STRUCTURAL ADJUSTMENT PROGRAMS IN SUB-SAHARAN AFRICA

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> When most people see conditions of underdevelopment, they say we need to get rid of these conditions. But what if those conditions of underdevelopment aren't factors contributing to underdevelopment, but symptoms of it. Underdevelopment is more complex, and more whole, than any of those symptoms.
>
> *Claude Ake*[1]

Introduction

It is the middle of the 1990s, and Africa[2] is increasingly referred to as "the continent in decline." Statistic after statistic seems to give credence to this assertion: the total debt burden for sub-Saharan Africa in 1992 was over US$183 billion, which reflects an increase of 300 percent in just twelve years. Furthermore, debt service alone requires US$11 billion per year, roughly four times what African governments spend on social welfare.[3] Unemployment has quadrupled since 1980, with official estimates at over 100 million people. Real wages have decreased by more than 30 percent, per capita income is currently below the 1970 level and declining, and the living standard for the continent is falling by 2 percent annually. More ominously, in the 1980s Africa lost at least US$12 billion per year in export revenues due to declining commodity prices,[4] and future prospects are no better: according to the World Bank, real prices for African commodities over the next 12 years will be less than two-thirds their 1979-1981 levels.[5]

On the human welfare front, Africa is the only region where poverty is increasing, food production per capita is decreasing, and infant mortality and

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1 Claude Ake, *A Political Economy of Africa*, (London: Longman Grou Limited, 1981), 6.

2 In this paper, Africa refers to sub-Saharan Africa, consisting of the forty-two nations south of the Sahara desert and excluding South Africa.

3 Obinna Anyadike, "Commodities: Decline Continues for African Producers," *Inter Press Service*, 19 April 1993.

4 Ved P. Nanda, "World Bank, IMF, Face Changing Needs," *The Denver Post*, 7 August 1994, F(4).

5 Anyadike, "Commodities: Decline Continues for African Producers," John Ravenhill, ed., *Africa in Economic Crisis*, (New York: Columbia University Press, 1986).

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literacy rates are worsening.[6] Africa also possesses the highest population growth rate and the fastest growing malnutrition rate of any region in the world. Clearly there exists great human suffering in Africa today, and much that needs improvement.

In order to examine Africa's modern day crisis, one must look not only at the facts of the present but also into the past. Some analysts focus on the 1980s and the reasons why it became "the lost decade" of development; others direct their attention to the larger economic forces of rising oil prices during the two oil supply shocks of the 1970s (and the subsequent global recession to which they led). A few intellectuals point out that the heavy state intervention and central development nature of African political and economic independence in the 1960s irrevocably led it down the path of poverty. None of these views, however, strikes at the real heart of Africa's present dilemma. To do so, one must examine and candidly critique the colonial tradition to which it remains subjected in the form of Structural Adjustment Programs.

Structural Adjustment Programs (SAPs), devised and operated by officials at the International Monetary Fund (IMF) and the World Bank in cooperation with members of the African Ministries of Finance and Planning, began in Ghana in 1983 and today are in place in one form or another in virtually every African nation.[7] These SAPs are failing to improve the economic and social indicators used to measure the overall health of Africa[8] because they were not designed for such a purpose in the long run. The SAPs of the World Bank and IMF will result only in further deterioration and poverty within the general African populace as they are used by the West to continue the extraction of African wealth which was begun in the colonial period.

This article will trace the institutional genesis of SAPs as well as their mechanisms and purpose, examine several theoretical critiques of the SAP approach to resolving the African crisis (with a special focus on the radical point of view), and comment on alternative plans and responses to SAPs. It will then conclude with recommendations on how to address the real problems that SAPs purport to answer.

Bretton Woods Institutions and Structural Adjustment Programs

> "The International Monetary Fund has virtually ceased to concern itself with the economic problems of the Rich Countries for which it was originally conceived. It has become largely an instrument for economic and ideological control of poor countries by the rich ones."
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> *Julius Nyerere, March 1985*

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[6] Victoria Brittain and Kevin Watkins, "A Continent Driven to Economic Suicide," *The Guardian*, 20 July 1994, 11.

[7] Julius E. Nyangoro and Timothy M. Shaw, eds., *Beyond Structural Adjustment in Africa: The Political Economy of Sustainable and Democratic Development*, (New York: Praeger, 1992), 17.

[8] John Madley, *Trade and the Poor*, (New York: St. Martins Press, 1992).

This assertion, by the father of African socialism and former president of Tanzania, was made at the Royal Commonwealth Society in London in front of the former colonial rulers of Nyerere's homeland.[9] It makes a bold point not only about the IMF but also about the other Bretton Woods institution, the World Bank. The statement is timely even today; last year Finn Tarp wrote that "the Bretton Woods institutions have in fact by now gained an unprecedented and pervasive influence over policy-making in Africa."[10]

Certainly this was not what the founders of the Bank and the IMF had in mind when they created these sister institutions to help rebuild Europe after the devastation of World War II. Instead, when the leading economists and politicians of 1944 sequestered themselves at the Mount Washington Hotel in the mountains of New Hampshire, their goal was to create an international economic system that would help the global community (i.e., the West) avert another great war.[11] The International Monetary Fund's purpose was to work with nations on current accounts, while the World Bank (formally known as the International Bank for Reconstruction and Development) was to oversee infrastructure and development projects. Nonetheless, it quickly became apparent that as far as the Third World was concerned, both institutions ultimately had the extension and fortification of the capitalist system of economic growth as primary objectives.

In Africa, the IMF and World Bank gave most of their monies to large infrastructure programs designed to facilitate the transport and export of cash crops and other primary commodities. With the 1970s, however, came a growing balance-of-payment problem throughout Africa, and by 1980 the African governors of the World Bank (i.e., the host countries' Ministers of Finance) wrote a memo to the Bank's president requesting "a special paper on the economic development problems of these countries." The result was the now (in)famous Berg Report, entitled *Accelerated Development in Sub-Saharan Africa: An Agenda for Action.*[12]

The Berg Report shifted the entire nature of the debate regarding the development programs of Africa. Its primary innovation—conditional lending based on macroeconomic changes (hence the term structural adjustment)—was transformed from a failed idea of the 1950s[13] into an idea with "unassailable status as a *de facto* paradigm" that could set the development agenda for the future "no matter how short-term, partial, optimistic, or mistaken its orientation."[14]

Before examining the Berg report and SAPs in greater depth, it is important

9 Ibid., 15.

10 Finn Tarp, *Stabilization and Structural Adjustment: Macroeconomic Frameworks for Analysing the Crisis in Sub-Saharan Africa,* (New York: Routledge, Chapman and Hall, 1993), 1.

11 Ishrat Husain, *The Challenge of Africa,* The Evolving Role of the World Bank Series, (Washington, DC: The World Bank Group, 1994), i.

12 Nyangoro and Shaw, *Beyond Structural Adjustment,* 13; World Bank, *Sub-Saharan Africa: From Crisis to Sustainable Growth,* (Washington DC: World Bank).

13 Paul Mosley, Jane Harrigan, and John Toye, *Aid and Power: The World Bank and Policy-based Lending, Volume 1: Analysis and Policy Proposals,* (New York: Routledge, Chapman and Hall, 1991), 63.

14 Nyangoro and Shaw, *Beyond Structural Adjustment,* 6.

to note that their influence extended and continues to extend beyond the immediate ability of the Bank and IMF to lend their own limited funds. Because the Bank and IMF are controlled by the nations of the West (in particular the United States), recipient countries must approve the conditions set by the IMF and Bank before bilateral donors and commercial banks will offer balance-of-payment support or development financing. In essence, then, a country must accept the entire SAP—no matter how harsh, short-sighted, or flawed—in order to earn an internationally recognized "seal of approval" for borrower credit worthiness.[15]

As mentioned above, the Berg Report reversed the IMF and World Bank course regarding development in Africa. In the 1970s these institutions increased their "basic human needs" funding, which was designed to give greater priority to distributive issues of development and to fund projects aimed at increasing the welfare of the poor and marginalized.[16] With the publication of *Accelerated Development in Sub-Saharan Africa,* however, this brief trend was reversed as human welfare and social sectors were consciously ignored by the technocrats at the IMF and Bank and in the borrowing countries' Ministries of Finance and Planning.[17]

The overall organizing principle of the Berg Report was for nations to resume growth-oriented (i.e., export-led) programs. This necessitated three changes: "(i) more suitable trade and exchange rate policies, (ii) increased efficiency of resource use in the public sector, and (iii) improvement in agricultural policies."[18] In essence, the Berg Report indicated that internal politics and inefficient policies associated with African import substitution strategies were the primary culprits of the continent's economic problems. In doing so, the authors ignored two critical factors: (i) an international economy increasingly unfavorable for African primary goods,[19] and (ii) the limits imposed upon industrial development by First World import tariffs. Even worse, they disregarded the historical circumstances that led Africa to its then current stage of development.

The mechanisms with which SAPs were meant to achieve their goals were two-fold: stabilization policies, usually overseen by the IMF, and policy reform, the prerogative of the Bank. Stabilization policies included exchange rate adjustments (generally steep currency devaluations), interest rate policies, trade barrier reductions, cuts in public sector deficits, the lifting of foreign investment barriers, and the deregulation of prices of goods, services, and factor inputs. Policy reform has been more concerned with the long-term transformation of the economy; it helped create long term institutions more conducive to growing,

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15 Tarp, *Stabilization and Structural Adjustment,* 1.

16 Ibid., 123-24.

17 Jo Marie Griesgraber, ed., *Rethinking Bretton Woods: Towards Equitable, Sustainable and Participatory Development,* (Washington, DC: Center of Concern, 1994), xii.

18 Timothy M. Shaw, "The African Crisis: Debates and Dialectics Over Alternative Development Strategies for the Continent," in John Ravenhill, (ed.) *Africa in Economic Crisis,* (New York: Columbia University Press, 1986), 114.

19 Michael Barrat Brown, and Pauline Tifen, *Short Changed: Africa and World Trade,* (Boulder, CO: Pluto Press, 1992).

marketing, and selling cash crops and to transferring other commodities to First World nations.

Each of these changes was to be carried out in an abrupt fashion over a short period of time, creating domestic political conditions that often undermined the stated goals of increased economic efficiency and reduced balance-of-payment deficits. These conditions in turn led to reactive political policies that intensified domestic and foreign economic disequilibrium. Perhaps the most indicative statistic of the effects of structural adjustment along these lines is that during the 1980s the only portions of government budgets to increase were interest payments on the foreign debt.[20]

Theoretical Critiques of Structural Adjustment

As a major policy instrument of two large international economic institutions, SAPs have attracted great attention over the past decade. Much of this attention has been critical, and although most of it comes from practitioners and policymakers within the development field, political economy theorists also have contributed to the debate. This section will briefly examine the points of view of two paradigms, liberalism and realism, before delving into the radical critique.

Liberalism and Realism

In international political economy, liberalism posits that markets, if left unfettered by politicians and their political agendas, will create the greatest economic good for the greatest number of people. Within liberalism, two groups espouse different attitudes on programs such as structural adjustment and on their sponsoring institutions. Keynesian liberalism holds that a role for international economic cooperation between countries and institutions does exist, as long as that role is to ensure that the economy functions to maximize welfare. In this sense, the ultimate goals of the World Bank and the IMF can be justified because they attempt to further develop the capitalist system within Africa and because they prevent market systems from collapsing by freeing up inherent economic forces that have been distorted by state intervention.

Supporters of a different type of modern liberalism are more orthodox in their prescriptions. Neo-liberals hold that conditional lending and international economic intervention in African economies are ultimately counter-productive, as financial meddling of this sort only serves to prop up already inefficient and distorted markets. Continuing along this line of argument, neo-liberals believe that the greatest efficiency for African economies would be reached if bilateral and multilateral aid ended and nations were forced to undergo mass privatization for economic survival. A radical would argue that each of these liberal views are misguided, however, because they refuse to acknowledge both the strong historical forces that have shaped the African economic landscape and the

[20] Tarp, *Stabilization and Structural Adjustment*, 17-18.

cultural, and therefore economic, diversity of non-Western capitalism within the continent itself.

A second international political economy paradigm, realism, is concerned mainly with the political power of states which exist in an international system of anarchy. According to realists, the global strategic importance of Africa is minimal. Thus, it is not the most efficient application of political resources for the World Bank and the IMF to use what little leverage (and therefore power) they possess to control or influence these countries. However, most realists would approve of one phenomenon that they interpret as a part of structural adjustment—namely, that SAPs have created a way to use the "low" politics of economics for diplomatic means. For example, SAPs provide a tool for a global power to control an African country if that power depends upon the country for strategic resources. Structural adjustment, therefore, can be only minimally justified, though with the end of the Cold War the current overall importance of such programs in that region is extremely diminished.[21]

A Radical Perspective

The radical or Marxist paradigm sheds the most light on the true purposes and results of structural adjustment in Africa. It does this because, unlike the liberal and realist perspectives, it does not marginalize the importance of Africa in the global order, nor does it ignore the important forces of history in its analysis.

Timothy Shaw highlights such links between present conditions and past global economic and political forces as follows:

> The very strategies of development the African governments have been pursuing since independence have come from outside, derived as they were from theories of economic development that were developed during the colonial and neocolonial periods to rationalize the colonial production of Africa. Not unexpectedly, those foreign theories of development and economic growth reinforce the economic dependence of Africa.[22]

To examine those past forces more specifically, it is necessary to go back exactly one hundred years, to the Berlin Conference on the division of Africa. It was this conference that marked the beginning of the European scramble for African colonies (mainly the British, French, Germans, and Portuguese), which deeply influenced the past century of African development.

In his book, *African Perspectives on Colonialism,* Ghanaian professor Adu

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[21] George T. Crane and Abla Amawi, eds., *The Theoretical Evolution of International Political Economy,* (New York: Oxford University Press, 1991), 11-15.

[22] Shaw, *The African Crisis,* 111. See also Timothy M. Shaw and John Inegvedion, "The Marginalization of Africa in the New World (Dis)Order," in *Political Economy and the Changing Global Order,* Richard Stubbs and Geoffrey R.D. Underhill, eds., (New York: St. Martin's Press, 1986).

Boahen points out the four justifications for the European powers acquisition of colonies: to acquire raw materials and agricultural products; to gain markets that would absorb products from industrial production; to find areas for investing surplus capital; and to demonstrate their power, prestige and security.[23]

To achieve these functions, Europeans created systems and infrastructures by which they could control the African economies. To control the two most important sectors, agriculture and mining, they established whole systems of communications, administration, education, and, most importantly, transportation to facilitate the harvest and export of those commodities.

The money invested in these systems was not regarded by the Europeans as a contribution to the welfare of the colonies; instead, it was viewed as a business investment that required recovery as quickly as possible. In order to recover this investment, the Europeans focused their efforts on earning the maximum amount of wealth in the shortest period of time. This quite naturally led to the production of primary commodities because they could be extracted with less effort and yield the greatest returns.[24] It also led to a combination of incentives and sanctions for cash crop and primary product production (e.g., being arrested for uprooting coffee plants) that still exist in one form or another.

This narrow focus on extracting wealth from the colonies resulted in a multitude of factors that have contributed to the economic underdevelopment that SAPs are supposedly trying to "resolve" today. One such factor is that the narrow resource base of African economies—a result of the fact that "the colonization of Africa was done in the interest of capitalist accumulation and not in the interests of African development"[25]—leaves countries especially exposed to plunging commodity prices in the volatile world market. This situation is aggravated by the World Bank's attempts to promote primary product exports simultaneously in dozens of competing countries around the world, which leads to a flooding of the market and a subsequent drop in prices. One example of such a pattern is that coffee, tea, and cocoa prices today are the lowest they have been in real terms in ninety years![26]

Furthermore, the Europeans created primary commodity economies in such a way that no linkages existed between economic sectors or regions. Once products were harvested or mined, they were taken to a port to be shipped overseas, with no significant production processes being carried out domestically—a further limit to the development of coherent economies.[27] These forces of underdevelopment continued throughout the colonial period.

By the 1960s, European states decided that their colonies were no longer

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[23] Adu Boahen, *African Perspectives on Development*, quoted in Haskell Ward, *African Development Reconsidered: New Perspectives from the Continent* (New York: Phelps-Stokes Institute Publications, 1989), 14.

[24] Claude Ake, *A Political Economy of Africa* (London: Longman Group Limited, 1981), 39.

[25] Ibid., 51.

[26] Brittain and Watkins, "A Continent Driven to Economic Suicide."

[27] Ibid., 43.

profitable and granted them independence. This political transition, however, did not lead to an economic transition within Africa, and the colonial economic traditions that had been established decades earlier continued.

Several reasons explain why political independence did not translate into economic independence.[28] First, because Africa was underdeveloped and dependent upon the Western capitalist system—due to the nature and size of foreign investment detailed above—new African leaders found that their economic policy options were limited by the sheer scale of expatriate control of the means of production.

Furthermore, economic underdevelopment constrained indigenous leaders' attempts to use the distribution of resources to create a natural power base from which they could support their political rule and transform the economic structure. In this way, economic underdevelopment led to political underdevelopment that enabled the colonial economic status quo to remain. As Dr. Nana-Sinkam, director of the joint division of the United Nations Economic Commission for Africa (ECA) and the Food and Agriculture Organization (FAO), states, "When Africa became independent . . . most African countries just went on playing the same old game. Any enterprise in the country was just a branch of an overseas company and there was no entrepreneurial class, no private enterprise."[29]

Keeping in mind this background of conscious colonialism, capitalist underdevelopment, and hampered leadership, radical critics take aim at the economic goals of SAPs. Overall, they view SAPs as being comprised of orthodox macroeconomic principles designed to benefit external actors and local elites. Because they were created specifically as a method of repaying a country's creditors and stabilizing its economy, they disregard production and noneconomic factors in favor of fiscal and monetary factors. In this sense, SAPs are intentionally oriented toward short-term solutions and neglect long-term structural change (which they purport to address), because such change would challenge the very economic system upon which the developed nations' credits are based.

Current SAPs only seem to reinforce the historical trends that have resulted in dependency. Using Ake's definition of a dependent economy as one that has a "position and relations to other economies in the international system and the articulation of its internal structure [which make] it incapable of autocentric development,"[30] radicals see the peripheral nations of Africa continuing to be marginalized by structural adjustment in several ways.

Dependence on primary products for export even though they have declining terms of trade relative to First World industrial products further entrenches African nations in debt. In 1970, 93 percent of Africa's exports were primary

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28 Louis A. Picard, "The Challenge of Structural Adjustment," in *Policy Reform for Sustainable Development in Africa: The Institutional Imperative,* Louis A. Picard and Michele Garrity, eds., (Boulder, CO: Lynne Rienner Publishers, 1994).

29 Haskell Ward, *African Development Reconsidered: New Perspectives from the Continent.* (New York: Phelps-Stokes Institute Publications, 1989), 7.

30 Ake, *A Political Economy of Africa,* 55.

commodities, and by the mid-1980s that proportion had declined by a mere 5 percent, to a total of 88 percent.[31]

Second, the privatization of much of the public sector ignores the fact that in early stages of national economic development countries must develop transportation systems, research and information networks, and adequate credit systems so markets can function smoothly and smallholder agriculture can flourish. Because many of the systems in place are either incomplete or underdeveloped, current SAPs lead to private monopolies replacing public monopoly parastatals[32] and to effective exploitation of smallholder farmers.[33]

Additionally, even if reforms are undertaken and macroeconomic policies are changed, the demand for African primary commodities is not likely to increase, as their demand is relatively inelastic. Instead, as a result of these policy reforms, Africa becomes more dependent on its external markets for selling primary products and must in turn decrease domestic industrial production, leaving the continent more dependent upon external markets for factor inputs—and therefore more open to political and economic exploitation.[34]

This export-led, balance-the-books approach does not address other fundamental economic issues for African nations. One critical issue is the narrow production base in terms of the size and range of goods provided. This problem is not simply neglected; it is consciously avoided because attempts at correction would threaten the profit ratios of those who currently control exports. This is true because as production expands the ratio of capital necessary for material input expands as well. These increases in capital investment are synonymous with a decreasing ability to extract surplus from the worker, and therefore, a declining profit margin.[35] If efforts were made to link primary product sectors with other industries, an inevitable decline in profit margins—and, therefore, the ability to service the debt—would result. Although that might be good for African economies, it would not benefit the elites whose first priority is to make money.

Another problem with the political economy of SAPs is that they are oriented toward nation-states, not toward regions, and those nation-states are often based on artificial, colonial-era boundaries, which cut across logical and natural trade routes and regions of economic activity. Thus the Western nation-state orientation of SAPs only further neglects these opportunities for important economic integration among African nations.[36]

An even greater problem with the Berg Report is the asymmetry of develop-

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31 Brittain and Watkins, "A Continent Driven to Economic Suicide."

32 It is interesting to note that many parastatal marketing boards, which have been greatly lambasted as a source of economic inefficiency and political graft, were begun in colonial times and were barely altered following political independence.

33 Uma J. Lele, "Managing Agricultural Development in Africa" in *Agricultural Development in the Third World*, John M. Staatz and Carl K. Eicher, eds., (Baltimore, MD: Johns Hopkins University Press, 1990), 537-38.

34 Shaw, "The African Crisis," 118.

35 Ake, *A Political Economy of Africa*, 17.

36 Joan M. Nelson, *Economic Crisis and Policy Choice: The Politics of Adjustment in the Third World* (Princeton, NJ: Princeton University Press, 1990).

ment it implies. As it stands now, Africa is the most economically marginalized continent in the world, participating in only 2 *percent* of global trade.[37] Structural adjustment will only continue such marginalization—if not on a continent-wide scale then certainly for most African nations. Because SAPs are constructed on the premise that a country has mineral or agricultural wealth to export, countries that have such wealth can continue to receive temporary Bank loans and benefit from foreign bilateral aid and investment, while those without such resources, or nations that decide to forego an SAP, will become increasingly marginalized. In other words, within Africa a group of semi-periphery and periphery states will develop, which Shaw referred to as "growth for the few and triage for the many."[38] These disparities in turn put pressure on continental unity and diplomatic order, while new linkages between Northern and Southern nations will result in and will provide more leverage for Northern nations to influence African domestic agendas.

Furthermore, implementation of SAPs is increasingly dividing the populations within countries, as dominant bourgeois classes acquire power and legitimacy through national, bureaucratic, or military organizations. As the economically privileged, these elements become interested in preserving the social order, leaving a disproportionately small number of people in favor of the status quo and a disproportionately large number of poor at the opposite pole of fundamental economic change. The phenomenon becomes self-perpetuating as state reforms (such as cutting social welfare programs) hurt the poor, intentionally leaving them less and less power to challenge the state while giving the state more and more power to carry out its authoritarian agenda.[39]

Alternatives to Structural Adjustment

Given such controversy about the functions and objectives of structural adjustment, it is no surprise that many groups working directly in Africa—whether developmentally-based, politically-based, or organizationally-based—have each contributed to the debate. Three of the most significant alternative plans that have emerged are the UNICEF (United Nations Children Emergency Fund) approach, the African Alternative to SAPs (and its precursor, the Lagos Plan of Action) by the United Nations Economic Commission for Africa (UNECA), and a revised World Bank Structural Adjustment approach. In this next section I will sketch each plans salient characteristics and offer a critique of each approach.

The Unicef Approach

UNICEF's response to structural adjustment has been to call attention to the fact that African countries not only need adjustment but also require poverty alleviation as well. In doing so, UNICEF has begun to put the issues of adjust-

[37] Nanda, "World Bank, IMF, Face Changing Needs."
[38] Shaw, "The African Crisis," 122.
[39] Nyang'oro and Shaw, *Beyond Structural Adjustment*, 3.

ment in a larger economic context and has responded to this context by calling on the World Bank and IMF to adopt a people-centered "adjustment with a human face" approach.

Key concepts of this approach are orienting economic policies toward increasing the productivity and income of the poor; strengthening, rather than weakening, essential services and subsidies for those hurt by larger macroeconomic adjustments; and increasing the priority of the development of human capital through basic health, nutrition, and other social welfare programs. These three areas are largely a rehashing of the 1970s basic human needs approach, and as such they are easily characterized as a step backward in World Bank policy.[40]

An even greater limitation from a radical point of view is that these policies address the symptoms of underdevelopment, and do so in a merely ad hoc manner, without analyzing the structural impediments to development. This lack of analysis is critical if the deeper reasons for the political and economic inequalities are to be identified and changed, instead of tinkered with at the margins. The UNICEF approach, therefore, should not be considered more than a short-term, and stop-gap set of solutions.

The African Alternative Framework to Structural Adjustment Programs

The African Alternative Framework to Structural Adjustment Programs has its genesis in the Lagos Plan of Action. *The Lagos Plan of Action (for the Economic Development of Africa, 1980–2000)* was formulated during the same period the Berg Report was prepared, and the two reports put forth antithetical diagnoses of the African crisis and, consequently, essentially opposite recommendations. As opposed to the Berg Report's recommendations for better domestic economic management due to largely internal reasons for Africa's problems, the Lagos Plan saw the locus of the major problems facing Africa in the external economic environment. The Lagos Plan tied many of these problems back to neocolonial dependence, while neglecting issues of national governance and local political participation.[41] By suggesting that only global problems were responsible for the African crisis, the Lagos Plan exposed itself as being nationalist in character, but not necessarily anti-bourgeoisie in premise. The Lagos Plan, however, did provide a framework from which the African Alternative Framework (AAF) to SAPs could sprout.[42]

The AAF was put together by the United Nations Economic Commission for Africa (ECA), a forward-thinking group of African intellectuals and politicians, under the guidance of Adebayo Adedeji.

The AAF stated that the fundamental problems facing the African continent were structural in nature and therefore the plan to address them would require

[40] Tarp, *Stabilization and Structural Adjustment*, 121-25.

[41] Nyang'oro and Shaw, *Beyond Structural Adjustment*, 6-13.

[42] Economic Commission for Africa, *African Alternative Framework to Structural Adjustment Programs for Socio-Economic Recovery and Transformation* (Addis Ababa: Economic Commission for Africa, 1989).

a longer time frame than SAPs seemed to suggest. The AAF also criticized SAPs for failing to address structural problems and for contributing to an overall decrease in human welfare.[43] Nonetheless, it did agree with the Banks assessment that there was a need for more money to invest in rural agriculture and that more short-term financial boosts were needed for nations undergoing internal reforms. The ECA had four main policy aims: to strengthen and diversify production capacity (e.g., land reform and greater agricultural investment); to improve income and income distribution, including reductions in defense spending; to increase social welfare spending; and to ensure institutional support for adjustment and transformation (e.g., more agricultural research, credit systems, and mass participation).[44]

The fourth policy recommendation of increased public participation was especially significant for the AAF, because it revealed that, although much of the AAF resembled the Lagos Plan of Action, it was no longer blind to the inefficiencies and unfortunate nature of certain domestic practices.

From a radical perspective, the AAF is more attractive than the Lagos Plan of Action, and indeed it is more attractive than the UNICEF approach and the revised World Bank position (discussed below). This is so because the AAF recognizes the critical role that politics can play and indicates that long-term, structural *development* must be put at the center of any type of adjustment. Unfortunately, the AAF did not offer much that was new in terms of analysis, and although African leaders pledged to use it and the 1989 Bank report, *Sub-Saharan Africa,* as stimuli for debate, it never managed to acquire more significance than as a conversation topic. This is explained in part by the fact that, while most African leaders admired the document publicly, they worried in private about some of the more populist provisions.

World Bank and Revised Structural Adjustment

The World Bank was not unaware of the maneuvering by other forces in the development field, and in order to co-opt criticism from the more strident critics within the development field, they unveiled revamped SAP parameters in their 1989 publication *Sub-Saharan Africa.*[45]

This report introduced several key changes for the operation of SAPs, the most significant of which was the increased role of governance as an important—and even, according to Bank rhetoric, overriding—issue.[46] In this way, the Bank's own report paralleled a primary recommendation of the UNECA report and was therefore able to enlist some of UNECA's potential support as an alternative to adjustment. Further recommendations of the 1989 report include: (a) structural adjustment is no more than a beginning for Africa; (b) economic reforms do not address long-term constraints fully enough; (c) SAPs must

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[43] Tarp, *Stabilization and Structural Adjustment,* 143.

[44] Ibid., 144-45.

[45] For example, the World Bank released its follow-up to the Berg Report, entitled *Sub-Saharan Africa: From Crisis to Sustainability* (Washington, DC: World Book, 1989).

[46] Ishrat Husain, *The Challenge of Africa,* 18.

protect human resource development; and (d) the goal of structural adjustment is still the readjustment of macroeconomic policy.[47]

These recommendations indicate that, like the UNICEF approach, the Bank is interested in incorporating some criticism of its programs as long as such criticism does not derail its agenda of macroeconomic adjustment, which in turn implies export-led growth and further neocolonial dependence on the part of the African nations.

Ironically, one of the most damning assessments of this approach has come from the Bank itself. A March 1993 study stated "growth rates among the best African performers are still too low to reduce poverty much in the next two or three decades."[48] Such an indictment clearly undermines not only the empirical results that SAPs aim for, but also the underlying theoretical approach to achieving those results.

Reiterations and Solutions

The current African crisis, brought about by its colonial legacy and the changes in the world economy, has left the continent more exposed and more marginalized than ever before. As Adedeji and Shaw warn in *Economic Crisis in Africa*, "the current condition is not merely a short-term disaster of drought, refugees, and decline; rather it is the stark early warning of a long-term movement toward peripheralization and impoverishment."[49] The question therefore remains, after twelve years of failed structural adjustment: what can be done to improve the condition of sub-Saharan Africa?

Answering this question necessitates the elimination of a contradiction between the forces of production and the relations of production inherent in capitalism. Because the forces of production involve a greater socialization of production (i.e., more and more people are required for producing more goods) while the social relations of production involve fewer and fewer people controlling the means of production (and thus a larger share of the profits) the limitations of structural adjustment cannot be addressed until this obstacle is overcome.[50]

In a broad sense, such a strategy will involve changes and innovations at the local, regional/national and global levels. These changes will necessarily be political and economic, oriented simultaneously toward the correction of the historical forces of colonialism and toward the future combination of social needs and resource requirements unlike any experienced in the history of the world.

Moreover, responding to the dilemma of capitalism, as it developed in Western nations during the Industrial Revolution, will require more than newly-

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47 Ibid., 19-20.

48 Brittain and Watkins, "A Continent Driven to Economic Suicide," 11.

49 Adebayo Adedeji and Timothy M. Sha, eds., *Economic Crisis in Africa: African Perspectives on Development Problems and Potentials.* (Boulder, CO: Lynne Riennner Publishers, Inc., 1985), 268.

50 Ake, *A Political Economy of Africa*, 9.

updated versions of Marx's credo of class warfare and well-worn critiques of Third World underdevelopment. The environment in which development is now taking place is vastly different from that of nineteenth century Europe, and global forces of technology and capital transfer have created a system where the owner of information and liquidity, not necessarily the owner of productive capital, reigns supreme. Instead of a revolution of the masses, there must be a revolution of ideas, of institutions, and of political calculus.

The revolution of ideas should begin with a simple question, "What is development?" If the answer is increased economic activity, increased production, and increased gross domestic product, then we quickly return to failing techno-economic policy prescriptions whose success is regarded as dubious at best by the very institutions which seek to enforce them. "Development" in this sense is synonymous with indicators of macroeconomic progression that either rise or fall appropriately. By almost any account it is a narrow and failing definition.[51]

Instead, if we find that development includes a wide array of socio-cultural and political aspects as well as a time dimension lasting longer than one or two business cycles, then we may begin to discover that "development" is in a sense a misnomer. Perhaps the phrase "quality of life" suits an ambitious, inclusive role more appropriately, despite drawbacks of ambiguous definition. Although this may seem to be merely a case of semantics, once a transfer from a "development" approach to a "quality of life" approach has taken place, we can redefine and form new objectives and strategies to expand our thinking on the policy measures to be pursued. In this case, the semantic switch then leads to a changing paradigm of what is occurring in sub-Saharan Africa.

One of the first steps to be taken in a "quality of life" approach is to redefine information and the forces which control it. One step that has been taken in this direction is the development of the Physical Quality of Life Index (PQLI), a quantitative statistic that indexes a range of social welfare indicators. The PQLI is only a beginning, but its usefulness demonstrates potential for other such indices and statistics which measure (albeit imperfectly) variables existing outside of the strict boundaries of economics. Development of more relevant statistics must be accompanied by an increase in the dissemination and utilization of such information. Community reporting and the guarantee of a free press are two obvious means to this end; more important, however, would be the adoption of a required set of statistics by national and international bureaucrats. These statistics would highlight the multi-dimensional aspect of the problems and potentials facing sub-Saharan Africa and lead to better focused analysis of a range of public issues.

A second issue that must be approached differently is support for the rural poor. Currently, the most destitute (and generally most malnourished, most unhealthy, and most likely to urbanize) population group is the landless poor. Without some assurance of a sustainable livelihood, this group has little poten-

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51 Serge Latouche, *In the Wake of the Affluent Society; an Exploration of Post-Development*, (London: Zed Books, Inc., 1993).

tial for improvement. This is all the more true in situations where well-meaning rural extension programs are oriented toward favored groups, whether they be the rural petit-bourgeoisie class or a dominant ethnic group.[52] More specifically, the policies of land reform must be implemented and enforced so that there is significant distributive justice. These programs should then be followed up by agricultural extension programs oriented not only toward surplus-producers (who tend to have enough financial security to be risk-takers and innovators), but also toward marginalized, risk-averting groups. Implicit in both of these steps is a dismantling of subsidies and incentives for export-crop commodities that exist throughout Africa.

A related measure to reverse the trend of growing class divisions in rural Africa is to increase access to capital for those with scarce traditional resources. On the community level, the microenterprise loan institution accomplishes this goal by helping groups traditionally excluded from economic opportunities increase their own well-being by borrowing money. The borrowed money often functions as "seed money" for new business start-ups or for minor innovations in areas where investment capital is scarce. With proper restrictions and implementation, such institutions support economic development in a positive manner.[53]

A third recommendation for sub-Saharan nations is that they develop and strengthen their regional and continental institutions of cooperation. Many reasons exist for this approach, including the theory that a significant degree of economic interdependence can promote political cooperation and solidarity when faced with an outside threat. More significantly, because African nations were given random geographical boundaries that leave some nations inherently better off, a lack of cooperation only serves to further the development of asymmetrical relationships. In the end, this inequality leads easily to political instability for a nation and, ultimately, a region, as recent events in and around Rwanda and Somalia illustrate. Furthermore, the development of linkages among regions and nations of Africa makes it possible to respond more effectively to an array of challenges which defy national borders. Examples of such challenges include refugee flights, crop failure, and environmental degredation.

Fourth, transparent and easily understood systems of decision making should be put in place within national governments and multilateral and bilateral aid institutions. Such decision-making systems should involve the poor in a fundamental manner by giving them greater collective control over their regions resources, the ability to reject development aid when it goes against their interests, and more power to hold other decision makers accountable. Unless the current asymmetrical distribution of political power (often made

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52 For a more detailed discussion of ethnic inequalities and agricultural extension, see Robert Klitgaard, *Adjusting to Reality: Beyond State Versus Market in Economic Development*, (San Francisco, CA: International Center for Economic Growth, 1991).

53 Perhaps the most notable microenterprise loan institution is the Grameen Bank, set up in Bangladesh and designed for use by rural women. Such a model offers great potential in Africa, where women are structurally limited and, in many cases, legally prohibited from functioning successfully in local economies.

possible through foreign aid disbursements) is addressed through reforms such as these, little hope exists for addressing disparities in income and wealth. In other words, without a greater distribution of political power, economic and social equality are untenable in the long run.[54]

Finally, until structural changes are made in the international political economy, no African nation can hope to address the symptoms of underdevelopment detailed in this paper's introduction.[55] Most significantly, the foreign debt—crushing to African national economies but insignificant in global terms—must be forgiven immediately. Such a move would redirect resources from export production for debt repayment to support for domestic production, a move that, if applied carefully, would result not only in economic dividends (through sectoral linkages and multiplier effects) but also in increased political stability. Additionally, tariff and non-tariff barriers that prevent profitable African industrialization must be lifted, especially in the increasingly competitive international economic environment. Neither of these moves, however, will prevent the increasing economic marginalization of Africa vis-à-vis other developing nations in the New International Division of Labor, nor do they ensure that Africa will not be split apart by asymmetrical growth rates within the continent.[56]

In the final assessment, then, the legacy of African colonialism needs to be fundamentally addressed, and the current manifestations of such forces—such as export-led growth strategies and structural adjustment—should be placed on the continuum of underdevelopment for an entire continent. Once these forces are understood within the dual contexts of history and current policy, they then can be replaced by more appropriate frameworks and solutions, such as those mentioned above. Without a re-orientation from "development" to "quality of life," however, Africa risks becoming known not only as "the Continent in decline," but also as "the Continent in chaos."

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[54] An excellent and more detailed analysis of how such changes would occur can be found in the Center of Concern's 1994 conference report, *Rethinking Bretton Woods: Towards Equitable, Sustainable and Participatory Development*, edited by Jo Marie Griesgraber.

[55] Douglas Hellinger, "Pace, Prosperity and Democracy Act of 1994," *Testimony before the Senate Committee on Foreign Relations, Subcommittee on African Affairs*, (Washington, DC: Federal Document Clearinghouse Congressional Testimony, 1994).

[56] Nyangoro and Shaw, *Beyond Structural Adjustment*, 3-4.