unicef

INTERNATIONAL CHILD DEVELOPMENT CENTRE

Innocenti Occasional Papers

Spedale degli Innocenti
Florence, Italy

INNOCENTI OCCASIONAL PAPERS
ECONOMIC POLICY SERIES, NUMBER 21

SPECIAL SUBSERIES
STRUCTURAL ADJUSTMENT IN SUB-SAHARAN AFRICA

IS ADJUSTMENT CONDUCIVE TO LONG-TERM DEVELOPMENT? THE CASE OF AFRICA IN THE 1980s

Giovanni Andrea Cornia*

EPS 21

October 1991

This paper is part of the background documentation for a study on "Adjustment, Stagnant Economic Structures and Human Development in Africa South of the Sahara: Policy Conflicts and Alternatives", edited by Giovanni Andrea Cornia, Rolph van der Hoeven and Thandika Mkandawire and forthcoming in 1992. A similar version of this paper is forthcoming also in "From the Debt Crisis to Sustainable Development", edited by G. Vaggi, Macmillan.

*/The UNICEF-International Child Development Centre, Florence, Italy.

The author wishes to thank Debrah Veroni Scarpelli for the copy editing and preparation of the text.

CONTENTS

TABLES

I. INTRODUCTION

The economic difficulties of the 1980s led to a phenomenal increase in the number of countries in Africa south of the Sahara (henceforth referred to as Africa *tout-court*) undertaking stabilization and structural adjustment programmes with the assistance of the IMF and of the World Bank. Given the persistence of the problems most countries are facing, it is likely that stabilization and structural adjustment will continue dominating policy-making for the rest of the century.

The adjustment policies introduced in the 1980s were primarily designed to restore macroeconomic balance over the short and medium term. Long-term development was not emphasized, although it is obvious that such objective could not be achieved in the presence of persistent macroeconomic disequilibria and that, therefore, some 'stabilization' was required. Even the World Bank's more recent emphasis on 'structural adjustment' does not deal explicitly with the removal of those structural weaknesses and distortions (in human capabilities, production and trade structures, and in transport and rural infrastructure) which are to a large extent responsible for the macroeconomic disequilibria and the consequent need to adjust. It is not self-evident, therefore, that the emphasis of most adjustment programmes on external and fiscal balance, privatization and export-orientation is consistent not only with the preservation of economic growth and of the welfare of the population over the short term, but also with the achievement of long-term development goals.

This paper is aimed at assessing whether orthodox adjustment policies are consistent with the long-term development objectives of the African countries or whether such adjustment policies are pushing the African economies away from a development path which is desirable and necessary from a long-term perspective. In Sections II and III we review the structural weaknesses of the African economy at Independence and the extent to which the development policies which followed during the first two decades have succeeded in lessening them. In Section IV the economic shocks of the early 1980s are briefly illustrated, together with the adjustment policies introduced to deal with them. Finally, Section V assesses the impact of the orthodox adjustment policies and their consistency with the long-run objectives of African countries, while Section VI presents some conclusions.

Much of the discussion which follows refers to 'Africa' as if it were an homogeneous whole. This represents an obvious oversimplification as economic, social and ecological conditions vary remarkably between countries and, often, within each country. Important distinction ought to be made according to their size (Nigeria presently has over 100 million inhabitants, while nine countries have less than 1 million), income per capita (which varies by a factor of 20), location (15 countries are landlocked, while six are islands), population density (which varies from less than a person per square kilometer in Mauritania to 250 around lake Victoria), availability of fertile land and mineral wealth as well as, according to their colonial inheritance, past policies and political systems. Despite this diversity, which would require a more detailed approach, there are two important reasons for most of the subsequent discussions in relatively aggregate terms. First of all, there are striking commonalities with the problems facing the African countries. And, second, the adjustment policies adopted by the African countries in collaboration with the IMF and the World Bank in the 1980s are little differentiated by country. An assessment of their impact and consistency with long-term development does not require, therefore, a country-by-country evaluation.

II. THE AFRICAN ECONOMY AT INDEPENDENCE

With the exception of Liberia, which acceded to Independence in 1847, and of Ghana, Guinea, Sudan and Ethiopia, which saw the end of colonial rule shortly before 1960, most African countries became independent between 1960 and 1963. For a few of them, such as Angola and Mozambique, colonization ended in 1975 and in the case of Zimbabwe and Namibia not until 1980 and 1990. In 1991, Western Sahara remains the only country which is not independent. Although the situation varied from country to country, five main structural weaknesses characterized the economies of the sub-Saharan African countries in the early 1960s.

First, *distorted trade structures*. During the colonial period, Africa represented a main supplier of raw materials and tropical products to the metropolitan economies of Europe from which it imported manufactured goods, machinery and food. Africa's dependence on primary exports was such that immediately after the Independence in 1965 (the first year for which comprehensive continent-wide data are available), mineral and agricultural primary commodities represented 92 percent of total exports, with peaks of 99 or 100 percent in countries such as Zambia, Ethiopia and the Gambia (World Bank 1989). In several cases the export basket included only one or two commodities (such as coffee in Ethiopia, copper in Zambia, or tea and tobacco in Malawi), making such countries entirely dependent upon some form of monoculture as the unique source of export earnings. In the same year imports of manufactured goods and food accounted on average for 75 and 14 percent, respectively, of total imports. Inter-African trade was practically nonexistent, while about 80 percent of total trade originated from or was directed to the OECD countries and, in particular, to Western Europe. Transport and communication infrastructure and monetary arrangements were all reinforcing such distorted trade patterns. The problems of overdependence on a narrow export basket and limited market outlets were compounded by substantial differences in price and income elasticity of demand for the goods exported versus the goods imported. Indeed, the demand for traditional agricultural exports (such as coffee, cocoa, tea, sugar and bananas) is characterized by low price elasticity and low income elasticity (Godfrey 1985), while the reverse is true for the demand of imported manufactured goods, foods and fuel which tend to be price inelastic, while having a high income elasticity.

Second, a *desperately extensive agriculture* with abundant low fertility land but with a limited availability of good agricultural land, a difficult climate and a skewed network of transport, credit and extension services - favouring the large farmers and the plantation sector - constituted a major hindrance to the evolution of rapid and sustainable growth in agriculture. In spite of the alienation of land that occurred during colonization and the incipient spread of commercial farming, communal land tenure was still prevalent at Independence. Cultivation, carried out on a slash-and-burn basis and with long fallow periods (from a minimum of 6-7 years up to 10 years), was mainly geared to subsistence needs. Production depended essentially on land and labour, using extremely simple manual techniques. Outside of the plantation sector there was little or no capital accumulation or use of intermediate inputs or irrigation, and output could only be increased by extending cultivation into new areas through a greater application of labour inputs and not from an intensification of farming techniques. Except for climatic changes, output per head and yields per hectare remained constant. Under this stationary state there were few changes in social differentiation (as land was in unlimited supply), nutritional standards (as land and labour productivity were constant), or soil fertility (as long fallow periods allowed for an appropriate reconstitution of soil nutrients).

Third, a *limited industrial base*; the result of implicit or explicit colonial policies aimed at preventing Africa from engaging in import substitution. Not surprisingly, most African countries found themselves at Independence with levels of industrialization that were far below the 'historical norms' for countries with their level of per capita income (Gulahati and Sekkar 1981). Even in relatively better off countries, such as Zambia, Kenya and Tanzania, the share of value-added in manufacturing to GDP was 45 to 80 percent less than the expected 'Chenery Norm' (calculated by regression on the basis of GNP per capita and population size). In 1965, therefore, manufacturing accounted for 9 percent of GDP compared to 14 percent in South Asia, 23 percent in Latin America and 27 percent in East Asia.

Fourth, the *extremely low level of development of human resources* represented a formidable obstacle to the development of new productive activities, enhancement of farming techniques, creation of the necessary administrative structures, improvement of the health and educational status of the population and control of high levels of fertility.

During the colonial period modern health services and educational facilities were largely neglected and available only in urban areas and plantation enclaves. In Burkina Faso (then Upper Volta), for instance, despite an infant mortality rate of 252 per 1,000 live births, there was at Independence only one doctor (including the expatriates) per 100,000 people, while more than half of the country completely lacked any modern medical services (Savadogo and Wetta 1991). Figures on educational enrolment indicate that in 1960 the proportion of school-age children participating in primary education was 31 percent in the former French colonies, 40 percent in the Anglophone territories, 50 percent in the former Belgian colonies and around 10 percent in Somalia, a former Italian colony (World Bank 1988a). Primary enrolment rates, in contrast, were close to 70 percent in South Asia which had an average GDP per capita of roughly half that of sub-Saharan Africa. The situation was substantially worse in the field of secondary and tertiary education. In 1960, there were only 1,200 indigenous graduates in the whole sub-Saharan Africa (UNESCO, quoted in World Bank 1988a). In Malawi and Ghana, for instance, there were only 29 and 90 graduates, respectively, while when Botswana became independent in 1966, 96 percent of the higher level posts in the country were filled by expatriates (World Bank 1988a). In addition, the school system of the time reflected in its structure, curriculum and language of instruction the need of the colonial apparatus.

This acute shortage of indigenous technical, managerial and administrative cadres imposed a continued reliance on expatriate manpower recruited at internationally competitive pay scales and, thus, inhibited the compression of an extremely dualistic and distorted public sector pay structure inherited at Independence.

Fifth, with the exception of the limited infrastructure supporting the export needs of the plantation or mining enclaves, there was an *almost complete absence of public infrastructure* in transport, communication, power generation, trading and storage. This situation was largely responsible for the high degree of disarticulation among agriculture, industry and services, and for the high import elasticity of GDP growth of the African economies. Because of this, growth stimuli originating in one sector often leaked out of the country or fizzled away and therefore had a limited multiplier effect on the rest of the economy. Empirical analysis, for instance, has shown that agriculture-nonagriculture linkages in Africa south of the Sahara were consistently weaker than in South Asia (Haggblade et al. 1989).

III. DEVELOPMENT POLICIES AND FAILURES IN THE 1960S AND 1970S

The Development Experience of the 1960s and 1970s

It is impossible to do justice in a few pages to the diversity of development approaches of the African countries in the first two decades after Independence. Experiences varied from that of a large number of countries (including, for instance, Kenya, Côte d'Ivoire and Malawi) opting for a capitalist development path characterized by large direct foreign investment, an important export crop sector and a relatively important domestic private sector, to that of countries such as Tanzania which, after the Arusha Declaration of 1967, adopted 'African Socialism' as the guiding principle for their development. Such approach placed a strong emphasis on self-reliance and attempted to address the structural weaknesses outlined above by aiming simultaneously at growth maximization and at the redistribution of income through public sector enlargement and through an ambitious programme of free health care, education and other social services. Only a few countries such as Guinea and, more recently, Ethiopia, Angola and Mozambique opted for a centrally-planned, state-controlled development.

In spite of this diversity of development philosophies, there are startling elements of commonality in the policies followed in the 1960s and 1970s by the majority of African countries in a number of crucial sectors. Such common elements did indeed reflect the development thinking - often originating from Western academic circles and development agencies - which prevailed in those years. Such thinking, which with hindsight appears somewhat simplistic or even misplaced, was almost universally accepted at that time (Singer 1989). To begin with, there was a heavy and almost exclusive emphasis on physical capital accumulation as a source of growth (and not so much on human factors - such as education, skills and training - market size and other factors not explicit in the Harrod-Domar model) and on the related need to increase saving ratios (even if this had led to the persistence or even growth of income inequality). In addition, in view of the limited entrepreneurial tradition of indigenous elites in most countries, the State was fairly universally expected to play a major role in the process of accumulation and modernization.

Similarly, the restrictions on industry which had existed in many countries under colonial rule, and the uncertain outlook dominating commodity exports by developing countries in the late 1950s, gave legitimacy to the views of those emphasizing import-substituting industrialization as the most obvious way to diversify out of primary commodities. While, again with the benefit of hindsight, it appears that export substitution was not given sufficient attention, most development economists of the time did find it difficult to visualize the rapid growth of the exports of manufacturers achieved by the Asian NICs in the late 1960s and 1970s because of the gross inadequacy of the transport infrastructure needed for export industries. In addition, also in Africa development approaches were influenced by the Lewis model, another of the theoretical pillars upon which rested the development thinking of the post-World War II period. The Lewis model, with its emphasis on the ancillary role of the rural sector and the preponderance of urban-based industrialization, perhaps contributed to the comparative neglect of agriculture (see later).

Although it is currently fashionable to suggest that Africa's economic troubles started with Independence - and in spite of what may now appear to some as obsolete development thinking and a perverse political economy - it is undeniable that during the 1960s and 1970s (and particularly up to 1973 and between 1976-78) the African economy performed, in aggregate terms, relatively well. GDP and exports grew at rates similar to those of the other main developing regions and, overall, faster than South Asia (Table 1).

TABLE 1: AVERAGE ANNUAL GROWTH RATE OF SELECTED MACROECONOMIC INDICATORS IN SUB-SAHARAN AFRICA AND SOUTH ASIA

	Population		GDP		Agriculture		Manufacturing		Export	
	65-73	73-80	65-73	73-80	65-73	73-80	65-73	73-80	65-73	73-80
Low income SSA	2.6	2.7	6.0	2.8	2.2	0.0	10.7	10.2	16.9	-0.6
Middle income SSA	2.8	3.3	5.2	1.4	2.2	-1.7	..	2.5	7.2	3.8
Total SSA	2.6	2.8	5.9	2.5	2.2	-0.3	10.1	8.2	15.1	0.2
South Asia	2.4	2.4	3.7	4.3	3.4	2.4	4.1	5.2	-0.7	5.8

Source: World Bank (1989).

Manufacturing production, in particular, rose at sustained rates, although from very low levels, and in sectors with relatively simple technologies such as processed food, textiles, construction material and in other simple consumer goods. Such efforts were sustained by an important mobilization of domestic savings (and particularly since 1974 of foreign resources) which raised the overall investment ratio from 14 percent in 1965 to 20 percent in 1980 and by a massive expansion in primary education (World Bank 1989). The average primary enrolment rate doubled from about 38 percent in 1960 to 79 percent in 1980. Because of the rapid growth of the population, this progress represented a fourfold increase in the number of school-age children in primary school over the same period. Similar progress was achieved in the field of adult literacy and, to a lesser extent, in the health sector. Clearly disturbing was, in contrast, the performance of agricultural production and traditional food crops in particular, which already in the 1960s was growing slower than the population (whose growth rate increased from about 2.4% in the 1960s, to 2.9% in the 1970s and to 3.1% in the 1980s). The poor performance of agriculture was also responsible for the stagnation of agricultural exports in the second part of the 1970s and was one of the main factors behind the rapid rise of Africa's long-term external debt, which grew from U.S. $5.6 billion in 1970 to U.S. $43 in 1980 (World Bank 1989).

The relatively positive aggregate performance of the African economy until 1973 and in some respect between 1976-78 - i.e. in a period broadly characterized, with the exception of 1973-75 and 1979-80, by a rapid expansion of world trade, favourable borrowing conditions and relatively favourable terms of trade for the majority of countries until 1978 (except for 1973-75) - does not allow the conclusion, however, that two decades of economic development had, in fact, reduced the structural weaknesses afflicting the African economy at Independence and made it more resilient to changes in the international economic environment and in weather conditions.

If such question is raised, the record of the first two decades of economic development appears substantially less favourable. Despite progress in a number of fields, in 1980 the African economy was broadly as 'dependent', 'vulnerable' and 'monocultural' as in 1960. In addition, the debt-led growth of 1974-80 made the African economies vulnerable on an additional score, i.e. the potential changes in interest rates and borrowing conditions on the foreign debt. In this sense the process of economic development was not associated with any significant process of structural transformation. While the share of primary activities in total output dropped significantly (from 43 to 30% between 1965 and 1980), most of this shift favoured sectors (often including informal low productivity operations) other than manufacturing, whose share stagnated at around 9 percent.

The African economy, therefore, entered the 1980s - a decade during which exogenous factors such as the international environment, natural disasters and civil strife turned out to be less favourable than in the 1960s and most of the 1970s - under conditions of similar or greater vulnerability than in 1960.

Development Failures

The most common explanation of the policy failures of the 1960s and 1970s states that African governments have relied too much on State and price controls and have, in this way, stifled market forces (World Bank 1981). According to this view, a coalition of bureaucrats, industrialists and urban workers shaped distorted macroeconomic policies (in the trade, exchange rate, pricing and fiscal areas) favouring an inefficient industrialization and leading - because of the rapidly deteriorating internal terms of trade of agriculture - to serious balance of payment disequilibria as a result of declining exports of primary commodities on the one hand and rapidly surging food imports on the other. According to this view, as price distortion was the major culprit, 'getting the prices right' constituted the main element of the policy reforms.

Despite its popularity in donor circles, this view does not adequately capture the factors behind the development failures of the 1970s. Four specific policy failures which should have been addressed in the 1980s are instead considered in this chapter as the main causes of the lack of structural change since Independence, the stagnation in the second half of the 1970s and, as it will clearly appear later on, the poor performance of the 1980s. These failures are discussed hereafter.

1. First and foremost, *the neglect, growing differentiation and lack of modernization of agriculture*. The problems of African agriculture started becoming evident in the late 1960s. Since then production has been growing more slowly than population, leading to a growing food crisis which occasionally reaches famine proportions.

The reasons for such poor performance are many and complex and include factors such as adverse pricing policies, and in particular overvalued exchange rates and depressed farmgate prices. An examination of empirical evidence on the extent and effects of 'price discrimination' indicates, however, that the importance of this factor, while real, has been overstated, particularly for food crops (Ghai and Smith 1987, Beynon 1989 and Bond 1983). Other factors bear a greater responsibility for the failure of African agriculture.

First, with the commercialization of agriculture, land became vastly more valuable. In Ghana and Nigeria, as well as several East African and Sahelian countries, significant land markets developed alongside the beginning of a system of tenancy and share cropping (Ghai and Radwan 1983). This was one of the first steps in the process of growing social differentiation observed over the last 30 years in rural areas.

Second, population growth substantially altered farming systems, ecological balance and yields. While initially the increasing demand for food was satisfied by extending the surface of good quality land under cultivation, at a later stage it encouraged migration to marginal land and the shortening of the fallow period. In the absence of improvements in irrigation, farming techniques and soil fertilization practices, and in view of the growing demand for wood for fuel and construction, shorter rotations and farming of marginal land led to declining average yields, rapid decreases in output per capita and, in extreme cases, to soil erosion and decertification. These well-documented processes, affecting Rwanda, Burundi, Ethiopia, Mali, Burkina Faso and the other Sahelian countries on a massive scale, are at work in varying degrees in most African countries. In all of them the most tragic failure has been the inability to 'manage the transition' from a land-abundant, shifting agriculture to more input-intensive settled farming systems. In the early 1980s, the input-intensity of production (proxied by the extent of irrigation and fertilizer consumption) in land-poor countries was as low as in land-rich countries. Also, the extent of irrigation and fertilizer use in land-poor African countries was about 23 and four times lower than in the Asian countries with similar land scarcity and GDP per capita (Cornia and Strickland 1990). As expected, land yields correlated closely with the input intensity of production (Table 2).

Third, in the 1960s and 1970s, public expenditure in agriculture has been inadequate in both volume and pattern. In the early 1960s, the share of agriculture in total government expenditure rarely exceeded 10 percent (Ghai and Radwan 1983). Data for 1979-81 (Norton 1987) and from the 1971-85 period (Mosley and Smith 1989) confirm this situation. In addition, public expenditure on rural road and transport infrastructure, input subsidies, price support, extension, R&D and irrigation has favoured large-scale farmers and the plantation sector at the expense of small farmers. In 1981, for instance, export crops received an average of 32 kg of fertilizer per hectare, as opposed to 5 kg for the food crops (FAO 1986, Annex 5). Similarly, in 1976, U.S. $39 million were spent on research for coffee, while in the same year

TABLE 2: AGRICULTURAL INPUTS AND YIELDS IN SUB-SAHARAN AFRICA AND SOUTH-EAST ASIA, 1982-1984

Country	GDP per capita 1987 US$	Arable land per agric. worker (ha)	% Irrigated land on arable land	Fertilizer consumption (kg) per ha	Yields of cereals (tonnes/ha)
		A. Land-rich Sub-Saharan Countries			
Cameroon	970	3.0	0	12	1.0
C.A.R.	330	5.5	0	1	0.5
Zaire	150	1.9	0	2	0.9
Average	480	3.5	0	5	0.8
		B. Land-scarce Sub-Saharan Countries			
Burundi	250	0.4	1	2	1.1
Ethiopia	130	1.0	0	5	1.2
Kenya	330	0.7	1	27	1.6
Lesotho	370	0.5	0	24	0.8
Malawi	160	1.1	1	18	1.2
Nigeria	370	1.4	0	9	0.7
Rwanda	300	0.3	0	1	1.2
Somalia	290	0.8	4	3	0.6
Uganda	260	0.9	0	0	1.7
Average	270	0.8	1	10	1.1
		C. Land-scarce South-East Asian Countries			
Bangladesh	160	0.5	16	41	2.0
India	300	0.9	25	38	1.5
Indonesia	450	0.7	26	65	3.3
Nepal	160	0.4	24	13	1.6
Pakistan	350	1.4	-	62	1.6
Sri Lanka	400	0.7	28	73	2.8
Vietnam	-	0.4	17	44	2.5
Average	300	0.7	23	45	2.2

Source: Cornia and Strickland (1990).

no significant research was carried out on 'poor people's staple' such as sorghum, millet and tubers.

The successive unfolding and interaction of these three phenomena led to an extremely slow growth in agricultural value-added as well as to radical changes in land use, tenure and yields, and to a rapidly growing rural differentiation which compounded further the poor performance of African agriculture and, by implication, of the African economy. With the exception of a few countries (such as Zambia, Zaire and the Central African Republic), by the early 1980s, farmable land had become increasingly scarce and its distribution more uneven. Already in the late 1960s and early 1970s, land concentration appeared to be more pronounced than generally assumed, with Gini coefficients ranging between 0.4 and 0.7, i.e. values not too dissimilar from those of countries such as Pakistan and the Philippines where land reform was a key policy issue. With few exceptions, land concentration and the proletarization of rural labour continued over the subsequent 15 years. As a result, in 1985 15 percent of rural households were estimated to be landless, while another 30 percent, mostly women-headed, were near-landless (FAO 1988, Alexandratos 1988 and Durring 1989). Large commercial farmers and the plantation sector were estimated to own, already in the early 1970s, between 20 and 40 percent of the fertile land and an even larger share of other productive resources. The limited information on changes in income inequality over the two decades 1960 to 1980 confirm the view of growing differentiation within the rural sector. In Madagascar, for instance, income concentration in rural areas (as measured by the Gini coefficient) increased between 1962 and 1980 from 0.29 to 0.43. This increase in income inequality was greater than that observed in urban areas and for the country as a whole (Pryor 1990). Similar changes were observed for Malawi over the 1968-69 to 1984-85 period (ibid).

2. *The failure to modify the international trading position of Africa.* Broadly speaking, the export and import structure (by types of goods traded and countries of destination or origin) did not change. The share of primary commodities in total exports even grew (from 92% in 1965 to 96% in 1980); the only noticeable difference being the increasing importance of fuels for the five African oil exporters. In only six countries (out of 45), i.e. Mauritius, Zimbabwe (then Rodhesia), Botswana, Mali, Kenya and Lesotho, did manufacturing exports increase substantially. In addition, Western Europe alone continued to absorb about 50 percent of Africa's exports.

Attempts at modifying the import structure were carried out mostly through the strategy of import-substituting industrialization. This strategy failed for its lack of depth and its excessive concentration on consumer goods and virtually no promotion of capital or intermediate goods. Its technological base was inflexible and depended on the importation of capital goods and raw materials that were neither available locally nor reflective of the continent factor endowments and whose rate of employment generation was very low. Its output structure reflected an unequal pattern of income distribution and not the need for simple consumer goods of the population as a whole. Because of the extreme narrowness of most domestic markets and in the absence of export quotas, i.e. norms requiring the exportation of a given share of domestic production, local industries were little exposed to competition, operated at chronically low capacity utilization rates and could not therefore benefit from economies of scale. The main failure of such strategy, however, was that it did not accomplish its goal, i.e. substituting domestic production for imported manufactured goods. Indeed, while imports of consumer goods declined, those of intermediate and capital goods increased (Table 3), not allowing any foreign exchange saving and a strengthening of Africa's balance of payments. The emphasis on import substitution furthermore diverted attention from export diversification and did not reduce the vulnerability to price fluctuations and the long-term decline in the terms of trade of primary commodities.

TABLE 3: AFRICA'S IMPORT STRUCTURE a/

	1960s b/	1972	1972-82 (average)
Consumer goods	42	32	20
Intermediate goods	34	39	48
Capital goods	24	29	32

Source: Van der Hoeven (1991).
a/ Unweighted mean for seven African countries.
b/ Relates to several years in 1960s.

3. *The substantial worsening of the fiscal and foreign debt position*, a factor that proved to be extremely detrimental in view of the adverse changes intervened on the international markets in the 1980s.

The fiscal crisis of the 1980s had its origins in three policy choices made in the 1970s. The first was the inability to properly manage commodity booms. Cyclical swings in commodity prices are well-known for having disastrous effects on government budgets. Under such conditions it is advisable to set the level of government expenditure in relation to the 'permanent' component of government revenue and not in relation to the 'current' (i.e. 'permanent' plus 'transitory') revenue. During the commodity price booms of the 1970s, most governments increased expenditures in line with the current revenue, particularly on projects with low rates of return and high future recurrent costs. Urban infrastructure, import substituting industries and the plantation sector absorbed most of these resources without, however, being able to expand the tax base. Investment in rural infrastructure and the modernization of food crop agriculture, in contrast, was inadequate. The collapse of commodity prices at the end of the 1970s and in the early 1980s was the first factor which precipitated this creeping 'fiscal crisis'. Of course, not all countries fell into the 'commodity cycle trap'. Cameroon, for instance, managed its boom prudently and used much of the extra revenue from the 1979-81 oil boom to repay its external debt.

The second policy choice which contributed to the fiscal crisis of the 1980s was the euphoric indebtedness strategy followed since 1973 by many countries in Africa, Latin America and the OECD, with the encouragement of the international financial institutions, to offset the deflationary effect of the first oil shock. Some African countries, in addition, increased the recourse to foreign financing also on occasion of commodity booms, in view of what was then seen as a permanently increased repayment capacity. Niger's debt, for instance, which was equivalent in 1976 to only 13 percent of GDP, more than doubled between 1978 and 1981, i.e. precisely the years of the uranium boom (Tinguiri 1991). As a result of these two trends, the foreign debt of Africa as a whole (excluding Nigeria) rose from close to zero in 1960 to U.S. $5 billion (or 18% of GDP) in 1970 and to U.S. $37 billion (or 38%) in 1980.

A third factor in the fiscal crisis of the early 1980s has been the lack of any serious attempt to diversify the tax base. In most African countries the principal source of public revenues were trade taxes, especially levies on one or a handful of primary commodity exports. In mineral economies, such as Zambia (copper), Botswana (diamonds), Sierra Leone (iron ore) and Nigeria (oil), the extractive sector accounted for well over half the government's income in the form of taxes on employees' income and corporate profits, royalties and export duties. In countries exporting agricultural commodities, export levies - normally collected by state marketing boards, which passed on to the producers only a fraction of the export proceeds - accounted for between one-quarter and one-third of total government revenue. In both types of countries, attempts at diversifying the sources of government revenue (by taxing informal sector income, introducing progressive indirect taxes, taxing wealth and improving tax collection) have been rather modest and generally unsuccessful throughout the 1960s and 1970s.

4. Fourth, despite the growth in the number of university graduates, the rapid progress in primary education and health care, and the improvement in living conditions, several African countries *did not manage to create an adequate human infrastructure.* This lack of infrastructure has been felt in technical and scientific fields, in food research and in the

inability to reduce high fertility rates or improve the health status of the population. This, in part, reflected the recent development of the new educational, training and health systems, the distortions inherited at Independence, the persistence of gender biases and the high degree of centralization of services. For instance, despite far-reaching reforms, curricula in primary and secondary schools continued to bear little relevance to required labour market or life skills. In addition, the language of instruction was still a foreign language (generally Western) in 18 out of 39 African countries (World Bank 1988a). And finally, while enrolment in secondary and tertiary education remained understandably below the level of other developing regions, the proportion of students in science, engineering and technical training was also in this case much lower. This led to the absurd situation, typical of several African labour markets, of large numbers of (expensive) expatriates employed in key positions coexisting with substantial unemployment among African graduates.

IV. THE EXPERIENCE OF THE 1980S: EXOGENOUS SHOCKS AND MACROECONOMIC ADJUSTMENT

At the beginning of the 1980s, the African economies were hit by a series of powerful external shocks due to the second increase in oil prices and the ensuing recession which affected the industrialized countries. Because of this:

- The volume of world trade, which had expanded at 5.7 percent a year in the 1970s, virtually stagnated between 1981 and 1983. With the real GNP growth rate of trading partners falling from an average of 4.4 percent a year in the 1970s to 1.8 percent a year between 1981 and 1983, the growth rates of the demand for primary products and fuel fell between the 1970s and 1981-83 from about 2.0 and 0.5 percent a year to 1.0 and -11.0 percent a year (IMF 1989). The overall volume of African exports stagnated completely, losing in this way market shares (ibid). Even if Africa had maintained its export shares, however, the overall decline in world demand and prices for primary commodities would have had a serious negative impact on Africa's export earnings.

- With a sharp decline in commodity prices and an increase in the prices of manufactured products, the overall terms of trade of Africa fell by 7 percent between 1981 and 1983 (ibid).

- Nominal interest rates on the foreign debt increased to the record high levels of 18-20 percent during 1980-83. The decline observed since then was not paralleled by a commensurate decline in real interest rates.

- Because of the accumulation of debt which occurred since 1973 and in view of the debt crisis of 1982, gross capital flows declined sharply since 1983. Net capital flows dropped even more drastically, i.e. from U.S. $10 billion in 1982 to about U.S. $2.5 billion in 1985.

In addition to these four external shocks, economic conditions in Africa were negatively affected by the severe drought of 1984-85, continued civil strife and the explosion of the AIDS pandemic - now estimated to affect, on average, 5 percent of the total population (and close to 10% of the labour force in the 15-45 age bracket) in ten Eastern and Central African countries. AIDS has already caused considerable and growing economic losses, mainly in terms of greater medical costs and lower labour productivity (Becker 1990).

These exogenous shocks produced immediate adverse effects on inflation, the government deficit and the current account balance of most African countries. Initially when these macroeconomic problems were considered only as symptoms of a payment crisis resulting from a temporary deterioration of the terms of trade, IMF-supported stabilization programmes - i.e. Stand-By Agreements (SBA) and Extended Fund Facility (EFF) programmes - were introduced as a matter of urgency in a large number of countries to avoid the disruptions which could have followed uncontrolled payment crises. Structural adjustment programmes, in contrast, were much less frequent.

At a later stage, when it became obvious that the African economic crisis had deeper roots, efforts at stabilization were complemented by a greater number of World Bank-sponsored Structural and Sectoral Adjustment Programmes (SALs and SECALs) and by the Fund's Structural Adjustment Facility (SAF) and Enhanced Structural Adjustment Facility (ESAF) which started operating in 1988.

All together between 1980 and 1989, 241 programmes were initiated in collaboration with the IMF and the World Bank (Table 4). Most countries have had a succession of programmes. On average, the 35 countries of Table 4 have undertaken about seven adjustment programmes over the 1980s, while 11 countries initiated ten or more adjustment programmes. Only Burkina Faso, Rwanda, Angola and a few very small countries such as Botswana, Swaziland, Cape Verde, Djibouti and Comoros (whose combined population account for less than 6 percent of the total population of sub-Saharan Africa) had not initiated an adjustment programme in the 1980s. During the 1980s, therefore, adjustment has

TABLE 4: STABILISATION AND STRUCTURAL ADJUSTMENT PROGRAMMES IN AFRICA
(Initiated in the 1980s)

	In cooperation with the IMF				In cooperation with the World Bank 1/				Year of first program in '80s
	SBA	SAF	ESAF	EFF	SAL	ER	SECAL	Total	
Benin		1			1		1	3	1989
Burundi	1	1			2		1	5	1986
Cameroon		1			1			2	1988
Cent. African Republic	6	1			2		1	10	1980
Chad		1					3	4	1987
Congo	2				1			3	1986
Côte d'Ivoire	5			1	3		3	12	1981
Eq. Guinea	2	1					1	4	1980
Ethiopia	1							1	1981
Gabon	2			1	1			4	1980
Gambia	1	1	1					3	1982
Ghana	3	1	1	1	2	1	4	13	1983
Guinea	3	1			2		1	7	1982
Guinea-Bissau					1	1		2	1981
Kenya	6	1	1		2		3	13	1980
Lesotho		1						1	1988
Liberia	5							5	1980
Madagascar	7	1	1				2	11	1980
Malawi	3		1	1	3		2	10	1980
Mali	4	1					3	8	1982
Mauritania	5	1	1		1		3	11	1980
Mauritius	5				8		1	14	1980
Mozambique		1	1			3		5	1987
Niger	4	1	1		1		1	8	1983
Nigeria	2						3	5	1983
Sao Tome		1			1	1		3	1985
Senegal	6	1	1	1	4		2	15	1980
Sierra Leone	3	1		1				5	1981
Somalia	5	1					2	8	1980
Sudan	3			1				4	1982
Tanzania	2	1					2	5	1980
Togo	7	1	1		3			12	1981
Uganda	4	1	1			2		8	1980
Zaire	6	1		1			2	10	1981
Zambia	3			1		1		5	1981
Zimbabwe	2							2	1981
Total	108	24	11	9	39	9	41	241	

Source: IMF Survey, various issues; World Bank (1990b).
Legend: SBA = Stand-By Arrangement; SAF = Structural Adjustment Facility; ESAF = Enhanced Structural Adjustment Facility; EFF = Extended Fund Facility; SAL = Structural Adjustment Loans/Credits; ER = Economic Recovery/Rehabilitation; SECAL = Sector Adjustment Loans.
1/ Some subjective judgements have been made for the assignment of credit granted before 1988 to the three types of World Bank programmes listed in the table.

become the main focus of the economic policy-making and has virtually replaced any other objective.

Although they share several common elements (see later) and although the division of labour between the IMF and the World Bank has become increasingly less clear in the 1980s, it is useful to distinguish analytically between IMF-supported stabilization programmes and World Bank-supported structural adjustment programmes. At the cost of some simplification, it can be argued that stabilization programmes aim at reestablishing macroeconomic balance within the context of existing economic structures. Structural adjustment, in contrast, aims at removing the structural problems leading to macroeconomic disequilibria. From the World Bank's perspective, the most important structural adjustments required are those in prices and incentives structure and towards greater privatization and export orientation. It is claimed that if such adjustments are introduced, all structural distortions (such as those discussed in Section II) would be removed automatically through the free play of market forces.

Stabilization programmes generally include three sets of policies (Cornia et al. 1987): (i) *expenditure-reducing policies* aimed at curtailing domestic aggregate demand and, consequently, imports. They generally include public expenditure cuts and, somewhat less frequently, increases in fees and indirect taxes, tariffs and fees, tighter money supply and reduced credit ceilings, wage control or more general policies aimed at restricting real income; (ii) *expenditure-switching policies* aimed at increasing the supply of 'tradeables' (i.e. export and import substitutes) by switching productive resources (labour and capital) from the 'nontradeable' to the 'tradeable' sector. The switch is normally induced by a change in the relative prices and terms of trade of the two sectors obtained by policy instruments such as exchange rate devaluation, product pricing, trade interventions (export subsidies, import controls, tariffs, etc.) and by measures enhancing factor mobility; (iii) *institutional reforms*, such as privatization, fiscal reform, reform of the financial markets, and price and trade liberalization which are aimed at increasing overall efficiency, improving production incentives and stimulating savings and investment.

Stabilization programmes have been characterized by a short time horizon (between 12 and 18 months), the predominance of macroeconomic (as compared with mesoeconomic, sectoral and targeted) policies, the neglect of distributive social issues, and the prevalence of expenditure-reducing policies (which emphasize demand restraint and produce results rapidly) over expenditure-switching policies (which emphasize an increase in the supply of 'tradeables' and normally require more time and new investments) (IMF 1986).

The World Bank-sponsored Structural Adjustment programmes (SALs) normally include five sets of policy measures (Mosley 1987): (i) *mobilization of domestic resources* through fiscal and financial reforms and improved performance of public enterprises; (ii) *efficiency enhancing* measures through privatization or reform of public sector companies, price and import liberalization and encouragement to direct foreign investment; (iii) *trade liberalization* through the removal of import quotas, the reduction of tariffs and the promotion of exports; (iv) *strengthening of the public sector* through the reform of the civil service and of public companies and improvement in management and institutions to support the public sector; (v) *social policy reform* through rationalization, the introduction of user fees, greater privatization of services and some attempts to redirect resources to basic services. Originally, SALs had a duration of two-three years, but more recently they have been extended up to three-five years.

The World Bank-sponsored Sectoral Adjustment programmes (SECALs) have a similar orientation to the SALS but are sector-specific and, consequently, include more detailed measures. The sector most frequently targeted has been agriculture, where dismantling of parastatal, suppression of input subsidies and price support have been the most frequent measures.

V. AN ASSESSMENT OF THE EFFECTS OF STABILIZATION AND STRUCTURAL ADJUSTMENT

The success of the 1980s adjustment efforts can be assessed from two interrelated perspectives.

First of all, it is necessary to examine whether the IMF- and the World Bank-supported adjustment programmes have succeeded in stabilizing the economy by restoring noncrisis conditions in the balance of payments and fiscal sector, and in controlling inflation, so as to allow the normal functioning of the economy, the resumption of investment and growth, and the necessary efforts for the diversification of the production and export basket. Of course, it is necessary to know also at what costs stabilization has been achieved. If the losses of output, investment and human welfare have been large, adjustment would have temporarily solved one problem, but at the expense of reducing the utilization of domestic resources below full employment, sacrificing capital accumulation and the development of human capabilities. Ideally, stabilization should be accompanied by 'non-negative' changes in output growth, investment activity and human development, as underscored by the growing literature on 'growth-oriented adjustment', 'adjustment with a human face' and 'the social dimension of adjustment'.

From the second perspective, adjustment programmes are assessed in terms of their success in removing those distortions and bottlenecks (such as those illustrated in Section II) responsible for the development failures of the 1970s and which made the African economy even more vulnerable to the exogenous shocks of the early 1980s. If such distortions were removed, future balance of payments and fiscal crises would be less likely, while balanced growth and long-term development goals would be attained more easily.

Consistent with the analysis of the structural weaknesses of the African economy presented earlier on, the following questions would need to be asked:

- Have the distortions preventing an equitable modernization of agriculture and leading to ecological degradation been removed?
- Have production and export structures become more diversified? Has dependence on imported food been reduced?
- Has the supply of human skills and the general level of education, health and nutrition improved?
- And finally, has the resource base of African countries improved?

The evaluation of stabilization and structural adjustment performance is presented below. It is important to stress that the performance discussed is the joint result of *both* IMF and World Bank policies (as well as of other factors). Indeed, despite the division of tasks highlighted above, in the 1980s both institutions have increasingly dealt with both aspects of adjustment. In addition, it would be impossible to separate the impact of the policies of either institution, as in most cases their programmes are developed simultaneously.

The empirical information used for the evaluation of the adjustment performance is summarized in Table 5. The latter includes all countries of Table 4, with the exception of Equatorial Guinea, Gabon, Gambia, Guinea, and Sao Tome - for which it was not possible to compile the necessary information - and of Mozambique, Benin, Burundi, Cameroon, Chad, Lesotho and Congo, which initiated their adjustment efforts only in the late 1980s. The data of Table 5 allow the illustration of the various facets of the African adjustment experience in the 1980s. The first three variables measure the success of macroeconomic stabilization. The average yearly growth rate of real GDP per capita over 1981-88 allows the

TABLE 5: SELECTED MACROECONOMIC INDICATORS FOR ADJUSTING COUNTRIES IN AFRICA SOUTH OF SAHARA IN THE 1980s

	C.A./GDP		Inflation		B. Deficit g/GDP		GDP/c gr	Inv./GDP		Primary E.R.		Manuf./GDP f/		Gr of exports
	'81-82	'87-88	'73-80	'81-88	'80-81	'87-88	'81-88	'80-81	'87-88	'82	'88 or MRY	'82	'88	'82-88 f/
C.A.R.	-13.2	-17.1	14.9	7.0	-3.9	-0.2 i/	-0.4	7.8	12.7	74	66	6.4	5.9	-0.2
Côte d'Ivoire	..	.. d/	15.6	3.1	-11.1	-3.4 k/	-5.0	27.1	13.7	74	70	11.1	13.4	-3.6
Ethiopia	-6.1	-9.0	5.4	1.8	-4.2	-7.4	-1.0	10.2	15.1	40	37	11.3	12.5	0.4
Ghana	-8.4	-4.3	43.0	47.0	-5.6	0.5	-2.0 m/	5.1	11.6	77	71	5.5	7.3	6.9
Guinea Bissau	-48.0	-42.5	6.3	47.0	-25.0	-15.7	1.8	27.6	26.0	63	56	19.7 a,b/	5.8 a,b/	2.6
Kenya	-7.8	-8.1	11.6	9.6	-6.6	-4.4	0.0	29.2	25.2	107	96	18.8 a,b/	16.4 a,b/	3.0
Liberia	-3.7	-14.3	10.2	1.5	-8.9	-7.3	-5.3 m/	21.5	9.2	47	40	6.8	6.1	-4.3
Madagascar	-15.2	-12.7	11.2	18.4	-12.5	-4.4	-2.8	20.8	15.6	136	94	19.0 a,b/	15.8 a,b/	-3.7
Malawi	-14.8	-1.6	9.7	12.7	-14.2	-7.5	0.0	21.1	15.0	62	66	16.0 a,b/	16.5 a,b/	5.3
Mali	-17.0	-17.3	10.6	3.5	-4.2	-3.8	0.2 m/	17.2	15.7	24	23	9.3 a,b/	11.6 a,b/	9.2
Mauritania	-42.3	-22.1	9.1	8.8	-8.5	0.0	-1.2	39.0	19.1	37	52	24.4 a,b/	19.3 a,b/	5.5
Mauritius	-9.8	-0.2	17.2	7.9	-10.3	-1.8	4.7	23.0	25.7	114	106	15.7	22.5	12.2
Niger	-19.7	-10.3	8.2	4.2	-7.8	-4.0	-4.0	28.4	9.5	27 c/	22 c/	..	.. c,e/	-5.5
Nigeria	-7.1	-1.9	18.0	13.1	-7.4	-1.0	-3.9	21.0	12.4	97	77	12.5	9.7	2.7
Senegal	-21.6	-9.7	10.0	7.3	-1.2	-3.0	1.4	15.8	14.9	51	60	16.4	16.6	8.7
Sierra Leone	-14.7	-5.7	14.8	42.0	-11.1	-9.0	-1.2 l/	17.6	10.6	..	.. e/	6.5	4.8	-3.3
Somalia	-34.7	-39.8	22.0	38.0	-7.7	.. e/	-0.2	35.2	34.3	29	15	4.4	3.4	-15.2
Sudan	-14.2	-7.4	16.7	32.0	-3.5	-13.8	-0.2	14.7	10.2	50	49	7.0	8.5	1.8
Tanzania	-6.1	-23.1	15.4	26.0	-7.5	-3.3	-1.3	21.8	22.0	90	66	9.4	7.6	-2.2
Togo	-16.1	-11.0	9.9	6.2	-3.8	-4.3	-2.1	30.0	22.6	111	101	9.7	8.1	2.1
Uganda	-8.5	-6.4	39.0	105.0	-3.9	-2.6	-1.4	6.5	13.5	58	70	4.4	4.9	5.4
Zaire	-5.4	-13.7	40.0	17.5	-3.3	-12.7	-1.0	15.0	11.8	94	76	3.1	3.1	-3.4
Zambia	-17.8	-7.0	9.0	33.0	-15.7	-12.0	-4.1	21.3	12.0	90	97	20.4	24.8	-2.3
Zimbabwe	-11.1	-0.7	2.2	12.1	-8.4	-9.2	-1.5	20.9	19.8	130	128	24.4	23.7	1.5
Improving (or positive)	16		12		16		5	4		5		6		11
No Change f/ h/	2		1		2		3	1		3		9		4
Worsening (or negative)	6		11		6		16	19		16		9		9

Source: UNDP/World Bank (1989); World Bank (1990b).

a/ Industry; b/ over 1980-87 period; c/ taken from Tinguiri (1991); d/ improved; e/ deteriorated; f/ no change is assumed whenever the share of manufacturers in GDP or the growth rate of the volume of exports does not change (+/-) by at least 1.5 percentage points; g/ including grants; h/ no change (in constant prices) is assumed whenever ratios change less than +/- 0.5 percent; i/ 1986; k/ 1985; l/ 1987; m/ GNP.

Legend: C.A./GDP = Current account balance/GDP ratio; Inflation = Average yearly change in GDP deflator; B. deficit/GDP = Government budget deficit (including grants) GDP ratio; GDP/c gr = Average annual growth rate of real GDP per capita in constant prices; Inv/GDP = Gross investment/GDP ratio; Primary E.R. = Gross enrollment rate in primary education; Manuf/GDP = Share of value-added in manufacturing in GDP (in constant prices); Gr of exports = Average annual growth rate of the volume of exports.

investment/GDP ratios can offer useful insights about how future growth has been affected in this process. The changes in primary school enrolment rates allow the assessment of whether adjustment has entailed social costs. (A more accurate measurement of such social costs would require an analysis of a broader set of indicators, including, for instance, the infant mortality rate and nutritional status of the population. Empirical information on these two variables is, however, extremely rare.) Finally, changes in the share of manufacturing in total value-added and the growth rate of the volume of exports over the 1980s - together with data on changes in investment ratios and enrolment rates - allow an initial assessment of how 'structural' has been changed in the 'adjusting' countries in the 1980s.

Stabilization Performance

An examination of macroeconomic data for Africa as a whole (i.e. including 'adjusting' and 'nonadjusting countries') shows that, in spite of the large number of IMF- and World Bank-supported programmes undertaken in the 1980s, the objective of macroeconomic stabilization has been achieved only partially. In 1989, the deficit of the current account balance had declined to only $7.8 billion from the level of $9.6 and $8.3 billion, respectively, recorded in 1981 and 1982 (IMF 1989 and 1990). Furthermore, in 1988, the regional budget deficit relative to GDP (6.9%) was as large as in 1981-82. In the meantime, the average regional inflation rate had remained at around 21 percent throughout the 1982-89 period, with no improvement over the average rate of 20.8 percent recorded over 1972-81 (ibid).

Stabilization performance has varied of course from country to country. A more detailed analysis based on the data of Table 5 shows that of the 24 countries which undertook adjustment programmes in the 1980s, only six managed to achieve simultaneously lower inflation rates and lower deficits (relative to GDP) in the current account balance and government budget. While 12 other countries managed to achieve at least two of these three objectives, for six countries macroeconomic imbalances at the end of the 1980s were as severe as before adjustment efforts got underway.

In addition, in seven of the 18 countries which showed some movement towards stabilization, the deficit of the current account balance in 1987-88 was still in excess of 10 percent of GDP, while in Guinea-Bissau and Zambia the budget deficits also exceeded this critical level.

These relatively modest results have been obtained despite large real exchange rate devaluations, substantial cuts in public expenditure and credit ceilings, and the introduction of support prices. While external factors have been in part responsible for these modest achievements (see later), in the African context the standard approach to stabilization suffers from a number of limitations which reduce its expected impact. Given the price and income elasticities of imports and exports prevailing in most African economies, devaluation produces limited effects on the deficits of the balance of payments. Furthermore, devaluation tends to be deleterious whenever all African countries producing the same primary commodities with low demand elasticities devalue simultaneously, triggering in this way a global increase in their export volume. In addition, devaluation, producer price increases and the withdrawal of subsidies contribute to the persistence or acceleration of inflation, despite tight fiscal and monetary policies. There is also evidence that supply responses to higher prices have been sluggish (Beynon 1989 and Bond 1983). Although there is no conclusive evidence in this regard, it is plausible that large cuts on public expenditure in infrastructure and maintenance have offset part of the production inducements offered by higher producer prices. Similarly, trade liberalization and the overall contraction in imports and economic activity resulting from expenditure-reducing (demand-restraint) measures negatively affect tax receipts, making the achievement of fiscal balance even more problematic in spite of drastic expenditure cuts. In addition, devaluation increases the fiscal cost (in domestic currency) of debt-servicing, thus making the achievement of fiscal balance more problematic. Because of this and other factors, interest payments on the public debt of a group of 13 African countries with comparable government expenditure data increased from 7.7 percent in 1980-81 to 12.5 percent in 1985-87 (Cornia and Stewart 1990).

With few exceptions, the achievement of stabilization has entailed severe losses in the field of growth, investment and welfare. Of the 18 countries which managed to stabilize the economy in the 1980s, only five recorded a positive growth of GDP per capita. In all the others, macroeconomic stability was achieved at the expense of growth (Table 5). In some of these countries, such as Kenya, Malawi and a few others, the stagnation or decline in GDP per capita was in part due to persistently high, and in a few cases accelerating, growth rates of the population. It must be noted also, however, that if the assessment of the growth performance were effected on the basis of the gross national income per capita data (which include an adjustment for terms of trade changes), the growth performance would appear much less satisfactory.

This poor growth performance seems to suggest an excessive reliance on expenditure-reducing policies and the limited effects of expenditure-switching and growth-enhancing policies, particularly when external financing was inadequate (Helleiner 1991). The decline in enrolment rates is indicative also of the social costs associated with the economic crisis of the 1980s and the adjustment measures introduced to deal with it.

Structural Adjustment Performance

Despite some early claims that the IMF- and the World Bank-supported programmes had generated slightly better results in countries with 'strong reform programmes' (World Bank and UNDP 1989), the available evidence shows that, with a few exceptions, by the late 1980s, structural conditions had not improved in the 24 countries which had initiated adjustment programmes since the early 1980s. This unsatisfactory performance has been obtained despite profound reforms in the field of privatization, liberalization of prices and foreign trade, mobilization of resources, foreign investment and others (Table 5, see also UNECA 1989 which contradicts conclusively the above claims).

To start with, capital accumulation slowed down in five-sixths of these countries. In 1987-88, the average (unweighted) *gross* investment/GDP ratio was about 30 percent lower than in 1981-82. If the comparison were carried out on the basis of *net* investment, such decline would be even greater. Public investment dropped sharply, leading to a deterioration of the limited public infrastructure painfully created in the past. There is now evidence that also private investment declined in parallel to public investment (World Bank 1990a), while direct foreign investment stagnated at very low levels. Structural adjustment measures might have increased microeconomic ('X') efficiency and productivity by cutting wasteful investment programmes, eliminating distortions, providing better incentives and through the rationalization of loss-making public enterprises. However, rapidly declining capital accumulation has represented a major obstacle to the improvement of overall efficiency (which depends also on the 'external efficiency' of public transport, communication, power and human infrastructure) and to the diversification of production (which requires new investment in nontraditional sectors producing 'tradeables').

Similarly, enrolment rates in elementary education, which had increased rapidly between 1960-80, declined over the 1980s in 60 percent of the countries undergoing adjustment (Table 5). There is scattered evidence that secondary and higher education were also affected. These adverse trends are the result of a contraction of both demand and supply of educational services. To start with, the drop in household income has increased the opportunity cost of children's and adolescent's time as well as the need to save on educational expenditures among low-income households, thus leading to a contraction in the demand for education (Tinguiri 1991). In addition, the drop in government expenditure on education (which declined from U.S. $10.7 bn in 1980 to $7.7 bn in 1985 for Africa as a whole) caused a substantial contraction in the supply of primary education, despite the shift in a greater share of government expenditure on education towards the primary level in 15 of the 22 countries with available information (Brestecher and Hill 1990).

The decline of government expenditure on education was the result of the fiscal crisis of the 1980s (see Section III) and in particular of the continued overdependence on trade taxes, by the cuts in overall government expenditure contemplated in all adjustment programmes and the decline in the share of government spending on education caused by increasing interest payments on the foreign debt (Ebel 1991). In Tanzania, for instance, government expenditure for the servicing of interest and principal on the foreign debt increased from 2.6 percent of total government expenditure in 1980-81 to about 19 percent in 1987-88. This increase was accompanied by a commensurate decline in expenditure on health and education (Wagao 1990). While the decline in enrolment rates and the overall weakening of the educational sector may not have an immediate impact on growth and economic structure, they negatively affect the quality of the labour force and labour productivity over the medium term and perpetuate in this way the problems caused by insufficient human capabilities and overdependence on expatriate expertise.

The belt-tightening imposed on most African countries would perhaps have been acceptable if adjustment had triggered a radical change in economic structures, eventually leading to an increase in food production, an expansion of manufacturing activities, and a rapid growth of nontraditional exports. Also from this perspective, however, the changes intervened in the 1980s are not satisfactory.

The share of manufacturing in GDP increased between 1982 and 1988 in only six of the 24 countries included in Table 5. Of these six countries, only in Mauritius and Zambia was the increase greater than 3 percentage points, while only in Mauritius was such change accompanied by a rapid growth of output and exports (see later). In the remaining 18 countries, the share of manufacturing stagnated or declined, an outcome to be expected in view of the almost universal decline in investment ratios. So, while the development policies of the 1960s and 1970s led in several cases to an inefficient import-substituting industrialization, the adjustment efforts of the 1980s seem to have led to, or not to have been able to prevent, a shrinking of an already underdeveloped industrial base.

Broadly similar conclusions are arrived at when examining the data on the growth of the volume of exports. The latter increased in 11 countries (of which in only six at rates above 5%). In the other 13 countries, the volume of exports stagnated or decreased. Even in the 11 countries experiencing an increase in exports, the impact on the balance of payments has almost always been negligible because of the decline in the export prices of primary commodities. It is hardly surprising, therefore, that the modest improvements in the current account balance realized in the 1980s had to be achieved in most cases through a substantial contraction of imports. If the assessment of export performance was effected on the basis of the growth of 'nontraditional exports' (whose data for most countries are, however, not readily available), the picture would appear much less favourable. Yet, this - and not a generalized expansion of Africa's export bundle - should be the true objective of 'structural adjustment' in the external sector.

Lastly, agricultural production improved somewhat in 1985-86 and 1989. It is not clear, however, whether the increase in food production is the result of better incentives and the liberalization of agricultural trade or improved weather conditions. Typical adjustment measures, in fact, have not addressed - and in some cases made even more binding - the long-term nonprice constraints to agricultural growth, such as an inadequate rural infrastructure, the growing differentiation between a landless and smallholder subsector mired in poverty and a rapidly growing commercial farming subsector, the low and declining use of fertilizers and irrigation, and the risk of ecological degradation caused by an accelerating population growth (Lele 1990 and Tinguiri 1991).

With the exception of very few countries, changes in production structures and export baskets have therefore been extremely limited, let alone that in a few areas (such as industrialization) there has been retrogression. At the end of almost a decade of adjustment efforts, sub-Saharan Africa found itself still faced with the usual problems of overdependence on primary commodities, a stagnant or shrinking industrial base, and sluggish and highly unstable growth in the food crop sector. In addition, in 75 percent of the countries undertaking adjustment programmes, capital accumulation and primary enrolment rates were lower than in the early 1980s.

While the cause of this unsatisfactory situation has to be found mainly in the vulnerability of the African economy in the early 1980s and in the persistence of negative external conditions in the 1980s, it is clear that the structural adjustment efforts of the 1980s have not been able to offset these negative influences, nor induce those structural transformations which are desirable and necessary from a long-term development perspective. As noted in the first World Bank evaluation of the first ten years of adjustment lending,

> "the supply-response to adjustment lending... in sub-Saharan Africa has been slow because of the legacy of deep-seated structural problems. Inadequate infrastructure, poorly developed markets, rudimentary industrial sectors, and severe institutional and managerial weaknesses in the public and private sectors have proved unexpectedly serious as constraints to better performance - especially in the poorer countries of SSA" (World Bank 1988b, p. 3).

The Combined Stabilization - Structural Adjustment Experience

The variety of adjustment experiences in the African countries undertaking economic reform in the 1980s is summarized in Table 6 which cross-classifies the 24 countries of Table 5 according to four variables, i.e. the achievement of stabilization objectives, preservation of positive growth in GDP per capita, protection of human welfare (proxied by primary enrolment rates) and the structural transformation of the economy (proxied by an increase in the share of manufacturing in GDP).

Of the 24 countries which underwent stabilization and structural adjustment reforms in the 1980s, only Mauritius appears to have achieved simultaneously the four objectives of stabilization, growth, structural adjustment and protection of vulnerable groups. Another five countries - Guinea-Bissau, Mauritania, Senegal, Mali and Zambia - have achieved simultaneously three of the above four objectives (although for Mali and Zambia this was obtained at a high cost in terms of growth of GDP per capita). The largest number of countries accomplished only one or two of these objectives (stabilization being the most frequent, and growth and the removal of structural bottlenecks the least frequent), while Ethiopia, Somalia, Tanzania and Zaire did not manage to either stabilize their macroeconomic imbalances and sustain the growth in GDP per capita, nor remove the structural bottlenecks and protect human conditions in this process.

The picture presented by Table 6 reflects, of course, the conventional (and somewhat arbitrary) criteria adopted. Such picture would likely change if the periodization chosen (1980-81 or 1981-82 vis-à-vis 1987-88), or the thresholds and conventions adopted for its construction, or the variables used to proxy 'structural transformation' and 'social costs' were modified. Sensitivity analysis would show, however, that the results of Table 6 are fairly robust and that the above broad conclusions would not change substantially.

TABLE 6: VARIETY OF ADJUSTMENT EXPERIENCES IN AFRICA SOUTH OF SAHARA IN THE 1980s

		STABILISATION a/		NO STABILISATION	
		With Structural Transform.	Without Structural Transform.	With Structural Transform.	Without Structural Transform.
POSITIVE GDP/C GROWTH	With Human Protection	Mauritius	Mauritania Senegal	--	--
	Without Human Protection	Guinea B. Mali	--	--	--
ZERO OR NEGATIVE GDP/C GROWTH	With Human Protection	Zambia	Malawi Togo Uganda	--	Zimbabwe
	Without Human Protection	Côte d'Iv. Ghana	C.A.R. Kenya Liberia Madagascar Niger Nigeria Sierra Leone	Sudan	Ethiopia Somalia Tanzania Zaire

Source: Elaboration of data in Table 5.
a/ Stabilisation is considered achieved if there has been an improvement in at least two of the following three variables: deficit of the current account balance, budget deficit and inflation.

Possible Causes of the Failure to Achieve Structural Adjustment

There is a legitimate controversy on the causes of the failure of adjustment policies in the 1980s in Africa south of the Sahara. The identification of such causes poses, however, a number of methodological problems. The approach normally adopted for the assessment of the performance of adjustment policies involves the evaluation of a number of target variables over the adjustment period in 'adjusting countries' versus those 'nonadjusting countries' which have undergone similar shocks (Mosley et al. 1991). In the case of Africa, however, this methodology is not practicable, as all but a very few countries introduced adjustment programmes with the assistance of the World Bank and IMF in the 1980s. It is not possible therefore to construct a meaningful control group of nonadjusting countries against which to assess the performance of the 'adjusting countries'. The following analysis therefore discusses the relative influence of four sets of factors as possible causes of poor growth and lack of structural transformations, but, due to the data limitations illustrated above, it is not possible to draw direct conclusions about causation. Nonetheless, broad but firm conclusions on the relevant factors behind the crisis are still possible. Among the potential causes of the poor performance of the 1980s, one can list the following:

- inadequate implementation of the adjustment programmes,
- a deterioration in exogenous conditions,
- inadequate external funding,
- policy conflicts in the design of the adjustment programmes.

Their relative importance is discussed hereafter.

First, not all of the 241 adjustment programmes initiated in the 1980s have been completed or implemented as consistently as demanded by these two institutions. This, however, has been a relatively rare occurrence, as only 21 of these 241 programmes were abandoned or terminated before the agreed upon deadline. In addition, while there are differences in viewpoints between the officials of the IMF and the World Bank and those of many African governments about the 'desirability' and 'ownership' of the IMF- and World Bank-supported adjustment programmes (Helleiner 1991), two major evaluations of the concurrent adjustment programmes of these two institutions in the 1980s found that in Africa 75 percent of all programme conditions had been fully or substantially implemented (World Bank 1988b and 1990a).

Second, exogenous factors have certainly exerted a negative influence on the performance of the adjustment programmes. Except for 1983-84, the terms of trade of Africa south of the Sahara worsened steadily throughout the 1980s. Between 1982 and 1990, the combined terms of trade loss in Africa as a whole was about 30 percent (IMF 1990). The decline in terms of trade was particularly acute for the five oil-exporting countries, but it affected in an equally disruptive manner the exporters of agricultural products and minerals. Their terms of trade fell respectively by 26 and 10 percent over the same period (ibid). Other exogenous factors such as the 1983-84 drought and continued war or civil strife have also exerted a negative influence on the performance of adjustment programmes. Civil wars and insurrections have caused huge losses of lives, output and considerable destruction of infrastructure in four of the 'adjusting countries' included in Table 5 (Ethiopia, Sudan, Uganda and, to some extent, Zimbabwe) as well as in Mozambique, Angola and Chad (Sandbrook 1989).

It must be noted, however, that over the long term several of these 'external' influences (such as the terms of trade losses) cannot be seen as exogenous factors but rather as the result of policy failures. For instance, the continued emphasis placed by the adjustment programmes on the expansion of Africa's traditional primary commodity exports (coffee, cocoa, sugar and so on) likely contributed to the decline of world prices for such commodities and to the deterioration of Africa's term of trade in the 1980s. The same argument applies to the vulnerability of agriculture to the hazards of weather whenever adjustment policies place insufficient emphasis on water conservation and improved irrigation.

Third, inadequate external financing has also contributed to the poor performance of adjustment in the 1980s. First of all, the huge loss in Africa's terms of trade was not compensated by an increase in the amount of new financing. Second, the protracted deadlock on the debt problem led to a growing drainage of resources for debt servicing. As a result, the net transfer of resources not only did not offset the terms of trade losses, but even declined until 1985 (Table 7). Despite a 23 percent increase in the volume of exports over the 1980s, the adjustment of Africa's balance of payments had therefore to be achieved through an 18 percent decline in the level of imports (IMF 1990). It is beyond dispute that this import strangulation has exerted a depressive effect on growth and investment and, presumably, even on the growth of nontraditional exports. Recent econometric investigation has shown that there is a positive and statistically significant correlation in recent years between increased imports and improved growth of output (Faini et al. 1989).

Particularly relevant to this discussion is that, despite contrary statements of intent over the last several years, the IMF and the IBRD (the nonconcessional credit window of the World Bank) have become net recipients of resources from Africa and aggravated in this way the inadequate funding of adjustment programmes (Table 7).

Fourth, the poor performance of adjustment is also the result of problems in the design of the adjustment package. As noted earlier on in the African context, some of the tools of stabilization produce results which are less pronounced or may even conflict with those normally expected. In addition, while several of these tools are consistent with the achievement of long-run development objectives (such as the diversification of exports,

TABLE 7: NET TRANSFER TO AFRICA SOUTH OF SAHARA, 1980-89

	1980	1983	1984	1985	1986	1987	1988	1989
Total debt-related net transfer (of which):	5657	4092	1727	-856	2067	3185	1712	2307
- Total IMF/World Bank (of which):	1205	1742	986	399	385	632	382	455
IMF	730	879	-41	-454	-954	-863	-462	-728
IBRD	72	270	305	31	33	-75	-725	-391
IDA	403	593	722	802	1306	1570	1569	1574
- Multilateral a/	707	664	442	487	650	709	672	607
- Bilateral a/	1657	2295	1925	472	1210	1194	630	945
- Private	2818	270	-1667	-2648	-1132	-213	-434	-428
Total non-debt-related net transfer (of which):	186	2514	2733	4069	4294	4441	6261	7113
- Grants	177	1475	1993	3032	3414	3943	--	--
- DFI b/	9	1039	740	1037	880	498	--	--
Total net transfer	5843	6606	4460	3213	6163	7626	7973	9420

Source: Derived from Helleiner (1991).
a/ Excluding grants; b/ based upon UNDP and World Bank (1989).

capital accumulation, the development of human capabilities, greater food self-reliance, etc.) and with the removal of the structural bottlenecks illustrated in Sections II and III, others, though contributing to the stabilization of macroeconomic imbalances, make the achievement of these long-term objectives more problematic.

From this perspective prevailing adjustment policies can be classified in three categories (Stewart 1991): *contradictory* policies, i.e. policies which conflict directly with long-run objectives; *incomplete* policies which could support the achievement of long-term objectives with some modifications; and *additional* policies which are not included in the usual adjustment programmes.

Contradictory Policies

1. *Conflicts between cuts in government expenditure and the need to sustain or expand public infrastructure and human capabilities.* The combined effect of public expenditure cuts and growing expenditure on debt servicing have led to large contractions in public investment

programmes, and indirectly in private investment, and to declines in recurrent government expenditure on health, education, training, agricultural research and extension and fertilizer subsidies. As noted, however, these trends conflict directly with the well-established needs of ensuring the maintenance of the existing capital stock, investing in new sectors (so as to diversify the production and export basket) and expanding human capabilities. They conflict also with the needs of enhancing rural infrastructure and R&D, increasing expenditure on fertilizer subsidies, the modernization of agriculture and the improvement of agricultural practices, two steps without which in Africa long-term development will remain elusive.

To sustain expenditure on investment, key inputs and human capabilities, more expansionary adjustment programmes are required. Reducing the African external debt will help finance the increasing need for external resources inherent to such approach. Significant improvements over the 'Toronto terms' regulating debt relief are absolutely necessary if debt-distressed, low income African countries are to have any prospect of increased net transfers of resources and stimulus to investment and growth over the coming decade.

On the domestic front, greater efforts should be placed on achieving fiscal balance also through increases in revenue from consumption, income and wealth taxes, so as to avoid excessive expenditure cuts (Tanzi 1990, Cornia and Stewart 1991). Examples from Burkina Faso, Zimbabwe, Botswana, Mauritius and Cameroon show that it is possible to increase tax ratios within a reasonable period of time with no adverse effects on growth (ibid, see also Savadogo and Wetta 1991). In addition, public spending priorities must increase the proportion of public sector resources going to key areas.

2. *Conflicts between undifferentiated and sudden import liberalization and the need to diversify production towards manufacturing*. This policy stance tends to compound the negative influences exerted on domestic investment in manufacturing by the compression in public expenditure, devaluation and interest rate increases. While a gradual move towards liberalization may increase competition and thus facilitate the establishment of an efficient industrial base, sudden and sharp changes in protection rates tend to lead to deindustrialization, thus preventing the build-up of essential industrial experience and prolonging dependence on primary commodity exports.

Instead, selective and temporary protection on a sliding scale (over a 5-10-year period) is more consistent with the goal of establishing an efficient manufacturing sector. Such measures would have to be accompanied by measures aimed at increasing domestic and intra-regional competition and by the imposition of 'export quotas'. In this regard, a much greater degree of liberalization could be immediately introduced among African countries.

3. *Conflicts between policies encouraging an expansion of traditional primary commodity exports and the need to diversify the export basket (and stabilize the balance of payments).* The promotion of traditional primary commodities, which forms the pivot of most adjustment strategies, runs precisely against these two objectives. Sixty percent of Africa's agricultural exports appear to come from commodities (coffee, cocoa, sugar, tea, groundnuts and sisal) whose price elasticity of demand is so low and whose share of world exports is so high that an increase in export volume would *reduce* dollar export earnings and thus worsen the deficit of the balance of payment (Godfrey 1985). The decline in the world prices of several primary products (such as cocoa and coffee) and the deterioration in Africa's terms of trade in the 1980s were in part the direct consequence of the generalized increase in the export of these goods by African and other Third World countries.

While insistence on the need of increasing export earnings is entirely justified, "the emphasis should rather be on *diversification* of products, from 'high-share' to 'low-share' (and manufactured products), and of markets, from low-elasticity to high-elasticity" (ibid, p. 171).

Incomplete Policies

A number of policies which are part of the orthodox adjustment packages have both positive and negative effects over the long term - positive because they correct past distortions, but negative because they do not sufficiently emphasize essential complementary changes. Among others, there is a need to:

- *Complement measures on pricing and privatization of marketing boards in agriculture, with investment in rural infrastructure and key inputs.* While an improvement in the terms of trade of agriculture was desirable (particularly for food crops), given the previous discrimination against the sector, pricing policies alone are not able to generate meaningful supply responses. A review of econometric estimates of aggregate supply responses in agriculture shows that low values (0.005-0.35) are prevalent in the short term, while slightly higher elasticities (0.1-0.5) are most common over the long term (Beynon 1989). Complementary measures would include adequate investment in both the public- and farm-level rural infrastructure and research and development, particularly in the area of indigenous food crops. Complementary measures should also comprise the provision of sufficient credit and, in some cases, of fertilizers and other input subsidies which are essential to raise agricultural production over the medium term and - where land is getting scarcer and rotations are becoming shorter - to preserve soil fertility.

- *Complement policies for a market-base allocation of resources with measures ensuring that an adequate share of such resources reaches small producers.* Current adjustment packages tend to attribute to the market a main role in the allocation of scarce foreign exchange and credit. While a more market-oriented approach may be desirable, this new approach does not ensure that an adequate share of such resources goes to key sectors or efficient small-scale producers which normally lack the collateral or adequate money balances to bid effectively in such market. During the adjustment of Zambia in the 1980s, for instance, most of the auctioning of the foreign exchange went to large foreign companies, while small local enterprises, agriculture and the social sector were starved of foreign exchange (Seshamani 1990). It is necessary therefore to ensure that the market-based allocation of resources is complemented, for instance, by the *a-priori* assignment of a given share of resources to the small producers sector (Stewart 1990).

Additional Policies

Not all the policy changes necessary for the restoration of growth and the achievement of long-term development are included in the adjustment packages of the World Bank and IMF. These additional policies include measures aimed at strengthening or modifying the institutional environment (national or regional) within which economic activity takes place in Africa. Among them:

- Where landlessness is already acute, *land reform* is needed to redistribute surplus land in the plantation and large farmer sector, or land still under customary tenancy, to the landless and the land-deficient farmers and particularly to land-poor female-headed households. This measure will help to reduce rural differentiation while contributing to the growth of output, because of the greater efficiency in the use of resources of smallholders (Cornia and Strickland 1990). Where landlessness has not emerged on a large scale, land ceilings may be instituted to prevent future land concentration from arising. Taxation of land in excess of agreed ceilings, particularly if the land is left idle, would also contribute to the rise of excessive rural inequality while improving fiscal revenue. Tenure systems should also be re-examined in those land-abundant countries which are gradually experiencing a shortening of the fallow period and a decline in soil fertility. Under such conditions the recognition of individual property rights would increase the incentives to invest in the land in order to preserve or improve its fertility.

- The reform or *creation of institutions to serve smallholders* and small producers in the field of R&D in food crops, the dissemination of appropriate and affordable technologies of credit (see above) and recurrent inputs.

- A major effort to *sustain and reform public services for the development of human capabilities*. Over the 1980s, only 24 percent of the World Bank-supported adjustment measures have included specific measures in this field (World Bank 1990a). The IMF-sponsored stabilization programmes, while agnostic in principle, tend to exert undifferentiated downward pressures on all types of public expenditures, including that for the social sector. An expansion of human capabilities in key sectors requires that the 'fiscal squeeze' experienced by most African countries in health care, education, potable water supply, training and similar sectors in the 1980s be reversed.

While a restoration of adequate levels of public (and private) expenditure would be an enormous step forward, profound reforms are also necessary to improve the relevance of existing approaches to social service delivery for the production, health and educational needs of the population; to adjust the standards of service and salary structures (which often still reflect 'dualistic' structures inherited at Independence); to conform to the needs and resource base of the African countries and to enhance the participation of the population, and of the poor in particular, to the design, management and delivery of social programmes.

- Policies to *create or improve regional institutions* in the field of R&D in agriculture, public health, trade, transport and other forms of economic cooperation. However difficult, a move in this direction is highly desirable from the long-term perspective.

VI. CONCLUSIONS

Compared with the other developing regions, relatively little structural change occurred in the first two decades after Independence in Africa. Overall, the problems caused by the overdependence on primary commodity exports, the neglect and backwardness of agriculture, and inadequate manufacturing production, industrial skills and know-how were as acute in the late 1970s as at Independence. While sustained growth and remarkable improvements from the unfavourable conditions inherited at Independence have been realized in a few areas (such as growth, urban infrastructure and education), additional problems - such as debt and environmental degradation - emerged between 1960 and 1980.

With the negative changes in the international economic environment that intervened in the early 1980s, the pressures to overcome such structural bottlenecks became even more pressing. However, while the shortcomings of African stabilization and structural adjustment are obviously controversial, it appears that the adjustment policies applied on a massive scale in the 1980s have not been able to provide a solution to Africa's old and new problems.

A few difficulties and inconsistencies have plagued such policies. First, adjustment has achieved some positive but extremely limited results in producing economic stability. Progress has been hindered by the inadequate appreciation of the consequences of devaluation in the African context and by the fiscal implications of reform packages which incorporate sharp devaluations and interest rate increases.

Second, excessive reliance on demand restraint measures - partly caused by the inadequate funding of adjustment programmes and by the deterioration in terms of trade in the 1980s - has caused excessive losses of output, investment and human welfare. In particular, adjustment policies can be faulted for sacrificing the provision of crucial public goods such as agricultural infrastructure, for relatively neglecting human capital development and for failing to minimize the impact on the poor.

Finally, in response to the question raised in the title of this paper, adjustment has not removed most structural obstacles to sustainable long-term development. While it is likely that microeconomic efficiency has been improved, IMF's and World Bank's insistence on increased exports of traditional primary commodities, rapid import liberalization and drastic cuts in public investment are retarding Africa's recovery and pushing many African economies away from achieving the long-term objectives of greater self-sufficiency, an efficient manufacturing sector, diversified export composition and markets, and increased export volume. In the African context the almost exclusive emphasis of structural adjustment on relative price changes, privatization, financial and trade liberalization, and interest rate increases has generated extremely modest supply responses which are much smaller than those anticipated at the beginning of the decade.

BIBLIOGRAPHY

Alexandratos, N., ed. (1988), *World Agriculture Toward 2000: An FAO Study*, London: Belhaven Press.

Becker, C.M. (1990), "The Demo-Economic Impact of the AIDS Pandemic in Sub-Saharan Africa", *World Development*, Vol. 18, No. 12, pp. 1599-1619.

Beynon, J.G. (1989), "Pricism v. Structuralism in Sub-Saharan African Agriculture", *Journal of Agricultural Economics*, 40 (3), September, pp. 323-335.

Bond, M. (1983), "Agricultural Response to Price in Sub-Saharan African Countries", *IMF Staff Papers*, 30 (4).

Brestecher, D., and R. Carr-Hill (1990), *Primary Education and Economic Recession in the Developing World since 1980*, Paris: UNESCO.

Cornia, G.A., R. Jolly, and F. Stewart, eds. (1987), *Adjustment with a Human Face*, Vol. 1, New York: Oxford University Press.

Cornia, G.A., and F. Stewart (1990), "The Fiscal System, Adjustment and the Poor", *Ricerche Economiche*, XLIV, No. 2-3, pp. 349-379, Venezia: Dipartimento di Scienze Economiche, Università degli Studi Ca' Foscari.

Cornia, G.A., and R. Strickland (1990), "Rural Differentiation, Poverty and Agricultural Crisis in Sub-Saharan Africa: Toward an Appropriate Policy Response", *Innocenti Occasional Papers*, No. 4, Florence: UNICEF-ICDC.

Durring, A.B. (1989), "Poverty and the Environment: Reversing the Downward Spiral", *Worldwatch Paper* 92, November 1989, Washington, DC: Worldwatch Institute.

Ebel, B. (1991), "The Pattern of Government Expenditure during the 1980s: Implications for the Social Sectors", (forthcoming) in *Innocenti Occasional Papers*, Florence: UNICEF-ICDC.

FAO (1986), *African Agriculture: The Next 25 Years: Main Report*, Rome: FAO.

__________ (1988), *The Impact of Development Strategies on the Rural Poor*, Second Analysis of Country Experiences in the Implementation of the WCARRD Programme of Action, Rome: FAO.

Faini, R., J. de Melo, A. Senhadj-Semlali, and J. Stanton (1989), "Growth-oriented Adjustment Programs: A Statistical Analysis", *Development Studies Working Paper*, No. 14, Torino and Oxford: Centro Studi Luca d'Agliano-Queen Elisabeth House.

Ghai, D., and S. Radwan, eds. (1983), *Agrarian Policies and Rural Poverty in Africa*, Geneva: ILO.

Ghai, D., and L. Smith (1987), *Agricultural Prices, Policy and Equity in Sub-Saharan Africa*, Boulder, Colorado: Lynne Rienner.

Godfrey, M. (1985), "Trade and Exchange Rate Policy: A Further Contribution to the Debate", in Rose, T., ed., *Crisis and Recovery in Sub-Saharan Africa*, pp. 168-179, Paris: OECD.

Gulahati, R., and C. Sekkar (1981), "Industrial Strategy for Late Starters: The Experience of Kenya, Tanzania and Zambia", *World Bank Staff Working Papers*, No. 457, Washington, DC.

Haggblade, S., P. Hazell, and J. Brown (1989), "Farm-Non Farm Linkages in Rural Sub-Saharan Africa", *World Development*, Vol. 17, No. 8, London.

Helleiner, G.K. (1991), "The IMF, the World Bank and Africa's Adjustment and External Debt Problems: An Unofficial View", a paper presented to the symposium on "Structural Adjustment, External Debt and Growth in Africa", jointly sponsored by the Association of African Central Banks and the IMF, February 25-27, 1991, Gaborone, Botswana.

IMF (1986), "Fund-supported Programs, Fiscal Policy and Income Distribution", *Occasional Paper* 46, Washington, DC: IMF.

__________ (1989), *World Economic Outlook, October 1989*, Washington, DC: IMF.

__________ (1990), *World Economic Outlook, October 1990*, Washington, DC: IMF.

IMF Survey, various issues.

Lele, U. (1990), "Structural Adjustment, Agricultural Development and the Poor: Some Lessons from the Malawian Experience", *World Development*, Vol. 18, No. 9, pp. 1207-1219, Oxford and New York.

Mosley, P. (1987), *Conditionality as Bargaining Process: Structural Adjustment Lending, 1980-86*, Princeton, New Jersey: Princeton Paper in International Finance.

Mosley, P., and L. Smith (1989), "Structural Adjustment and Agricultural Performance in Sub-Saharan Africa 1980-87", *Journal of International Development*, 1 (3), pp. 321-355.

Mosley, P., J. Harrigan and J. Toye (1991), *Aid and Power: The World Bank and Policy-based Lending*, vol. 1: *Analysis and Policy Proposals*, London: Routledge.

Norton, R.D. (1987), "Agricultural Issues in Structural Adjustment Programs", *FAO Economic and Social Development Paper*, Rome: FAO.

Pryor, F.L. (1990), "Changes in Income Distribution in Poor Agricultural Nations: Malawi and Madagascar", *Economic Development and Cultural Change*, Vol. 39 (1), October 1990, pp. 23-45.

Sandbrook, R. (1989), "Economic Crisis, Structural Adjustment and the State in Sub-Saharan Africa", paper presented at the conference on Economic Crisis and Third World Countries: Impact and Response, 3-6 April, Kingston, Jamaica.

Savadogo, K., and C. Wetta (1991), "The Impact of Self-imposed Adjustment: The Case of Burkina Faso, 1983-1989", *Innocenti Occasional Papers*, No. 15, Florence: UNICEF-ICDC.

Seshamani, V. (1990), "Toward Structural Transformation with a Human Focus: The Economic Programmes and Policies of Zambia in the 1980s", *Innocenti Occasional Papers*, No. 7, Florence: UNICEF-ICDC.

Singer, H. (1989), "Lessons of Post-War Development Experience: 1945-1988", *Discussion Paper* No. 260, *Institute of Development Studies*, April 1989, London.

Stewart, F. (1991), "Shorter Term Policies for Longer Term Development", (forthcoming) in Cornia, G.A. et al., eds., *Africa's Recovery in the 1990s: From Stagnation and Adjustment to Human Development*, Macmillan.

Tanzi, V. (1990), "Fiscal Issues in Adjustment Programs", *Ricerche Economiche*, XLIV, No. 2-3, pp. 173-194, Venezia: Dipartimento di Scienze Economiche, Università degli Studi Ca' Foscari.

Tinguiri, K.L. (1991), "Structural Adjustment, Growth and Human Welfare: The Case of Niger, 1982-1989", *Innocenti Occasional Papers*, No. 14, Florence: UNICEF-ICDC.

UNDP/World Bank (1989), *African Economic and Financial Data*, New York and Washington DC: UNDP and World Bank.

UN Economic Commission for Africa (1989), *African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation*, Addis Abeba.

van der Hoeven, R. (1991), "External Dependence and Structural Adjustment in Sub-Saharan Africa: The Need for a New Approach", (forthcoming) in Cornia, G.A. et al., eds., *Africa's Recovery in the 1990s: From Stagnation and Adjustment to Human Development*, Macmillan.

Wagao, J.H. (1990), "Adjustment Policies in Tanzania, 1981-1989: The Impact on Growth, Structure and Human Welfare", *Innocenti Occasional Papers*, No. 9, Florence: UNICEF-ICDC.

World Bank (1981), *Accelerated Development in Sub-Saharan Africa* (Berg Report), Washington, DC: World Bank.

__________ (1988a), *Education in Sub-Saharan Africa: Policies for Adjustment, Revitalisation and Expansion*, Washington, DC: World Bank.

__________ (1988b), "Adjustment Lending - An Evaluation of Ten Years of Experience", *Policy & Research Series*, Washington, DC: World Bank.

__________ (1989), *Sub-Saharan Africa: From Crisis to Sustainable Growth: A Long-Term Perspective Study*, Washington, DC: World Bank.

__________ (1990a), *Report on Adjustment Lending II: Policies for the Recovery of Growth*, Washington, DC: World Bank.

__________ (1990b), *World Tables: 1989-90 Edition*, Baltimore, Maryland: Johns Hopkins University Press.

World Bank/UNDP (1989), *Africa's Adjustment and Growth in the 1980s*, Washington, DC: World Bank.

INNOCENTI OCCASIONAL PAPERS
ECONOMIC POLICY SERIES

EPS 1. *Economic Decline and Child Survival: The Plight of Latin America in the Eighties.* Teresa Albanez, Eduardo Bustelo, Giovanni Andrea Cornia and Eva Jespersen (March 1989). Available in English and Spanish.

EPS 2. *Child Poverty and Deprivation in Industrialized Countries: Recent Trends and Policy Options.* Giovanni Andrea Cornia (March 1990). Available in English, French and Spanish.

EPS 3. *Education, Skills and Industrial Development in the Structural Transformation of Africa.* Sanjaya Lall. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (July 1990). Available in English.

EPS 4. *Rural Differentiation, Poverty and Agricultural Crisis in Sub-Saharan Africa: Toward An Appropriate Policy Response.* Giovanni Andrea Cornia and Richard Strickland. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (July 1990). Available in English.

EPS 5. *Increased Aid Flows and Human Resource Development in Africa.* Paul Mosley. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (August 1990). Available in English.

EPS 6. *Child Poverty and Deprivation in Italy: 1950 to the Present.* Chiara Saraceno. Special Subseries: "Child Poverty in Industrialized Countries". (September 1990). Available in English.

EPS 7. *Toward Structural Transformation with a Human Focus: The Economic Programmes and Policies of Zambia in the 1980s.* Venkatesh Seshamani. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (October 1990). Available in English.

EPS 8. *Child Poverty and Deprivation in the UK.* Jonathan Bradshaw. Special Subseries: "Child Poverty in Industrialized Countries". (October 1990). Available in English.

EPS 9. *Adjustment Policies in Tanzania, 1981-1989: The Impact on Growth, Structure and Human Welfare.* Jumanne H. Wagao. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (October 1990). Available in English.

EPS 10. *The Causes and Consequences of Child Poverty in the United States.* Sheldon Danziger and Jonathan Stern. Special Subseries: "Child Poverty in Industrialized Countries". (November 1990). Available in English.

EPS 11. *The Fiscal System, Adjustment and the Poor.* Giovanni Andrea Cornia and Frances Stewart. Special Subseries: "Fiscal Policy and the Poor". (November 1990). Available in English.

INNOCENTI OCCASIONAL PAPERS
(Continued From Previous Page)

EPS 12. *The Health Sector and Social Policy Reform in the Philippines since 1985.* Wilfredo G. Nuqui. Special Subseries: "Fiscal Policy and the Poor". (January 1991).
Available in English.

EPS 13. *The Impact of Economic Crisis and Adjustment on Health Care in Mexico.* Carlos Cruz Rivero, Rafael Lozano Ascencio and Julio Querol Vinagre. Special Subseries: "Fiscal Policy and the Poor". (February 1991).
Available in English.

EPS 14. *Structural Adjustment, Growth and Welfare: The Case of Niger, 1982-1989.* Kiari Liman Tinguiri. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (March 1991).
Available in English.

EPS 15. *The Impact of Self-Imposed Adjustment: The Case of Burkina Faso, 1983-1989.* Kimseyinga Savadogo and Claude Wetta. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (April 1991).
Available in English.

EPS 16. *Liberalization for Development: Zimbabwe's Adjustment without the Fund.* Robert Davies, David Sanders and Timothy Shaw. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (May 1991).
Available in English.

EPS 17. *Fiscal Shock, Wage Compression and Structural Reform: Mexican Adjustment and Educational Policy in the 1980s.* Fernando Valerio. Special Subseries: "Fiscal Policy and the Poor". (June 1991).
Available in English.

EPS 18. *Patterns of Government Expenditure in Developing Countries during the 1980s: The Impact on Social Services.* Beth Ebel. Special Subseries: "Fiscal Policy and the Poor". (July 1991).
Available in English.

EPS 19. *Ecuador: Crisis, Adjustment and Social Policy in the 1980s.* The Ecuadorian Centre of Social Research. Special Subseries: "Fiscal Policy and the Poor". (August 1991).
Available in English.

EPS 20. *Government Expenditures for Children and their Families in Advanced Industrialized Countries* (1960-1985). Sheila B. Kamerman and Alfred J. Kahn. Special Subseries: "Child Poverty in Industrialized Countries". (September 1991).
Available in English.

EPS 21. *Is Adjustment Conducive to Long-Term Development? The Case of Africa in the 1980s.* Giovanni Andrea Cornia. Special Subseries: "Structural Adjustment in Sub/Saharan Africa". (October 1991).
Available in English.

ISSN 1014-7837

unicef

International Child Development Centre

Piazza S.S. Annunziata, 12
50122 Florence, Italy
Tel. 3955-234-5258 - Fax 3955-244817
Telex 572297 UNICEF I