Covid-19 and the Continued Imposition of Global Institutions’ Fetishized Way of Understanding the World

By:

Miyawa Maxwel

June 22, 2020

The Covid-19 pandemic has seen governments all-over the world going on the overdrive with practical policy measures aimed at combating the novel virus and resuscitating battered economies. Coincidentally, though unsurprisingly, the pandemic has provided the World Bank and IMF a perfect opportunity to proliferate standard norms and practices for countries to adopt in response to the economic catastrophe sparked by the health crisis. The measures currently in deployment in developing countries are mostly Western-derived. They are advanced through excessive economic rationalism that the Bank and the IMF are well known for. They are applied in a paternalistic process of enculturation to global financial institutions’ fetishized understanding of the world. This enculturation takes place, notwithstanding that those proposed standards and norms are apparently ill-suited to our socio-economic contexts. Our socio-economic context, especially during this extraordinary time, is that of fragile economies, weak health infrastructure, pockets of conflict, and the accumulating sovereign debt burdens.

Kenya is a perfect exemplification of those countries which have not sufficiently appreciated, as fully as they should, that, when adopting exogenous standards, it is better to be on the side of caution than to live with the costs of a poor judgment. In the wake of the pandemic, the government has unthinkingly been replicating global institutions' idiosyncratic ways of responding to the catastrophe, without questioning their underlying assumptions. As the IMF itself admits, it has been "in close contact with the Kenyan authorities and stands ready to provide policy advice and further support, as needed". Consistent with the World Bank and IMF recommendations, the government of Kenya has taken to emergency borrowing, almost with religious fervour. The government has also swiftly implemented lockdown measures and unleashed economic stimulus package. And yet, the follies, inefficacy and costs of some of these measures are now too obvious in that, as critics point out, they "lack torque and [do] not make any statement".

However, it must be noted that the responses have not been all that uniform across the African continent. Medically absurd interventions are to be found in countries such as Tanzania's administrative fiat of keeping worship centres open, or Madagascar's endorsement of a herbal remedy for covid-19 despite WHO's warnings on its effectiveness. Perhaps these give credence to CNN's Fareed Zukaria's riposte that the pandemic demands more than science.

This article criticizes the emerging trends in which Sub-Saharan African countries have been made to unquestioningly embrace global institutions fetishized ways of tackling the health and economic crises spawned by the covid-19 pandemic. It argues that in the adoption of the fetishized ways of understanding the world that is championed by the World Bank and IMF during this health crisis, economically weak countries in the developing world are being encultured to globalized standards, norms and practices. Given that it is not yet clear whether these institutions are part of the solution to the economic afflictions of African people, or part of the problem, it is questionable whether we should adopt the parameters set by them without critical re-examination of their suitability and adaptability to our contexts. And yet, contingent to the adoption and praxis of these paradigms are troubling human rights violations and potential economic harms in the recipient countries. Most recently, none other than the IMF notes that most governments in Africa, including fragile states torn by conflict, are currently ill-equipped to address or remedy the unpredictable and unknowable impacts of the pandemic. The *Economis*t, as well reports that Africa is "woefully ill-equipped to cope with the virus."

No doubt, the corona virus pandemic has largely been regarded a medical emergency that poses formidable economic uncertainties for the entire global community. Such disruptions have been experienced in critical pillars of the global economy, with global value chains being the most affected. The global financial sector has witnessed massive capital flight from developing countries while domestic African markets have been hit by declining commodity prices and diminishing liquidity. It is because of these uncertainties and shocks that global health and economic institutions have assumed, paternalistically, crucial roles in spearheading the containment measures. It is the ramifications of wreaking disproportionate economic harm on weak economies that is now worrying the World Bank and IMF, and which has pushed them to adopt a pure economic outlook on the crisis.

In adopting the pure economic outlook on the pandemic, the policy measures favoured by the IMF and World Bank have mostly sought to enforce their fetishized understanding of social reality. They have favoured stemming the tide of severe economic disruption by recommending a range of standardized fiscal measures. One foremost measure that the Bank and IMF have favoured is taking emergency credit facilities to tackle economic vulnerabilities. The Bank argues that its support to developing countries, will, for example, "maintain the private sector, and strengthen economic resilience and recovery." It is the World Bank that first declared that "in the coming weeks, all countries—even those without a single coronavirus patient—will need to take concrete policy steps to protect their people and limit harm to their economies." As part of its key role in the provision of global public goods, the Bank declared that it would deploy its "full array of capabilities" to limit the harm by expanding financing and capital for business, a promise that has enticed most Sub-Saharan African countries into a borrowing spree.

The IMF, similarly, has also perfected this economic approach to the health crisis. As Kristalina Georgievaargues, “a global crisis like no other needs a global response like no other” and that we should “strengthen our arsenal” by providing rapid and enhanced financial resources to countries in need.

True to their word, the emergency stabilization and development financing are now being disbursed, marked by a consistent practice of enculturation to global norms and practices. To safeguard businesses, the IMF has been on the forefront recommending economic stimulus packages, liquidity provision for businesses to avoid job losses, preventing insolvencies, and avoiding contraction of the economy, albeit with caution that weak economies may not effectively implement these measures. Towards the public, particularly households, they have proposed welfarist safety nets to vulnerable population, direct transfers, price controls, goods rationing, suspension of individual credit responsibilities, employment insurance payments, expansion of unemployment benefits.

As global institutions propose these standard practices, at the country levels, the administrative methods and police powers of execution have varied remarkably from one country to another. Some countries have even used overreaching police powers of the state to contain the virus! These include bastions of liberal democracy such as the US, France and South Africa which were the first to proselytize extraordinary measures that are tantamount to the abrogation of fundamental rights and freedoms. France for example seized medical masks while the US President Donald Trump invoked war powers under the Defence Production Act to compel private companies to produce critical medical supplies and inputs needed to combat the virus.

In the variance and dynamism of measures taken by different countries, there has been a common and observable trend of economic shutdown. Intriguingly, the IMF technocrats have justified these state “intrusive actions” in the economy as economic policies for Covid-9 war or within the rationality of what it calls “recourse to wartime powers”.

As we all know now, it is the stringent governments’ measures in response to the pandemic that have created the unfolding economic catastrophe. It is therefore a fallacy to state that Covid-19 epidemic has created daunting economic devastation. Governments have. In this regard, the one administrative action that may be scrutinized the most, for causing drastic reduction in economic activities and shrinking economies across the globe is lockdown or shutdown. Lockdowns have now been implemented in almost all Sub-Saharan African countries, mimicking the steps taken by Europe and the US, even when the reported cases were almost non-existent in our countres. Lockdowns have now been associated with other measures such as social or physical distancing, cessation of movements, and closures of businesses except for the essential ones.

Sadly, Rushmi Matete notes, it is these response measures, which bear the hallmarks of voluntary governmental actions, that are now, in the worst cases, "pushing African countries into negative per capita growth", without any possibility of recourse to alternatives or mitigation. While the range of governmental interventionary measures such as lockdowns and restrictive movements may have their own triumphs and perils, one thing is for certain: it is that in most Sub-Saharan African countries, these measures have not been carefully thought-through to take account of the special context of our countries.

As was earlier predicted by the World Bank, the lockdown was going to have severe implications for development in Africa in that there was going to be "tighter credit conditions, weaker growth, and the diversion of government resources to fight the outbreak [which] would reduce funds available for key development priorities". It was therefore a policy imperative for governments to expect that economic shutdowns were going to diminish public revenue, impair the fight against poverty, and undermine the obligation to meet sustainable development goals. And yet, these considerations have not featured or been articulated in the aggressive borrowing moves now witnessed in the developing countries.

The imperative of contextualizing policy action should also have been weighed against the evidence that the economic disruptions posed by the contagion will impair development, cause Sub-Saharan Africa's economy to contract by a huge margin this year, and consequently lead to massive income losses estimated to the tune of $200 billion.

To be clear, if not reductionist, saving lives is of course a sound policy objective, and a necessity at this time of crisis, but it would be more productive if such policy initiatives are implemented through a method that is conscious of preserving economic livelihoods too. Such initiatives must also be homegrown, reflecting the obtaining socio-economic conditions of the countries in issue.

From a development perspective, economic shutdowns and the concomitant distributive impacts were going to require heavy public spending. Heavy budgetary spending require further borrowing from the IMF and World Bank, a move which was foreseeably going to raise our unsustainable debt levels and distress beyond the earlier predictions or what Jason Rosario calls "panDEBTmic" as the potential impact of the crisis in Kenya.

Indeed, studies show that in the course of the provision of development and stabilization financing, unsustainable foreign debt in low income developing countries continues to soar, significantly undercutting states' resource capacities to meet social justice obligations. For example, Uganda, Kenya, Nigeria and Ethiopia, to mention a few, have by now all borrowed from the World Bank and IMF adding to the chokehold of debt burdens. A country such as Uganda which requested emergency assistance of $491.5 million—equivalent to 100 percent of its quota—under the IMF's RCF seems to have thrown caution to the winds and will live with a poor judgment for a long time.

It cannot be overemphasized that adopting purportedly universal standards proposed by global institutions may be unsound if not properly calibrated with locally obtaining situations, or implemented in line with appropriate policies to tackle the adverse distributional impacts. There are adverse distributional impacts which most governments could not foresee or predict when they adopted standard practices of developed countries to contain the virus. Adverse economic consequences of economic shutdown include the disproportionate harm on the least advantaged in society: the informal and self-employed workers without insurance, sick leave, unemployment benefits, or savings to redeem. The adverse distributional effects are a direct result of diminishing employment prospects, job losses, salary cuts, low remittances, reduction of net income.

Study shows that these impacts disproportionately affect and leave behind the poor and most vulnerable. This segment of society includes those with basic skills and low levels of education as compared to those with advanced levels of professional qualification. In effect this has the potential to raise the inequality gap between the rich and the poor, and between those with basic education and those with advanced education, thus hampering the national efforts to combat inequality. These are the new realities most governments could not know or foresee at the time of imposing the lockdown measures, but which they now must contend with, advisably by using new tools this time round.

In other words, the socio-economic and political rights of millions of people will be violated during the covid-19 pandemic under the guise of “an unconventional war to be fought with unconventional armaments”.

The point is that the fetishized way of understanding the world through excessive economic rationalism imposed by global financial institutions is implicated in the human deprivations and development harms directly linked to the response measures adopted by fragile and conflict-ridden Sub-Saharan countries. The reason is that the measures have been recommended, and implemented as policy decisions by these governments, yet they do not adequately provide for the assessment of human rights and development needs of the people during this extraordinary time.

In conclusion therefore, governments need to ensure that the interventionary measures they seek to implement must be tempered with and evaluated against the special needs and dynamics of their countries. The fragility of our economies, the growing debt levels, the development challenges they pose, and the social and economic vulnerability of a significant segment of our populations ought to be important considerations in developing response and containment measures against Covid-19.

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