfare.

There are scholars who argue that neoliberalism is the primary driver of globalization and that globalization itself can be seen as both the effect of, and the move towards global neoliberalism.<sup>15</sup> Economic neoliberalism is an economic theory and an ideological conviction that promotes maximizing economic freedom for individuals, thus restricting state interference to the bare minimum. It advocates the removal of government-sanctioned restrictions on transnational movement of goods, capital and labour.

### **Global South**

The term “Global South” was first used by Carl Oglesby in 1969, using it to describe the dominating effect the north had over the south. The Global South is an appellation that has been used to refer to underdeveloped or economically disadvantaged nations by intergovernmental development organizations, especially the members of the Non-Aligned Movement. These countries are usually bedeviled with unstable democracy, staggering industrialization and neo-colonization by countries of the Global North (especially European powers). Countries in this category are also adversely affected by capitalist globalization. It was worthy of note that the geographical location of a country on the world map does not determine its positioning in the global economic hemisphere.

Some scholars prefer to call these nations 'developing countries' of 'Third World countries'. Countries in the Southern hemisphere have organized themselves into a South-South

<sup>12</sup>M.A. Peters, *The Early Origins of Neoliberalism: Colloque Walter Lippman (1938) and the Mt Perelin Society (1947)*, tandfonline.com. Retrieved 11/11/2021.

<sup>13</sup>M.A. Peters, *The Early Origins of Neoliberalism: Colloque Walter Lippman (1938) and the Mt Perelin Society (1947)*...

<sup>14</sup>M.A. Peters, *The Early Origins of Neoliberalism: Colloque Walter Lippman (1938) and the Mt Perelin Society (1947)*,

<sup>15</sup>V.S. Wikan, *What Is 'Neoliberalism', and How Does It Relate to Globalization?*, e-ir.info. Retrieved 11/11/2021.

Cooperation, aimed primarily at combating mutual challenges such as poverty, population growth, war, disease, as well as enforcing principles of non-interference in their domestic matters, equality, self-determination and sovereignty. The Global South comprises of 47 African countries (Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Congo, The Democratic Republic of Congo, Cote D'Ivoire, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritius, Mayotte, Mozambique, Namibia, Niger, Nigeria, Rwanda, Saint Helena, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, South Africa, South Sudan, Swaziland, Tanzania, Togo, Uganda, Western Sahara, Zambia and Zimbabwe); 21 Arab nations (inclusive of some countries in the African continent: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestinian Territory, Qatar, Saudi Arabia, Somalia, Sudan, Tunisia, United Arab Emirates and Yemen); 59 Asian countries (including Afghanistan, Bangladesh, Brunei Darussalam, Cambodia, China, Fiji Guam, India, Indonesia, Iran, Kazakhstan, Lao, Macau, Nepal, Pakistan, Sri Lanka, Tajikistan, Uzbekistan, Vietnam and others); 4 European countries (Armenia, Belarus, Georgia and Ukraine); 51 countries in South and Latin America (including Argentina, Bahamas, Cayman Islands, Dominican Republic, Ecuador, French Guinea, Guatemala, Haiti, Jamaica, Mexico, Netherlands, Peru, Saint Kitts and Nevis, Turks and Caicos Islands, Uruguay, Venezuela).<sup>16</sup>

### Theoretical Framework

This paper adopts the Dependency theory as its framework of analysis. The Dependency theory derives its name from the Spanish word 'la Dependencia' which means 'Dependence'. According to Viotti and Kauppi, it is an international relations theory that seeks to explain the relationships and interactions between the Global North and Global South.<sup>17</sup> This relationship is often characterized by dependence on countries of the Global North by the Global South for trade and economic aid. The Global North refers to the developed countries of Europe and North America. They are also the wealthy, technologically advanced and politically stable nations of the world. Examples of countries in the Global North include the United States of America, Canada, Israel, Japan, Hong Kong, Singapore, South Korea, Taiwan, Australia and New Zealand. The Global South on the other hand represents agrarian based and economically dependent countries. These are the countries that continue to be dominated by the Global North in international trade and politics. These countries include several nations in Africa (Angola, Benin, Botswana, Cameroon, Ethiopia, Eritrea, Namibia, Madagascar, Rwanda, Swaziland, Sudan, Uganda, Niger, Zambia etc.), Iraq, Kuwait, Qatar, Afghanistan, Bangladesh, Brunei, India etc.

The Dependency theory is an economic theory which was postulated by developing countries of Latin America and developed by Raul Prebisch, the director of the United Nations Economic Commission for Latin America in the 1950s.<sup>18</sup> This theory seeks to explain the existing reliance of developing countries on developed countries. Apostles of Dependency

<sup>16</sup>World Population Review, *Global South Countries 2021*, worldpopulationreview.com. Retrieved 11/11/2021.

<sup>17</sup>A. Llanes, *What is the Relevance of Dependency Theory of International Relations Today?*, medium.com. Retrieved 24/11/2021.

<sup>18</sup>I. Ghosh, *Dependency Theory In International Relations*, academia.edu. Retrieved 24/11/2021.

theory categorize different states in terms of their divergent economic roles in the international system. This categorization is as follows: The centre-centre (CC) category which consists of the highly developed super powers such as the United States of America, the periphery-centre (PC) category which is composed of countries that have achieved significant economic development and industrialization like Canada and Japan, the centre periphery (CP) category includes developing countries that are fast growing like Brazil, China, India and South Africa, the last category is the periphery-periphery (PP) category consisting of economically backward nations such as Zambia, Cambodia etc.<sup>19</sup> Dependency theorists have posited the key to ending the cycle of increasing disparities between the rich and poor nations of the world is for the latter to strive to become more self-sufficient, make significant cut-backs on imports and seize control over their economies.

The Dependency theory has its roots in Karl Marx's work on economic structuralism and the economic relationships between rich and poor states.<sup>20</sup> This means that the rich countries use their influence on the world economy to exploit the poorer states. While it is no crime for a nation to seek to maximize its profits, the countries of the Global North are doing so at the expense of poorer countries. Although the Marxist thought forms the foundation of the dependency theory, more modern formations of the dependency theory can be traced to Paul Prebisch's work in the 1950s. Prebisch and his colleagues found that economic growth in advanced countries did not automatically lead to growth in poorer countries. In fact, they found the exact opposite—that economic growth in advanced nations often led to serious economic problems in poorer countries. This was in contrast with the submission of the neo-classical theorist, Ferraro in 1996, who had posited that “economic growth was beneficial to all even though the benefits were not always equally shared”.<sup>21</sup>

Due to the lack of explanation of this economic imbalance, and the economic conditions that arose when the rich states were getting richer, Prebisch sought to explain the situation. His initial argument was that poor countries were sending their raw materials to the rich nations of the world, who in turn would turn these goods into finished products and sell them back to the poor states. These products would of course fetch more money as finished goods. Prebisch then advanced that less-developed and poor states should shift their economy to one of import-substitution, which would allow them to avoid purchasing these products from the richer states, and instead, produce them domestically, and then could themselves sell them on the international market. Scholars however argue that there were some issues with this policy recommendation for countries of the Global South. Ferraro argued that three issues made this policy difficult to follow.<sup>22</sup> The first is that the internal markets of the poorer countries could not support the economies of scale used by the richer countries to keep their prices low. The second issue concerned the political will of the poorer countries as to whether a transformation from being primary products producers was possible or desirable. The third and final issue involved the extent to which the poorer countries actually had control of their

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<sup>19</sup>I. Ghosh, *Dependency Theory In International Relations...*

<sup>20</sup>A. Llanes, *What is the Relevance of Dependency Theory of International Relations Today?...*

<sup>21</sup>A. Llanes, *What is the Relevance of Dependency Theory of International Relations Today?...*

<sup>22</sup>A. Llanes, *What is the Relevance of Dependency Theory of International Relations Today?...*

primary products, particularly in the area of selling those products abroad.

The Dependency theory has three main characteristics which are worthy of mention.<sup>23</sup> First, the international system is classified by dominant and dependent states. Second, it establishes that external forces are crucial in understanding the economic activities of dependent states. Third, exchanges between dominant and dependent states play a significant role in reinforcing patterns of inequality. Dependency theory is a composition of various theories- world systems theory, historical structure theory and Neo-Marxist theory.<sup>24</sup> The central question in the dependency theory is –why do some countries become rich while others remain poor? This question was posed in contradiction to the previously held notion that economic advancement was advantageous to every state in the international system. The theory has its roots in the early development of capitalism championed by the United States of America.

### **Implementation of the Structural Adjustment Program in Nigeria**

Structural Adjustment Programs or SAPs are the initiatives of the major international lenders; namely, the International Monetary Fund (IMF) and the World Bank. They are policy conditions attached to loans obtained by impoverished countries. SAPs were designed as short-term strategies to help stabilize heavily indebted economies. These SAPs were usually followed by long-term Economic Recovery Programs (ERPs). The ERPs were designed to resuscitate these economies through liberalization and privatization.

Some believe SAPs were introduced to Nigeria in 1986 as a result of the economic crisis that ensued earlier on in the 1980s arising from foreign exchange deregulation. Whereas, evidences show that SAP started as far back as 1983 when Nigeria signed a credit agreement with the International Bank for Reconstruction and Development (IBRD) for a loan of US\$250 million to import fertilizer.<sup>25</sup> This short term loan was expected to span between September 13, 1983 and December 31, 1986.<sup>26</sup> “SAP has been necessitated by the magnitude of Nigeria's wasteful habits which have been allowed to drag on for too long before adjustment measures were introduced”.<sup>27</sup> Being a monolithic economy, depending on oil as the main source of foreign exchange and government revenue, the Nigerian economy was fated to suffer from the drooping of the oil markets in the first half of the 1980s.<sup>28</sup>

The 1970s heralded an upsurge in the national revenue and this was attributable to its discovery of oil in commercial quantities. These years have often been referred to by scholars as the oil boom years. As a reaction to this unprecedented prosperity, the leadership of Nigeria thought to embrace welfarism, providing its citizens with incredible transport system, good road networks, public buildings and hospitals. The resultant effect of this was increase in employment, food subsidies, transport, health and educational facilities. While these

<sup>23</sup>S. Romaniuk, *Dependency Theory*, <http://icwu.edu.pk>. Retrieved 24/11/2021.

<sup>24</sup>S. Romaniuk, *Dependency Theory*...

<sup>25</sup>J.B. Babalola et al, *Education under Structural Adjustment in Nigeria and Zambia*, mje.mcgill.ca. Retrieved 17/11/2021.

<sup>26</sup>J.B. Babalola et al, *Education under Structural Adjustment in Nigeria and Zambia*...

<sup>27</sup>J.B. Babalola et al, *Education under Structural Adjustment in Nigeria and Zambia*...

<sup>28</sup>V.O. Ekanade, “The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s”, *Journal of Retracing Africa*, encompass.eku.edu. Retrieved 17/11/2021.

dividends of the welfarist policies pursued by the Nigerian government were much needed for nation building, they could not be sustained for too long. The revenues generated from the oil that prospered internationally soon began to decline. Between 1980 and 1982, Nigeria's export revenues plummeted by 53%, from US\$27.1 billion to US\$12.7 billion.<sup>29</sup> Since revenues realized from the oil boom was what was largely depended on for internal government expenditures, the domestic economy soon ran into debt. Adversely, internal debt increased by 72%, rising from US\$8.5 billion in 1979 to US\$26.9 billion in 1983 while external debt stood at US\$14.13 billion during the same period.<sup>30</sup> Heavy reliance on the petroleum industry, inadequacies of the civilian governments of the 1980s, mismanagement of government funds and unfettered corruption which continues to pose as a canker worm destroying the very fabric of the nation, further exacerbated the economic predicament of the nation. The industrial sector was perhaps one of the worst hit with a closure of about 50% firms and retrenchment of several members of the labour force.<sup>31</sup> This domestic scenario brought on the adoption of the Bretton Wood's Structural Adjustment protocol.<sup>32</sup>

The Shehu Shagari administration set up a commission in 1981 to review government involvement in public parastatals.<sup>33</sup> The outcome of the findings of the commission was a recommendation to allow for increased participation of the private sector in managing semi government-owned enterprises. It was hoped that by cutting back government involvement, government expenditures would also be significantly reduced. To remedy the situation, the Shagari led-government in April 1982, introduced an Economic Stabilization Act to manage imports, cut back government expenditure and increase revenue.<sup>34</sup> As laudable as these initiatives were, the administration lacked the political will to see them through. The situation became dire when in 1983, oil prices further plummeted to 45 percent from the 1980s levels.<sup>35</sup> The Shagari government therefore solicited a loan from the IMF, a sum between N1.9 and N2.4 billion.<sup>36</sup> In spite of the IMF's insistence on privatization, trade liberalization and controlled government expenditure as preconditions for granting the loan, no formal agreement was reached until the overthrow of the government in 1983.<sup>37</sup> By this time, the Shagari regime had frittered away N90 billion in four years; N43.6 billion in oil revenues, N20 billion external borrowings, N10 billion local loans, N15 billion internally generated revenues and N3.5 billion bequeathed to it from the Obasanjo regime in 1979.<sup>38</sup>

<sup>29</sup>V.O. Ekanade, "The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s" ...

<sup>30</sup>V.O. Ekanade, "The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s" ...

<sup>31</sup>V.O. Ekanade, "The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s" ...

<sup>32</sup>V.O. Ekanade, "The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s" ...

<sup>33</sup>V.O. Ekanade, "The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s" ...

<sup>34</sup>D. Abah & P. Naankiel, *Structural Adjustment Programme in Nigeria and Its Implications on Socio-Economic Development, 1980-1995*, www.researchgate.net. Retrieved 15/11/2021.

<sup>35</sup>D. Abah & P. Naankiel, *Structural Adjustment Programme in Nigeria and Its Implications on Socio-Economic Development...*

<sup>36</sup>V.O. Ekanade, "The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s" ...

<sup>37</sup>V.O. Ekanade, "The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s" ...

<sup>38</sup>D. Abah & P. Naankiel, *Structural Adjustment Programme in Nigeria and Its Implications on Socio-Economic Development...*

General Muhammadu Buhari deserted the economic policies of the Shagari regime in response to the conditions attached to the loan. He restricted importations, closed the borders and firmed up immigration laws.<sup>39</sup> Nevertheless, in 1986, Ibrahim Babangida who toppled the Buhari regime on August 27, 1985, embraced the Structural Adjustment Program (SAP).<sup>40</sup> Developmental planning was forfeited for neo-liberal market policies. The Structural Adjustment Program was introduced in July 1986. It was a revolutionary attempt meant by the International Monetary Fund (IMF) and the World Bank for Nigeria. It was a short-term reform package that was expected to last until June 1988 but eventually stretched out to 1993. The SAP was aimed at revamping and transforming the production sector of the economy, to the end of diminishing reliance on the oil sector while promoting the non-oil sectors. According to Abah and Naankiel, the SAP objectives are:

- i. To restructure and diversify the productive base of the economy by curtailing Nigeria's over-reliance or dependence on the oil sector. Through this means, SAP was expected to stimulate the development of non-oil sectors such as agriculture, mining and manufacturing;
- ii. To promote export of non-oil commodities and boost of foreign exchange earnings;
- iii. Curtail inflationary growth in the economy by removing all barriers to effective and efficient trade.
- iv. Attract Foreign Direct Investment to Nigeria through the adoption and implementation of deregulation and privatization policies;
- v. Create employment opportunities for Nigeria;
- vi. Reduce public expenditure and entrench fiscal prudence in management of the economy.

To realize these objectives, certain strategies were adopted by the Nigerian government. The Bretton Woods institutions decided to supervise the implementation of the SAP that accompanied the IMF and World Bank loans. Some of the strategies include:

- i. Rule of the market;
- ii. Cutting public expenditure for social services.
- iii. Deregulation, commercialization/privatization.
- iv. Elimination of public goods/community goods.
- v. Removal of subsidies and abolition of agricultural marketing boards.
- vi. Deregulation of currency (Naira).
- vii. Staff rationalization in government ministries, parastatals and agencies.

### **An Assessment of the Implementation of the Structural Adjustment Program in Nigeria.**

The structural Adjustment Program (SAP) was undoubtedly a revolutionary approach to engage Nigeria's long standing economic problems and at the same time, a controversial package of economic policies.<sup>41</sup> Some mainstream western scholars and scholars from the

<sup>39</sup>D. Abah & P. Naankiel, *Structural Adjustment Programme in Nigeria and Its Implications on Socio-Economic Development...*

<sup>40</sup>D. Abah & P. Naankiel, *Structural Adjustment Programme in Nigeria and Its Implications on Socio-Economic Development...*

<sup>41</sup>D. Abah & P. Naankiel, *Structural Adjustment Programme in Nigeria and Its Implications on Socio-Economic Development...*

World Bank Study groups opine that the SAP was “the best economic reform ever designed to leapfrog development in Nigeria but failed because of bad leadership, bribery and corruption”.<sup>42</sup> They argue that the dividends of SAP were apparent in the “reversal of negative economic growth trend of the early 1980s, substantial increase in price of agricultural exports (in naira terms), improvement in external payments arrangements and international credit worthiness”.<sup>43</sup> This line of thought has been censured by African scholars who substantiated their disagreement with the economic backwardness that African countries have seen since they embraced the SAP. Obadan, Idachaba and Olatunbosun clearly belong to this school of thought. In their words,

There was apparent lack of commitment to adjustment and national development by previous government and certain economic agents who have command over resources...During the course of implementation of SAP, many distortions surfaced while others defied solutions. Of particular significance were the problems of continuing depreciation of the Naira in foreign exchange market, high and volatile interest rates, slow growth and near paralysis of the real sector, sky-rocketing inflation, unsustainable fiscal deficit profile, heavy external debt overhang, increasing unemployment, emergence of social movements and militia groups among others.<sup>44</sup>

In the case of Nigeria, the Buhari regime of 1983 embraced in part, reforms advanced by the Bretton Woods institution (IMF) (reforms such as commercialization) was skeptical about its policies of currency devaluation, privatization, and liberalization of trade and withdrawal of the petroleum subsidy.<sup>45</sup> This resulted in the reinforcing of the embargo placed on Nigeria by western banks. The Bretton Woods institutions made it imperative for the Nigerian government to be declared fit by the IMF, first, for debt extension for the \$20 billion it owed and second, for the granting of new loans.<sup>46</sup> In an attempt to cushion the effects of the conditionality imposed by the IMF, the Buhari government introduced a policy of counter trade with Brazil and some West European states.<sup>47</sup> The policy of counter trade, though well-meaning was ill-fated because it was far too small to significantly erase the economic concerns of the nation and expensive such that when compared to its benefits, was not worth the trouble.<sup>48</sup>

Recording yet another failure in this front, the regime put up measures to check and restrict imports. Government ban on importation of basic food items such as rice, maize, wheat among others, removal of food subsidy and the devaluation of naira led to increase in prices of local produce. Production output (especially rice, poultry and fish produce) declined because

<sup>42</sup>D. Abah & P. Naankiel, *Structural Adjustment Programme in Nigeria and Its Implications on Socio-Economic Development*...

<sup>43</sup>D. Abah & P. Naankiel, *Structural Adjustment Programme in Nigeria and Its Implications on Socio-Economic Development*...

<sup>44</sup>D. Abah & P. Naankiel, *Structural Adjustment Programme in Nigeria and Its Implications on Socio-Economic Development*...

<sup>45</sup>V.O. Ekanade, “The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s”...

<sup>46</sup>V.O. Ekanade, “The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s”...

<sup>47</sup>V.O. Ekanade, “The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s”...

<sup>48</sup>V.O. Ekanade, “The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s”...

production became less profitable due to high cost of imported inputs such as agro-chemicals. The removal of subsidy and the devaluation of the Nigerian naira only further reduced the profitability of farmers and the prospering of the manufacturing sector which relied on imported machinery. As a result, several industries became handicapped and were forced to let go several of their employees. Government parastatals suffered similar fate. The inflation brought on by the precarious situation made living extremely unbearable even for the privileged. By the late 1970s, Nigeria had more than 15000 public enterprises which generated more than 65% employment.<sup>50</sup> Embracing the SAP protocol meant that these public enterprises would be rationalized through privatization. And thus, between 1988 and 1999, more than 55 public enterprises were privatized. This situation further compounded the unemployment crisis in the country as many workers were retrenched.

The austerity measures brought on by the application of SAP impacted the health care and educational sector. The Buhari regime restricted its financial obligation to these significant sectors in honor of the SAP tenets. The Nigerian constitution mandates that the federal, state and local governments run point in being responsible for the health care system in the country. In spite of this constitutional provision, total health expenses fell by an eighty-five percent, from a total of N825.5 million in 1980 to N128.3 million in 1984.<sup>51</sup> As expected, this gave a rise to the mortality rate, especially among children under the age of 5 years; the situation was particularly precarious in the rural areas with the aged and children being the worst hit. In the educational sector, the number of secondary schools fell from 38,211 in 1984 to 35,281 in 1985, restricting access to education at that level.<sup>52</sup> In the schools that did survive, the government burdened parents and guardians with high fees. At the tertiary level, the government could no longer sustain the free distribution of food to the students, thus placing that extra burden on students and their parents by extension.<sup>53</sup>

Per capita education spending dropped from 5.6 in 1981, to 3.9 in 1983, 2.1 in 1986 and to 1.1 in 1988.<sup>54</sup> The purpose of primary education is to produce a literate population and lay the groundwork for further education.<sup>55</sup> Nigeria, since 1975 has continued to fail to avail all school age children with the opportunity to acquire necessary skills to enable contribute meaningfully to the development of the nation. Notwithstanding, the plunge in gross enrolment ratio became noteworthy since the inception of SAP in 1983.<sup>56</sup> Between 1983 and 1987, the ratio fell by about 20 percent. Available data shows that primary schools were faced with the problem of low completion rate by dint of SAP. According to the Federal Ministry of Education/United Nations Children Fund SAP Assessment Study of 1991, 5% of the 1986 primary school age group did not complete primary four by 1989, and 56% of those dropping

<sup>49</sup>D. Abah & P. Naankiel, *Structural Adjustment Programme in Nigeria and Its Implications on Socio-Economic Development...*

<sup>50</sup>D. Abah & P. Naankiel, *Structural Adjustment Programme in Nigeria and Its Implications on Socio-Economic Development...*

<sup>51</sup>V.O. Ekanade, "The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s"...

<sup>52</sup>V.O. Ekanade, "The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s"...

<sup>53</sup>V.O. Ekanade, "The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s"...

<sup>54</sup>J.B. Babalola et al, *Education under Structural Adjustment in Nigeria and Zambia...*

<sup>55</sup>J.B. Babalola et al, *Education under Structural Adjustment in Nigeria and Zambia...*

<sup>56</sup>J.B. Babalola et al, *Education under Structural Adjustment in Nigeria and Zambia...*

out before completing their primary four education were girls.<sup>57</sup> In assessing the situation, Babalola had this to say “since successful completion of primary four class level is considered as a threshold for attaining permanent literacy and hence stimulate socio-economic growth, the low completion rates following SAP compromise the system for human capital development”.<sup>58</sup>

The purpose of secondary level education is to serve as a foundation for tertiary education and the latter is aimed at equipping young adults with vocational and technical skills in an environment of less than adequate employment opportunities. Nigeria, between 1983 and 1990 neglected to prioritize secondary education for the young people. The enrolment ratio dropped from about 30 in 1983 to less than 20 in 1990.<sup>59</sup> Female education was particularly adversely affected. The female gross enrolment ratio which was above 25 in 1985 dropped to about 15 in 1989.<sup>60</sup> Emphasis is laid on female education here because of how integral it is to societal development. According to King and Hill, “raising the level of women's education contributes important ways to social and economic development”.<sup>61</sup> There are those that argue that maternal education is far more useful than paternal education in influencing child education because in most cases, child training is more influenced by mothers than fathers.<sup>62</sup>

Tertiary education is supposed to help pump the economy with much needed skilled manpower. Contrary to the first and second level education, Nigeria increasingly made third level education available to the relevant age group in spite of the financial restraints that accompanied the adjustment program. Even female participation at this level of education was remarkable. This is perhaps attributable to the international emphasis on gender balance in education and development.<sup>63</sup>

The nation that General Ibrahim Babangida inherited in 1985 was a debt ridden one with dissipating oil revenues. The Babangida regime therefore thought it wise to continue the SAP beyond the initial 1986 deadline, even though somewhat self-modified. Faced with the option of once again approaching the IMF for a much needed financial relief, the Babangida regime resorted to developing its own modified version of the IMF prescribed SAP.<sup>64</sup> This was essentially composed of reinforcing market forces, cutting back the role of the state and regulating the value of the Nigerian naira to its 'realistic' value.<sup>65</sup> One of the ways in which the role of the state was cut back was through the dissolution of existent public enterprises and a merger of some others. Four of such public enterprises affected this way are the Nigerian National Supply Company, the Nigeria Railway Corporation, Nigeria Airways and the

<sup>57</sup>J.B. Babalola *et al*, *Education under Structural Adjustment in Nigeria and Zambia...*

<sup>58</sup>J.B. Babalola *et al*, *Education under Structural Adjustment in Nigeria and Zambia...*

<sup>59</sup>J.B. Babalola *et al*, *Education under Structural Adjustment in Nigeria and Zambia...*

<sup>60</sup>J.B. Babalola *et al*, *Education under Structural Adjustment in Nigeria and Zambia...*

<sup>61</sup>J.B. Babalola *et al*, *Education under Structural Adjustment in Nigeria and Zambia...*

<sup>62</sup>J.B. Babalola *et al*, *Education under Structural Adjustment in Nigeria and Zambia...*

<sup>63</sup>J.B. Babalola *et al*, *Education under Structural Adjustment in Nigeria and Zambia...*

<sup>64</sup>V.O. Ekanade, “The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s”...

<sup>65</sup>V.O. Ekanade, “The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s”...

Nigeria Airport Authorities.<sup>66</sup> The restructuring in these corporations led to the retrenchment of 8,000 workers in the Railway Corporation, 2,500 workers in the Airways, 2,000 workers in the Airport Authorities and 32,000 workers in the textile industry in 1988 alone.<sup>67</sup>

The neo-liberal framework emphasizes a drawback of state intervention in public policy making and implementation. Thus, neo-liberal policies emphasize privatization, deregulation, structural adjustment programs and free market.<sup>68</sup> The most important dimensions of the neo-liberal policies that have characterized Nigeria's recent economic past, center on privatization, deregulation, removal of state subsidies among others.

Nigeria's privatization program hinges mainly on the experience of Western Europe and North America without the essential economic and political ingredients which the western nations enjoy. For example, Nigeria lacks real competitive domestic markets for goods and services, well developed capital markets with absorptive capacity, strong private sector and strong regulatory structures.<sup>69</sup> The wanting of these essential pre-conditions makes it very difficult for Nigeria to achieve tangible benefits of privatization especially as it concerns public welfare. According to the United Nations Development Programmes, the statistics of the extreme poor in Nigeria was 28% in 1985, 40% in 1992 and 45% in 1996/97 and to 62.2% in 1999.<sup>70</sup> By 1999, about 70.2% of total populations of over 120 million people in Nigeria were living on an average of less than \$1 pay day.<sup>71</sup> Inflation has continued to rise and so has the devaluation of the Nigerian naira from about \$1=₦3 in 1986, \$1=₦140 in 2002 to \$1=₦155 in 2012, \$1=₦270 in 2015<sup>72</sup> and about \$1 =₦530 in 2021.

Privatization has also been accompanied by deregulation of different economic sectors to stir up private sector participation especially in telecommunications, power and downstream petroleum sectors.<sup>73</sup> The liberalization of the telecommunication sector has been significantly successful as the nation has witnessed an increase in the number of telephone lines in Nigeria from 500,000 landlines in 2002 to more than 32 million GSM lines in 2007 and at least double the 2007 estimate now in 2021 due to increasing accessibility and affordability of GSM lines today.<sup>74</sup> The concept of deregulation is that fewer regulations will increase competitiveness, productivity, efficiency and a fall in prices. The telecom sector experience has remained a reference point for privatizing the enterprises in Nigeria. The situation is however not the same in other sectors of the economy, especially with the sky rocketing prices of petroleum products which have risen with its chain reaction on goods and people.<sup>75</sup>

<sup>66</sup>V.O. Ekanade, "The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s"...

<sup>67</sup>V.O. Ekanade, "The Dynamics of Forced Neoliberalism in Nigeria Since the 1980s"...

<sup>68</sup>P. Mbah, *The Neo-liberal State and Administrative Reforms in Nigeria*, [www.researchgate.net](http://www.researchgate.net). Retrieved 22/11/2021.

<sup>69</sup>P. Mbah, *The Neo-liberal State and Administrative Reforms in Nigeria*...

<sup>70</sup>P. Mbah, *The Neo-liberal State and Administrative Reforms in Nigeria*...

<sup>71</sup>P. Mbah, *The Neo-liberal State and Administrative Reforms in Nigeria*...

<sup>72</sup>P. Mbah, *The Neo-liberal State and Administrative Reforms in Nigeria*...

<sup>73</sup>P. Mbah, *The Neo-liberal State and Administrative Reforms in Nigeria*...

<sup>74</sup>P. Mbah, *The Neo-liberal State and Administrative Reforms in Nigeria*...

<sup>75</sup>P. Mbah, *The Neo-liberal State and Administrative Reforms in Nigeria*...

In reality, the Nigerian economy is worse off because its market access is reduced. Since the detachment of the government from large scale investment in social welfare services has brought on a major setback in that regard. The private sector is usually profit-driven and therefore cannot actually provide adequate welfare services without a primary consideration of its profit margin. As expected, the profit motif and exorbitant rates in the face of escalating inflation and high poverty rate, makes it all the more difficult to access welfare services.

### **Implementation of the Structural Adjustment Program in Ghana**

Ghana entered into the World Bank and IMF structural adjustment program under some historical conditions which created problems for the country in the 1970s and 1980s.<sup>76</sup> Social inequalities characterized by unequal opportunities and remunerations for people of different statuses became the hallmark of some of Ghana's state institutions.<sup>77</sup> In 1983, the Ghanaian Provisional National Defense Council (PNDC) military government of Flt.Lt. Jerry Rawlings introduced an Economic Recovery Program (ERP) under the auspices of the Bretton Woods institutions to initiate what would become an enduring relationship between the country and the latter.<sup>78</sup> The introduction of these policies brought on a major departure from the state-led policy framework that had been laid since the attainment of political independence in 1957.

These policies were drafted in two major phases. The phase one, tagged 'the Stabilization Phase' lasted between 1983 and 1986 and was aimed at remedying the economic setback especially in the industrial and export-commodity production sector.<sup>79</sup> In Mawuko-Yevugah's words, "it involved macroeconomic stabilization measures comprising fiscal, monetary and exchange rate policies; the liberalization of prices; and the restructuring of the public and financial sectors".<sup>80</sup> The second phase, 'the Structural Adjustment and Development phase', marked the period between 1987 and 1989. This phase focused mainly on growth and development, with special attention drawn towards social services. The cardinal elements for implementing the strategy as outlined by C. Mawuko-Yevugah were: (a) a realignment of relative prices to encourage productive activities and exports through the strengthening of economic incentives; (b) a progressive shift away from direct controls and intervention toward greater reliance on market forces; (c) the early restoration and of monetary and fiscal discipline; (d) the rehabilitation of social and economic infrastructure; and (e) the undertaking of structural and institutional reforms to enhance the efficiency of the

<sup>76</sup>G. Eduah, *The Impact of the World Bank's SAP and PRSP on Ghana: Neoliberal and Civil Society Participation Perspectives*, Retrieved 20/11/2021.

<sup>77</sup>G. Eduah, *The Impact of the World Bank's SAP and PRSP on Ghana: Neoliberal and Civil Society Participation Perspectives*...

<sup>78</sup>C. Mawuko-Yevugah, "From Resistance to Acquiescence? Neoliberal Reform, Student Activism and Political Change in Ghana" in *Postcolonial Text* Vol. 8 (3&4), 2013.

<sup>79</sup>C. Mawuko-Yevugah, "From Resistance to Acquiescence? Neoliberal Reform, Student Activism and Political Change in Ghana"...

<sup>80</sup>C. Mawuko-Yevugah, "From Resistance to Acquiescence? Neoliberal Reform, Student Activism and Political Change in Ghana"...

economy and encourage the expansion private savings and investment.<sup>81</sup>

### **An Assessment of the Implementation of the Structural Adjustment Program in Ghana**

The implementation of SAPs in Ghana occasioned a shift in Ghana's overall financial and economic performance, at least in the early years. In the first decade after the policies were implemented, the Ghanaian government recorded real increase in GDP, increase in per capita incomes and favorable balance of payments. Volume of imports rose to an average of 10% a year and inflows of official grants and concessional loans rose from the equivalent of less than 1% of GDP in 1983 to about 10% of GDP by 1990. In the same vein, GDP in real terms rose by 5.3% in 1986, per capita real income rose by 2.6%; agricultural output rose by 4.6% and services expanded by 5.4%. This remarkable progress earned the attention and admiration of the World Bank, IMF and Western donors. The World Bank, in its 1994 *Adjustment in Africa* report, argued that the structural adjustment policies made a significant impact as far as transiting countries such as Ghana from a state of near economic collapse to a semblance of stability and modest growth. Another testament to this assessment is the laudable progress the nation saw in the area of infrastructural development. Prior to the implementation of the SAP, the country's infrastructure was barely recognizable, but with the dividends of the SAP working its way round the economy, an infrastructural revamp was witnessed.<sup>86</sup>

In spite of the initial successes recorded in the SAP implementation, Ghana, by the end of the 1990s had very little to show for its economic reforms. Despite the improvements recorded on economic and financial fronts, the nation continued to experience some structural, institutional and financial setbacks. These setbacks are inclusive of a high inflation rate, a small and slowly developing private sector, meager domestic savings and investments, stalling a self-sustained growth in output and increasing demand on the public sector's management and implementation capacity.<sup>87</sup> Also, worthy of mention is the fact that the gains the nation recorded in the semblance of macroeconomic stability were yet to be made manifest in improved living conditions for the larger percentage of the Ghanaian population. Ghana, which in the mid-1990s, ranked 133 on the United Nations Human Development Index (HDI),

<sup>81</sup> C. Mawuko-Yevugah, "From Resistance to Acquiescence? Neoliberal Reform, Student Activism and Political Change in Ghana"...

<sup>82</sup> C. Mawuko-Yevugah, "From Resistance to Acquiescence? Neoliberal Reform, Student Activism and Political Change in Ghana"...

<sup>83</sup> C. Mawuko-Yevugah, "From Resistance to Acquiescence? Neoliberal Reform, Student Activism and Political Change in Ghana"...

<sup>84</sup> C. Mawuko-Yevugah, "From Resistance to Acquiescence? Neoliberal Reform, Student Activism and Political Change in Ghana"...

<sup>85</sup> C. Mawuko-Yevugah, "From Resistance to Acquiescence? Neoliberal Reform, Student Activism and Political Change in Ghana"...

<sup>86</sup> C. Mawuko-Yevugah, "From Resistance to Acquiescence? Neoliberal Reform, Student Activism and Political Change in Ghana"...

<sup>87</sup> C. Mawuko-Yevugah, "From Resistance to Acquiescence? Neoliberal Reform, Student Activism and Political Change in Ghana"...

now ran 136 in 2006 after a rise that occurred between 2002 and 2004.<sup>88</sup> Heavy foreign debts incurred by the country further stalled the progress of neoliberalism in Ghana.<sup>89</sup>

The level of gross savings is another area of concern. Gross savings were 19.99% of GDP in 2012 but declined to 15.69% in 2013, increased in 2014 but fell yet again to 17.57% in 2015.<sup>90</sup> Between 2005 and 2015, gross savings as a percentage of GDP never reached 20%.<sup>91</sup> Continued heavy reliance on primary produce is yet another reason for the short-lived success of neo-liberal policies. This dependence is particularly notable in the area of exports which were dominated by primary produce (over 60% in 2015, of which minerals accounted for 32.1%)<sup>92</sup>. Such a heavy reliance on an exhaustible resource is an obvious cause for concern.

An unsettling outcome of the implementation of neoliberal policies in Ghana was in the social cost of these policies. For example, the implementation of total cost recovery by encouraging user fees for education and health services and retrenchment in the public employment sector occasioned wide range depletion in individual incomes and a resultant widespread poverty. For instance, the gold mines in Tarkwa lost 1000 workers and Nsuta Manganese Mine as well as other gold mines had to embark on retrenchments as a result of reduction in the value of gold.<sup>93</sup> As expected, purchasing power rapidly decreased, unable to sustain a healthy demand for urban informal sector products. Subjecting the prices of privatized utilities to market forces made to inaccessible to several, especially the poor and impoverished. Families were relocated and there was an upsurge in social problems such as drug usage and prostitution.<sup>94</sup> The mining industry saw expansion but this had no real advantage for local economies.<sup>95</sup>

Thus, the years of implementing the adjustment policies are yet to improve the access of Ghanaians (especially the most vulnerable-women and children) to their basic needs, chief of which is food. In light of all that has been discussed, evidently, the adoption of the Bretton Woods' SAP failed to deliver results sufficient to impact long-term development and poverty

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<sup>88</sup> C. Mawuko-Yevugah, "From Resistance to Acquiescence? Neoliberal Reform, Student Activism and Political Change in Ghana"...

<sup>89</sup> M. Huq & M. Tribe, *The Economy of Ghana: Has Neo-Liberalism been the Solution or the Problem?*, nomadit.co.uk. Retrieved 16/12/2021.

<sup>90</sup> M. Huq & M. Tribe, *The Economy of Ghana: Has Neo-Liberalism been the Solution or the Problem?*...

<sup>91</sup> M. Huq & M. Tribe, *The Economy of Ghana: Has Neo-Liberalism been the Solution or the Problem?*...

<sup>92</sup> M. Huq & M. Tribe, *The Economy of Ghana: Has Neo-Liberalism been the Solution or the Problem?*...

<sup>93</sup> G. Eduah, *The Impact of the World Bank's SAP and PRSP on Ghana: Neoliberal and Civil Society Participation Perspectives*...

<sup>94</sup> G. Eduah, *The Impact of the World Bank's SAP and PRSP on Ghana: Neoliberal and Civil Society Participation Perspectives*...

<sup>95</sup> G. Eduah, *The Impact of the World Bank's SAP and PRSP on Ghana: Neoliberal and Civil Society Participation Perspectives*...

alleviation. Undoubtedly, the economic recovery programs did in fact recover the macroeconomic position; they failed to revitalize the productive sectors of the economy.

Despite the positive effects that neoliberalism (via the SAP) had on Ghana, it has had its fair share of disadvantages. The implementation of SAP in Ghana led to reductions in public service sectors with about 300,000 public sector workers disengaged. Furthermore, local industries were exposed to an unhealthy rivalry with cheap imports from Asia, reducing the staff strength in that sector from 78,700 in 1987 to 28,000 workers by 1993<sup>96</sup>. A rise in unemployment consequentially resulted to a fall in the demand for social services. There was equally a decline in the access to education and health care services with the introduction of user fees. School supplies, drugs, improved health care equipment/machinery and other essential items became increasingly expensive once the country's currency devalued. Beginning from 1983, trade deficits rose because the cost of imports rose while that of exports fell.<sup>97</sup> Even the World Bank acknowledged in 1993, that in spite of growth in per capita income of 2% per year, the average person would not rise above the poverty line for fifty years.<sup>98</sup>

While the neoliberal reforms have improved the quality of life for business, political and bureaucratic elites, it has made living tedious for the majority who either unemployed or are not 'gainfully' employed/engaged (underemployed).<sup>99</sup> The discontinuation of the government's financial commitment to the health and educational sectors meant that more people who were privileged to be somewhat employed, were paid hourly, had no fixed hours, no contracts and no employment benefits such as sick pay, paid holidays and maternity leave.<sup>100</sup> As expected, there was minimal job security since they were not protected by government laws.

### Conclusion

Evidences show that while on the surface, neo-liberalism has been somewhat advantageous to both Nigeria and Ghana, its disadvantages do outweigh its benefits. The temporary relief of state and freedom of private individuals to engender increased participation in the labor market while reducing the state's financial commitment clearly does not bode well with the larger percentage of both sets of population. Advocates of neoliberalism posit that free markets and trade are cardinal to human prosperity as they promote individual liberties, job growth, technological innovation/advancement and transnational collaborations which

<sup>96</sup>G. Eduah, *The Impact of the World Bank's SAP and PRSP on Ghana: Neoliberal and Civil Society Participation Perspectives...*

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promulgate global peace and prosperity. They argue that the state interrupts the workings of a free market system and only yields wastage of resources, inefficient allocation of resources and stagnation. They propose that the role of the government be limited to providing private properties through policy formulation and law enforcement ease global commerce and sustain a strong military. The overall economic stagnation experienced by Nigeria and Ghana are a testament to the fears of opponents of the tenants of neo-liberalism. Neo-liberal policies have largely exacerbated rather than ameliorate economic and social inequalities in both countries. The limiting of state role has removed certain safety nets provided by the state to support the economically and socially vulnerable class. This has left the larger percentage of the populations impoverished and greatly underprivileged.

### **Recommendation**

Neo-liberalism promotes a liberal economy with free market competition but the challenge is that in the real sense, there is no free competition now because large corporations can and do in fact control markets, so it is false to think of this as being a competitive market situation. The so called roll-back of the state has had a number of effects which include taking away regulations which is how government controls market activities. The removal of this is essentially the removal of safety. The two realities described make it difficult for the government to provide necessary safety nets for consumers at the hands of profit driven capitalists. It also does not engender a true competitive market because giant co-operations possess the wherewithal to monopolize market opportunities, which does not even the playing field for smaller businesses. This study therefore recommends that Nigeria and Ghana adopt a more appropriate version of neoliberalism which will protect major and crucial sectors of the economy and ensure that quality delivery is favored above profit realization.