Box 35

FROM ECONOMIC DISASTER TOWARD RECOVERY AND RENEWED DEVELOPMENT: Toward African Action

By Reginald Herbold Green

> To plan is to choose,
> Choose to go forward.
> - President J. K. Nyerere
>
> Pessimism of the intellect,
> Optimism of the will.
> - Antonio Gramsci
>
> Our own reality - however fine and attractive the reality of others may be - can only be transformed by detailed knowledge of it, by our own sacrifices, by our own efforts...
> - President Amilcar Cabral
>
> Africa is going through a particularly decisive moment in its struggle for economic emancipation... more so in South Africa... where the apartheid regime... is continuing its global strategy of destabilisation, promoting terrorism, oppression, occupation, sabotage and blackmail among the independent countries of the region.
> - President Samora Moises Machel

The Failures of Development in Sub-Saharan Africa

To speak of development in respect to most Sub-Saharan African economies today is to speak of the past, not the present nor the immediate future. The world's poorest region is becoming poorer (if less rapidly than over 1980-83) - in a number of economies real resource availability measured in physical gross domestic product adjusted for terms of trade changes is lower than in 1970. In extreme cases - such as Mozambique, Zaire, Ghana and Uganda - it is probably lower than in the early 1960s. The present outlook in all too many cases is for "more of the same".

To describe SSA's economic malaise in these macro (or mega) economic terms is necessary to holding any overview to manageable length. It is also grossly misleading and insufficiently disquieting because it fails to convey the very real human misery these figures inadequately symbolise. On the order of 100 million human beings are seriously malnourished. Hundreds of thousands are dying prematurely annually from starvation and malnutrition caused reduction in resistance to disease. The human dimension of the crisis in SSA does not lie primarily in graphs of current account deficits or inflation rates but in rural clinics without drugs, schools without books, broken water systems without spare parts, workers without employment or access to productive self employment. Development is about human beings. They are its end and its actors, it evaluators and its justification. By that test, even more than by that of economic aggregates, SSA is failing.

The prospects for the next decade on present trends and policies are but little better than the record of the past six years. On relatively optimistic estimates as to the international economic and financial contexts, the World Bank projects maximum likely growth rates for SSA more or less equal to population growth for 1986-1995. Since the projections assume increased shares of exports and of savings they really imply continued falls in real per capita consumption on top of 15-20% (in several countries over 33%) falls since 1979 to levels near or below those of 1970. Unless something is done, rapidly, generally and backed by adequate resource allocations, there is nothing to deny the general message of the forecasts that on present trends most SSA economies are, at best, bound for a decade of stabilised stagnation.

The Economic and Human Cost of War

Another factor usually not treated in economic terms is dominant for Southern Africa defined as the Southern African Development Coordination Conference region. Indeed its economic cost in 1985 and 1986 was at least as great as the continental cost of drought in its peak year of 1984.

That factor in South Africa's war of agression against its neighbours - especially but not only Angola and Mozambique. Estimates of its cost over 1980-84 by SADCC and independent analysts are in the $10,000 to $13,000 million range. Updating suggests a 1980-86 total of $25,000 to $30,000, equivalent to the region's entire annual past loss achieved gross domestic product. Mozambique's output appears to have been forced down to half what it

TABLE 1
SELECTED QUALITY OF LIFE INDICATORS:
1960 - MID 1980's

	Ghana 1960	1970	Late 1970's	1980's	Low Income Sub-Saharan Africa (1982)
1. Average Life Expectancy at Birth	45	49	55	53	48
2. Infant Mortality Rate	132	107	86	107-120	118
3. Child Death Rate	27	21	15	25-30	24
4. Access to Health Facility (b)	-	-	-	30	45
5. Public Health Facility Visits Per Person Per Year	-	-	0.7	0.4	2(f)
6. Health Budget as % of GDP	-	1.2	-	0.26	0.95
7. Access to Pure Water (c)					
Rural	-	14	14	48	14
Urban	-	86	86	75	62
Total	-	35	35	60	22
8. Access to Excreta Disposal (d)					
Rural	-	40	40	30	25
Urban	-	92	95	65	69
Total	-	55	56	44	32
9. Average Calorie Availability as a % of requirements	92	97	88	68	91
10. Child Malnutrition (Moderate/Severe)	-	-	36	50-55	40
11. Primary Education Enrolment Ratio (e)	38(46)	64(75)	69(80)	-(80)	69(-)
12. Adult Literacy	27	30	-	35-45	44
13. Education Budget as % of GDP	-	3.9	-	0.85	2.81
14. Proportion of Population below Absolute Poverty Line (f)					
Rural	-	-	60-65	67-1/2-72-1/2	65
Urban	-	-	30-35	45-50	35

Principal Sources: World Bank, Comparative Analysis and Data Division, Economic Analysis and Projections Department (June 1984), World Development Report 1985; UNICEF, Statistics on Children in UNICEF Assisted Countries (April 1985); UNICEF Ghana: Situation Analysis of Women and Children (July 1984).

Notes:

a) 1960 data refer to a year between 1959 and 1961; 1970 between 1969 and 1971; late 1970's between 1975 and 1980; 1980's to 1982, 1984 or 1985.

b) Defined in terms of location within a 5 kilometre radius. May overstate for urban population when facilities available are small to serve the entire population nominally within reach of them.

c) 1970 and late 1970's urban figures may be overstated by failing to relate number of water points to population.

d) 1970 and 1978 figures for urban and possibly rural areas overstate by failing to relate number of drop-holes to supposed user population.

e) Adjusted for length of primary cycle. ( ) are unadjusted figures. Because of the primary/middle school division Ghana has a shorter primary cycle than most SSA countries.

f) Estimate made by author on basis of fragmentary data.

would have been without war.

The human costs are equally appalling. Recent analysis (carried out for UNICEF) suggests 8,500,000 peasants dislocated and over 4,500,000 persons in danger of starvation as a result of South African and proxy force aggression. Deaths from starvation as a result of war dislocation and blocking of relief supplies over 1983-85 probably total over 200,000. On reasonable estimates of mortality without and with the war, infant and child war deaths - from war related food shortages, dislocation and disruption of health services - in Angola and Mozambique are of the order of 120,000 a year or one every four minutes.

Strenuous efforts by SADCC member states to break the South African stranglehold on regional transport acquired over 1965-1975 have had only partial success beause of South African and proxy sabotage; sabotage carried out with the accompliceship of at least two Northern and two African states. The immediate prospects are for more, not less, economic and human losses unless and until effective defence support is made available to the Front Line States.

Another Perspective: Africa Has Survived

To take a totally negative view of 1980-85 events and responses would be unrealistic as well as needlessly pessimistic. Given the level of external shocks and the fragility of most SSA economic, social and political structures it is in one sense surprising that there are not more disaster stories like the Sudan and Uganda and that successes in achieving recovery, like Zimbabwe, and in creating foundations which give a reasonable chance for it, like Ghana, Tanzania and Nigeria are as common as they are.

Several factors stand out:

a. the resilience - in the absence of successive drought years - of the peasant economy and its ability (even with increasing land scarcity, few inputs and weak services) to continue to feed itself and to generate at least some marketable surpluses (up to three fouths of urban consumption on average);

b. the ability both in the peasant and informal sectors of households to find work (often casual self employment) leading to incomes on which to survive when sticking to 1980 income sources would have led to total paupery and/or death;

c. the range of adaptation and innovation - admittedly not all of it of very high productivity or value except under crisis conditions - by many individuals and some enterprises and institutions to substitute for what is no longer available. The range from improved fish smoking and small scale irrigation to substitution of cotton for artificial yarn in sweaters and sorghum for barley in bottled beer is impressive;

d. the preservataion of the core of basic services (and the base from which to rebuild them) in several - not all - SSA states including some of the hardest hit;

e. the serious reflection on and reconstruction of instruments and medium term targets (admittedly not always successfully) by a substantial minority of SSA states;

f. the preservation - at least in most cases - of weakened but not shattered societies, functioning if faltering polities and economies in which starvation is the exception not the rule.

These are perhaps modest achievements. They amount basically to strategies for short term survival. But survival is something. Disintegrated societies, shattered polities, defunct economies and dead children, women and men have no present and no future in which to struggle to overcome the shocks and win back the losses of yesterday. Survival is the first condition for stabilisation, recovery and development. To date in most African countries it has been met for most people.

The view of SSA governments and their citizens as passive victims of disaster (or mis-management) equally passively holding out begging bowls while chattering shrilly and meaninglessly is integrally wrong. The most innovative ideas and actions - admittedly not always clearly thought out nor well coordinated - to reverse social and economic decline in Africa have been by

Africans. Africans and African states have in fact been very ready - on occasion too ready - to take responsibility for disasters and to seek - on occasion far too quickly and without adequate thought - to correct real or supposed errors.

Whatever else can be said the majority of Africans and of African states have gone on trying. The near automaton figures of refugee camps (or the near zombie victims released from control by South African proxy forces) and broken backed and broken willed rulers like former President Liman of Ghana passively waiting for a coup to relieve them of the burden of office are the exception not the rule. Africans still believe they and their countries have a future and will still struggle to win it - the challenge is to find ways and means to validate that belief and to mobilise that struggle.

The Need To Act

The necessity and the urgency of action is proclaimed only too clearly by the 1980-85 record and the 1986-95 projections - at least by and for Africans and by and for any person or institution concerned, for whatever reason from direct self interest through believing "No man is an island... Ask not for whom the bell tolls, it tolls for thee".

It is necessary: to halt decline - in specific sectors, institutions and services, in the economy as a whole and in the conditions of life of Africans (especially of the most vulnerable and severely affected groups); to rehabilitate productive and service capacity and to reactivate it to restore losses; and to restore a development dynamic of development - which in the SSA context must include growth of productive forces generally, and of earned import capacity in particular, as a necessary (even if not a sufficient) condition to improve human conditions especially for poor and vulnerable household members.

Clearly this cannot be done in more than a few cases by continuing along present or historic strategy and policy paths. Both the external and domestic environments have deteriorated too radically to permit holding on until things come right. That approach was viable over 1973-75 but even then required substantial short term restriction of demand and/or substantial increases in external bridging finance to a degree that amounted to at least a temporary strategy change. Further 1976-79 return to pre-1973 strategies has - as can be seen much more clearly in retrospect than at the time - left African economies even more vulnerable than before to external economic shocks and in particular to declines or sustained stagnation in real earned import capacity and net real external resource transfers. Intensification of these approaches - whether export led growth or standard import substitution - is likely in most cases to worsen the present situation and prospects rather than to improve them.

Action is needed as soon as possible - the costs of delay are already high and rapidly esculating. In human terms people are starving and more are being ground into abject poverty, children are being deprived both of education and of the food and medical services needed to take advantage of it, societies and polities are being strained and eroded to the verge of breakdown and disintegration (or beyond). In productive capacity terms lack of inputs and of maintenance is not merely causing current output losses but rapidly undermining the directly productive, infrastuctural, service provision, institutional, managerial and policy making bases on which recovery must be built. In political and national terms continued unsuccess makes mobilisation of effort ever harder. Confidence in ability to succeed is increasingly eroded by repeated failures, whatever their cause. Both nationally and internationally there often appears to be an unhappy combination or alternation of frenetic, ill thought out attempted action which proves unsustainable together with interminable debate and negotiation over secondary issues of scope or detail of degree or phasing which waste time and increase the difficulty of action far more than they can possibly improve its direction, definition or targeting.

Defining Objectives: African and External

Certain elements necessary for adequate action can be identified:

a. addressing the basic barriers to stabilisation, recovery and renewed development;

b. utilizing present potential to produce and present opportunities to restore or expand both production and human welfare;

c. allocating or reallocating enough resources for priority targets to be met;

d. achieving realism in perception of the limits on what can be achieved rapidly, but also on the limits in degree and time to which per capita stagnation or decline can be sustained without evolving into something much worse.

These criteria cannot be met within the present structures and dynamics of more than a handful of African economies. The need for structural change - at least economically - is no longer at issue even if its nature, diversity and phasing are.

Nor, in most cases, can they be met without either increased or at the least radically altered flows of net foreign resource transfers. That proposition has been challenged from two directions: first that global recovery would bring trade volume and terms improvements adequate to allow stabilisation and recovery and second that a rapid delinking from imports could form the basis of a practicable short term adjustment and recovery strategy. The first may be true for a few economies but for most it would require positing 50-100% short term export volume increases and/or 25-50% terms of trade recovery, neither of which is plausible. The second is simply implausible. The size, present structure, 1980-85 import compression and plausible structural change options of virtually all SSA economies mean that structural change (especially if directed toward national and regional economic integration) requires increased ability to import.

The bulk of this sketch toward new political economic policies and stategies is directed to what needs to be done - and ultimately can only be done - by Africans in SSA. It remains true, however, that rapid, adequate action does require more foreign exchange because import strangulation is a major cause of the present economic malaise and a major barrier to overcoming it. In the medium - and especially in the short - term that requires more net foreign resource transfers whether by expanded new grants, loans and investment, by rescheduling or writing off old loans, by reducing or subsidizing interest rates or a combination of these measures. However, simply increasing transfers - let alone commitments - is not enough. They must be relevant to the actual urgent needs of SSA economies. That requires more rehabilitation and deferred maintenance and gap filling finance and less large new projects which can neither be fully operated nor properly maintained under existing import constraints and which in fact divert free foreign exchange from priority uses because the foreign finance does not cover their full direct plus indirect import requirements.

A Path Back to Development

The course of emergence from economic malaise can be divided conceptually into four stages:

a) stabilisation - i.e. halting absolute and limiting per capita decline to create a foundation from which to rebuild;

b) rehabilitation of eroded capacity in production, infrastructure, basic services, institutional competence and policy making/implementation;

c) recovery (basically built on rehabilitation plus "debottlenecking" investment, e.g. to increase earned import capacity or to substitute for existing key imports) of output and consumption to aggregate levels approximating those of 1979 (and to per capita ones approximating 1979 for food and basic services) and sustaining growth of aggregate production and consumption at least equal to that of population (i.e. 3 to 4.5%);

d) renewed development including, but not limited to, patterns of production growth consistent with sustaining internal and external balance as well as increasing average personal and communal consumption while avoiding immiserisation of vulnerable groups of people.

A handful of SSA economies - notably that of Botswana - can start with the fourth stage. If they are able to act promptly on stabilisation a few more - for example Zimbabwe and the Ivory Coast - can largely avoid the need for massive rehabilitation because capacity is still endangered rather than debilitated. For a majority all four stages are relevant. The first three overlap sequentially. The political and human costs of stabilisation are likely to prove unsustainable without some parallel recovery while rehabilitation usually requires some parallel investment in structural change ("debottlenecking").

To proceed further in outlining what is - or may need - to be done it is necessary to review some of the key sectors, instruments and contentions issues. Such a review can be no more than a sketch or check list for three reasons. First is space. Second is the diversity of SSA. Third applied political economy is best articulated by those who must apply it, not externally whether by academicians or institutions. Both African governments and Africans and external institutions and academicians should reflect on the fact that over the 1970s agriculture was - in most countries - the sector receiving the greatest relative augmentation of attention and of resources and the sharpest policy and institutional changes and also the one in which foreign personnel, advice, models and, in large scale projects resources were most dominant at all levels from strategy through policy to project design implementation and - frequently - management. It was also - except for its household self provisioning (so-called subsistence) component which technocrats, governments and external experts tended (perhaps fortunately?) to ignore - the sector which performed least well.

Sectoral and Intrasectoral Priorities

Eight sectors of general priority are export or import saving production, food, manufacturing, physical infrastructure, human infrastructure, institutional capacity, policy processes and knowledge bases.

All SSA economies must give priority to raising earned import capacity, (i.e. export expansion) and to lowering demands on it, (i.e. expansion of import saving production). None has or in the near future will have a sustainable import to GDP ratio much below one quarter and none has an export sector with a safe medium to long term 6 to 8% annual growth dynamic. Export promotion and import substitution need to be seen as two aspects of the same strategy of achieving external balance and sustainable development not as alternatives or opposites. There can be, and has been, extremely cost/benefit inefficent export promotion just as there can be and has been equally inefficient import substitution. In respect to neither are simple general answers (except wrong ones) available and for both selective rather than sector wide policy intervention is likely to be critical in SSA as - in very different contexts it has been for Brazil and North Korea, Hungary and Taiwan, South Korea and Singapore.

Historic primary product and semi-processed exports are, perforce, crucial. For most two dilemmas need to be recognised. If most producers raise output rapidly the overall impact on price will be such as to cause each to earn less foreign exchange. And because world relative prices have been falling, with poor prospects for reversal in more than a handful of cases, to raise domestic real prices is to contradict both the basic principles of market economics and to plan to back losers. On the other hand to delink from them before replacements have been established is to link to even tighter dependence on grants, loans and external policy direction, as well as to import cuts to a degree inconsistent with stabilisation much less development.

In the short term most SSA economies must identify the least unpromising options to raise exports including: restoring debilitated traditional exports (e.g. cocoa in Ghana and copper in Zambia), holding market share in all but the most unpromising existing exports (e.g. Zimbabwe should seek to do so in steel and ferrochrome), capitalising on new natural resource based export potential (e.g. natural gas and products in Nigeria and Cameroon, pulp and paper in Tanzania), developing new agricultural exports with reasonable market prospects (e.g soy beans, maize in several countries). Over the slightly longer term analysis of potential for pre-export processing and manufacture (e.g. of hides and skins, cotton, sisal, logs and timber, ores and concentrates) of present exports and intra-regional trade in manufactures (as well as energy and food) should in most cases identify potential for export expansion and diversification. What is uniformly needed is more coherent and imaginative analysis backed by more sustained and prioretized export promotion funding (in whatever form is most appropriate).

However, export promotion will not be enough to regain external balance - nor to sustain it with 4% to 6% GDP growth rates - for a majority of SSA economies. Equally systematic analysis of import substitution potential and priorities is needed in basic foodstuffs (including oilseeds, meat, fish, dairy products and perhaps sugar just as much as grain), in commercial fuel and energy, in broad market consumer goods and intermediate inputs into them, in construction materials, in engineering (usually starting with plant plus spares and components) and in tradeable services (e.g. construction). Forex earning and forex saving need to be analysed, programmed and promoted more coherently than has usually been the case in SSA and as mutually complementary (indeed for some products necessarily joint uses) rather than as mutually contradictory.

Food availability per capita in most SSA economies for most Africans was below nutritionally desirable levels in 1970 and has declined since. Even abstracting from droughts and allowing for the abysmal quality of most basic data (and the resulting error margins of all analysis based on it) there is a growing problem of not growing enough food.

To what extent this is a price problem is unclear because the prices growers receive for most of their food sales are not well known. Consumer food prices have risen more rapidly than other prices in most African countries for over two decades and official grower prices for food have in almost all cases outpaced wages - and in many cost of living - since the late 1970s. This is not to say that too low official prices may not deter output of specific crops - especially export crops - nor to deny the need for more rational and coherent setting of prices with greater regard to grower net incomes, changes in wages and other prices and 'free' market price indicators. These points are now conventional wisdom - and partly (sometimes over-energetically) acted on in most of SSA. The ease and generality with which they can be argued, the simplicity of price alteration (or abandoning set prices) and the ease of monitoring price change conditions now create a danger that other necessary conditions for price (or any other) policy changes to affect food output will not receive priority attention. It needs to be recalled that on average 75 to 80% of food production is household self provisioning, over 15% privately marketed and under 5% public sector marketed so that in general sole attention to official prices and public sector marketing is very much expecting the tail to wag the dog. Other key factors include:

a. buyers (public or private) who are at (or come to) accessible points at known times and pay in cash promptly are frequently absent;

b. transport (both public and private) to allow timely procurement and movement of crops and movement/supply of input and "incentive" goods is frequently weak or absent sectors because of infrastructure and vehicle park deterioration;

c. inadequate and overcentralized storage facilities frequently lead to peaking of seasonal transport demand, maximisation of transport costs, high storage losses and inability to hold intra-year reserves;

d. basic services (health, education, accessible pure water, fuel) are frequently debilitated or never existed with negative production effects (time on wooding and watering, illness, tiredness, lack of knowledge) plus disincentive effects to staying in rural areas;

e. absence, shortages and untimely arrival of agricultural production inputs (including even hoes) and of "incentive" goods (basic consumer manufactures and construction materials) have become endemic even in middle income countries. Lack of inputs lowers production potential. Without desired goods to buy no price is "real" to the peasant producer;

f. research is usually neither locally field tested, user net income viability tested nor peasant compatability tested so that, even if extended (which it often is not), it is likely to have a low acceptance rate and a lower positive output result. For many food crops in many areas relevant research does not exist.

To devise food production strategies to identify and to overcome these defects is probably more critical than, and certainly complementary to, "getting prices right". Prices can certainly cause shifts between or among crops. Unless paralleled by measures to allow enhanced prooductivity, they have much less impact on overall output; most real price elasticities of overall agricultural output appear to have been 0.3 to 0.5 historically and with decreased availability of inputs likely to be lower now. The gravest problem confronting SSA agriculture - and most peasant households within it - is how to raise productivity per producer by means that are both practicable for, and economically rewarding to, producers.

A significant proportion of the African food shortage rests on peasant households who are basically food producers but cannot grow enough to provision themselves adequately. For them higher food prices are irrelevant (or harmful) and cash input intensive packages for increasing food grown to be eaten by its growers usually financially inaccessible. Far more focussed and higher priority attention on how to respond to needs and problems of this group of hungry people who are also food producers is urgently needed. It must, to be effective, take into account that many of these households are female headed and that, more generally, food production for household provisioning in SSA almost always falls on the female side of the gender division of labour. Agricultural research has rarely taken this gender division both of production and of labour into account with results which are damaging to the relative - and often absolute - workload of women and the level of household provisioning output. Similarly for extension services women and women-headed households (and the latter's special problems including access to labour or draught power to plough on time) have traditionally been invisible.

Since women's work overload includes a high proportion of watering, wooding and food processing (all part of household provisioning) technical change in these fields is directly relevant to women's ability to produce food - as well as to have time to draw breath. Unfortunately failure to view peasant households as complex socio-economic systems (and ones quite able to describe themselves, their needs and what assistance they - especially she - want in meeting them) as opposed to fragmented food, industrial or export crop production lines has made research and extension less production or food security efficient as well as less humane and far less serviceable to women and to vunerable groups.

Manufacturing in Africa cannot solve certain problems (e.g. employment) and is often inefficient by most tests. Unfortunately this has tended to cause a lack of attention both to its strengths and to its critical role in stabilisation through renewed development, especially in respect to agriculture and government revenue. In a significant number of SSA economies adequate quantities of many basic agricultural inputs and most incentive goods cannot be manufactured because forex for spares, direct inputs and fuel is restricted so that output is - say - 25% to 40% of capacity and is snapped up in urban areas because of lower time, transport cost and risk factors even though rural prices are higher.

Similarly much of the recurrent budget deficit in several states results from loss of sales, import and company tax receipts caused by falls in domestic manufactured goods output. It is very difficult to see how stabilisation of the government budget can be achieved before rehabilitation and recovery in manufacturing. Further cuts in real spending on maintenance and on basic services would be counterproductive. Savings from cutting wasted expenditure and reorganising programmes to achieve targeted outputs at lower cost are possible but even on the most optimistic reasonable estimates their short term yields are below required increases in maintenance expenditure. Military and pure administration spending is in principle subject to reduction - how far this is true in practice is another matter. Tax or fee alternatives to restored import/sales tax revenue tend to have clear disadvantages. Higher or restored export and - in at least many cases - higher income and company taxes would have serious negative production incentive effects. Poll (head) taxes and high user charges for basic services are regressive, weigh particularly heavily on vulnerable groups and are often very cost inefficient in personnel and funds used relative to revenue collected.

In the medium term manufacturing - is critical to the external balance position and to development of regional integration. The issues of cost are real but often are overgeneralised from the worst projects. While protection and state intervention over several decades are certainly not sufficient conditions for building a viable home based industrial sector and breaking through into exports, the cases of Brazil, South Korea and Taiwan - as well as tentatively Zimbabwe in SSA - suggest they are necessary ones.

Physical infrastructure - transport (including rolling stock and vehicle parks), enterprise water supplies, communications, energy and storage - are among the most debilitated sectors. Bottlenecks and overloads can be identified. These raise the cost of production and slow its pace. Rehabilitation, gap filling and debottlenecking and forward planning to avoid repetition of maintenance/overload/bottleneck problems are crucial. The key missing element is forex - partly because external funds are more available for new projects than for rehabilitation or maintenance; partly from domestic preference for new projects.

Human infrastructure sub-sectors - education, drinking water, health, domestic fuel, housing - are in many cases equally or more debilitated, especially in rural areas. Their importance in making possible present production - through reducing time demands of wooding and watering, saving human energy, increasing health and providing knowledge - are frequently seriously underestimated as is the disincentive impact of their absence or deterioration (in particular on rural-urban migration. Their relevance to future productive capacity and for the quality of life are more widely perceived although their special relevance to vulnerable groups (including women and children and particularly those of poor households) is usually underestimated.

In these sectors three priority needs can be identified; restoring effective coverage and quality (e.g. provision of paper, books, drugs, fuel, pump spares, staff retraining) of what has been created; redesigning systems away from overconcentration on limited access, high quality - usually urban and upper income group oriented - sub-sectors toward more basic universal access coverage; filling gaps - particularly in specialised, middle level personpower (e.g. artisans, technicians, bookkeepers) training - seriously hindering production and management and, as soon as resources permit, restoring advances toward universal access to basic services.

Institutional capacity can be defined as the presence (or absence) of knowledge, expertise, historic memory (e.g. useable and used filing and archive systems), communications systems, accounting, coordination, monitoring and accountability within institutions, institutional sub-systems and overall. This "sector" appears to have deteriorated radically in many SSA states over the past few years (partially because workers at all levels have indeed responded to - negative - real wage and salary incentives). Unless it is rehabilitated, management and policy capacity improvement will be virtually impossible to achieve.

Technical assistance (even by international management consultants) can be useful within a national commitment and programme but cannot substitute for them. Further, much of what is usually called institutional reform constitutes evading facing the weaknesses identified by drawing new organisational structures which in reality repeat the old gaps and failings, e.g. Tanzania's co-op to crop authority to co-op transition to nowhere.

Data and research bases is another sector which has historically been weak and which has - despite increased personnel and financial resource allocations - deteriorated in a majority of SSA economies. Three general targets can be noted: greater prioritisation in terms of critical user needs (e.g. agricultural yield statistics and field - producer viability - peasant useability tested crop research) and better two way communication with users; attention to having reasonably accurate data available in time to inform decisions; more national and regional cooperation ranging from exchange of information up to joint training and research programmes.

Instruments for Action

Nine instruments for implementing policies, projects and strategies nine stand out as deserving priority attention in most - or all - SSA countries: distribution, participation, incentives, micro management, macro-management, public sector effectiveness, private sector, regional coordination/co-operation and external resources. Four further critical instruments - prices, overall economic management, employment and savings/investment increases are reviewed in the next section because they are areas of substantial disagreement (as well as of agreement). Distribution and participation are - or can reasonably be - seen and analysed as ends but are here considered as instruments.

Distribution and production are largely co-determined, i.e. who is able to take part in what way in production largely determines distribution. Redistribution after that is secondary. Therefore production support and incentives will largely determine income distribution.

Redistribution can be seen as primary: altering ability to produce and rewards for producing; secondary: provison of basic services (which raise present and future ability to produce); and tertiary: direct transfer payments plus taxation. Any production policy or project - if successful - effects primary redistribution (whether it is provision of infrastructure, higher wages and/or grower prices, selection of a labour intensive project or one in a particular area). This impact on a case by case and overall basis needs attention to ensure that the redistribution effects of production oriented decisions are overall (not necessarily for each project or policy) consistent with rather than inimical to national distribution targets. That is crucial in SSA because resources for significant transfer payments will not be available in the forseeable future.

Participation is more widely lauded verbally than pursued fully or systematically in practice. Its first aspect of participation in production and second of participation in carrying out policies (e.g. community afforestation, self help inputs into infrastructure) are genuinely sought, albeit rarely with enough attention to what peasants and workers say would motivate them to participate or what they know about how and what to do. Participation in taking decisions and designing policies/projects is practiced unevenly, a failing frequently entailing high costs in technical design mistakes and wrong selection leading to poor participation in implementation and/or performance. Participation in the sense of ability to hold officals and institutions - especially external agency personnel and projects - accountable is rarely even endorsed verbally and is usually resisted in pratice at least as energetically in SSA (and by external agencies and personnel there) as elsewhere.

Incentives include prices (producer prices including wages and their relationship to input and consumption good prices). However, there are also other incentives. In the context of low and/or falling per capita output these require priority examination and strengthening precisely because of limits on the real price and real wage fronts. These include availability and quality of basic services and basic consumer goods (including construction materials). Community and national as well as ideological commitments and as a sense of meaningful participation and a belief that development (as defined by the person) is attainable so that effort is not a pure waste are also critical motivating factors with which economists and economic decision takers find it hard to relate.

Micro-managerial capacity at institutional level (in both the public and private sectors) level is an acknowledged pervasive weakness in SSA. Because the worsening national contexts have greatly increased demands on management it is hard to say whether in general - as opposed to identifiable specific cases - it is deteriorating absolutely. That it is increasingly often unable to combine day to day crisis management with normal ongoing activity supervision, annual operational planning and medium term forward planning is only too clear. Corrective measures are priorities. Some have already been mentioned, e.g. under institutional and human infrastructure. However, certain other contextual problems exist especially, but not only, with respect to government and public enterprise management. These include inadequate powers, enterprise targets and standards of performance and incentives, i.e. to the overall structure and context within which micro management takes place. Hardly unique to SSA, these problems are frequently more extreme and more costly.

Macro management includes sectoral and overall decision taking/policy making. Here the SSA record is very varied but skewed toward the bottom end of the scale. The most general problems relate to weaknesses in production, collection, analysis and use of data to inform decisions, to design and implement policies and programmes, to monitor results, and to achieve meaningful flexibility responding promptly to correctible deviations from intended performance. Unfortunately these weaknesses are rarely seen as a cluster of related and endemic problems and still more rarely given priority attention. Failure of coordination and of testing for consistency (particularly by central economic units) is more frequently cited as a weakness but serious action (except by *ad hoc* expansion of Treasury powers which may or may not be effective) results rather less frequently.

Public sector effectiveness requires subdivision between government and public enterprise. In the first case there is frequently a need to prioretise to see that the most important functions (including these for which there are no realistic private sector or community alternatives) are carried out adequately even if this means totally dropping some desirable but less critical services. A frequent problem following real budget cuts and forex constraints is an imbalance toward personnel who for budgetary or foreign exchange scarcity reasons do not have the resources to carry out their duties. Either less personnel or larger budgetary and forex allocations for complementary inputs are essential to restoring operational balance in such cases.

Recurrent budget deficits are now endemic in SSA - even in countries which achieved regular surpluses to the late 1970s - and do contribute substantially to inflationary pressures. Since real expenditure levels - excluding interest and production incentive subsidies (which may of course be inefficient and targets for cuts) have fallen significantly while certain key areas -

maintenance and repair generally but also basic health and medical services - urgently need restored real levels, the bulk of the balancing should come from increased revenue. Contrary to popular impression SSA government recurrent budgets are not particularly large relative to GDP - indeed some are very low, e.g. Ghana - nor is the number of government employees as a proportion of economically active population. A case for reprioritisation (including reducing waste) certainly exists; one for general reductions is much less apparent.

Public enterprises often suffer from overextension and would benefit from prioretisation on a basis analogous to government. They also suffer from the micro-managerial weaknesses noted above - as do governments. However, their efficiency of performance - on almost any criteria - varies widely (wildly indeed) among and within countries; almost no generalisations are valid in that respect. Similarly the reasons for their creation or acquisition, the roles they play and the presence or absence of real private sector alternatives are anything but uniform. Given the wide range of results there is a general case for review and for seeking to bring up the standards of the weakest priority public enterprises toward those of the strongest as well as phasing out low priority, unprofitable ones.

<u>Private sector utilisation</u> deserves more attention in most SSA economies, albeit since all are in fact mixed economies and fairly certain to remain so this is far more a matter of degree and less one of ideology than is often supposed.

A practical problem is that neither advocates nor critics of public enterprise in Africa really have examined the <u>capacity, viability and efficiency</u> of the private sectors and sub-sectors (large-medium-small, domestic-foreign) in SSA. These vary widely and the advocates of unleashing the private sector seem at the general level to overestimate them absolutely as well as relative to the public sector enterprises which sometimes are as or more efficient in specific (not all) cases.

Two issues need exploration. First whether at large enterprise level it is generally possible. Domestic private capacity is limited. The current economic situation and prospects of SSA are not such as to attract foreign investors except for very special projects or in a handful of countries.

Second, economic macro management and micro intervention to balance private sector incentives and broader national economic interest is - in general - not a strong point of African states; overregulation and unintended disincentives and underregulation (by market or other means) and unintended (at least by the state) bonanza donation are all too frequent - often in the same state.

Regional economic coordination is - for most SSA states - a means to broadening the range of viable production and exports, reducing establishment and operational costs for some institutions - programmes - infrastructure and for coordinating development and use of transport and communications facilities. To achieve these ends it needs to be based on perceived mutual interests which usually turn on production and transport with trade as a consequential validating means not an end in itself. This suggests need for rethinking approaches to coordination/cooperation. The orthodox trade preference centred model has a rather resounding history of failure or very limited success.

Substitution of regional imports for those now imported from extra-regional sources (quite possible for a substantial number of products) is crucial. Imports from within the cooperation area are often as important as exports to it. Various forms of countertrade (including services as well as goods) will need to be developed on a larger scale if rapid coordination area trade growth is to be sustained since rapid unbalanced trade expansion with growing hard currency settlements by debtors is not feasible.

External Resources: Quantity, Quality, Relevance

External resources are important to achieving stabilisation, rehabilitation and recovery. First, more resources are needed. Second, these should be far less tied to projects and far more generally useable to support rehabilitation and the operation of key existing capacity (e.g. health, industry). Third, for most purposes in most SSA states - with a handful of possible middle income group exceptions - grant or near grant money is needed. 8% loans drawn over 3 years and repaid over the next 5 are, in general, totally unsuitable as to cost and duration (even if from the IMF). Fourth, SSA, as admitted in the World Bank's 1986 SSA study cannot possibly repay existing debt as scheduled. Concerted attention to long term debt reconstruction and consolidation as well as accompanying new money and plus radical SSA improvement of debt recording and management are priorities.

External finance is critical to African action being effective. It - unlike African action - requires external iniatives and programme articulation. The 1986 OAU subbmission to the UN Special Session is a good guide to which initiatives Africa should continue to press and to how to monitor results.

At the same time it must be recognised that not all external resource transfers to SSA have been beneficial and that the proportion which are not or will not be has been increased by growing foreign exchange shortages and economic stagnation or decline. In this respect three negative imperatives for African states to enforce in accepting or rejecting 'aid' stand out:

a. cease accepting projects of doubtful (or patently negative) economic value to even if pushed because beneficial to lender exports;

b. do not design or approve projects with untested, speculative or clearly inadequate direct and indirect productive potential - a criticism relevant to a large number of 1970's integrated rural development projects;

c. do not stick rigidly to the dominance of new project finance even when the situation and prospects indicate that there is little chance of adequate maintenance or reasonable capacity utilisation ratios.

To be useful external resources need to be useable in support of agreed strategies. In the present context of all but a few SSA states this implies:

a. additional "balance of payments support" finance dircted toward increased levels of capacity utilisation in critical sectors (e.g. agriculture, industry, health, education) including current production inputs;

b. a parallel increase in priority to rehabilitation programmes;

c. selective support for new capacity prioretised in terms of breaking existing or avoiding medium term bottlenecks;

d. finance in support of export (including regional and sub-regional export) expansion including revolving funds to enable enterprises to purchase imported inputs and to extend export credit;

e. financial cooperation with SSA economic coordination initiatives and their priority programmes including general eligibility of coordination group members (and other SSA economies) to bid for contracts financed by grant or concessional loan funds;

f. funding of programmes designed to limit losses from economic malaise and from production oriented adjustment strategies to vulnerable groups (e.g. the UNICEF/Danida rural basic drug project in Tanzania);

g. priority to coordinated international - regional - national applied research programmes (e.g. in agriculture, forestry and health);

h. meeting the full direct and indirect foreign exchange cost of projects and programmes including funding a substantial portion of unanticipated cost overruns to avoid unsustainable forex drains and delays and cancellation or prolonged renegotiation of projects.

i. in countries with excessive domestic financing requirements resulting from objectively insufficient revenue bases despite fiscal effort and prudence in spending securing a portion of local cost finance in the external grant and soft loan support, perhaps by the more innovative use of food aid in substitution for commercial imports.

Controversies And/Or Confusions

Certain areas appear to generate substantial controversy - part real, part arising out of diverse concrete case and part out of confusion of terms. Among them are efficiency, prices, protecting vulnerable groups, population growth, raising savings and investment rates, employment and supply and/or versus demand management.

Efficiency requires specific qualification as to efficiency for what purposes and to whose benefit. It is not logically possible to say whether an allocation, policy or enterprise is efficient until its goals and intended beneficiaries are specified. Import non-intensity, export intensity, total scarce resource cost, profitability, contribution to real GDP, access to basic services, household food security, per cent of households above the absolute poverty line, are all valid criteria of efficiency in a number of contexts but do not necessarily give the same answers or rankings. Further present and future efficiency often diverge so that time discount - and avoiding dead end - issues arise. So too do preferences - Uganda's macro-magendo (monopolistic parallel economy) system in its heyday arguably had more potential for achieving accumulation, structural change and economic reconstruction than its successors, but was so humanly appalling that not even fervent free market advocates chose to back it. Most cases are not that extreme, but political economic preferences are real and overriding them also has costs.

<u>Prices</u> (including exchange rates) are not an area of total disagreement. They are <u>critical in respect to incentives and to overall and micro-economic management</u>. As such they need to be made/allowed to be consistent and to be managed to facilitate regaining viable external and domestic balance positions. That area of agreement suggests the need for substantial price - including exchange rate - changes in many SSA economies. The real issues seem to be:

a. how much price management is needed and for what purposes - i.e. how imperfect are SSA markets under present conditions of extreme scarcity?

b. how appropriate is the price mechanism for basic services (e.g. health) and for other goods whose broad use has external economies to individuals, enterprises, communities and/or countries?

c. how far can price management go? In what cases should other economically based allocation devices, e.g. bank credit? foreign exchange? certain basic consumer goods? be used;

d. how generally can tax/subsidy price incentive packages be used?

e. how fast can major adjustments be made without fracturing already weak structures including setting off inflationary forces which rapidly cancel attempted 'shock treatment' changes?

f. when do the benefits of price manipulation, e.g. efficient production cost plus based price controls, uniform farmgate prices, pre-set seasonal or multiyear crop prices outweigh costs?

These are all legitimate questions which are in danger of being obscured or answered at a sweepingly general level when in fact the answers vary significantly from country to country, price to price and time to time. Workable answers can only be formulated in specific contexts by those who will have to work them and live with the consequences. Further they will need regular review and - like prices themselves - to be changed from time to time.

A related set of arguments turning on prices are really about income distribution often with little effort to estimate actual impact. For example in Tanzania 1984 IMF proposals to close the recurrent budget deficit, increase overall enterprise profits and raise real grower prices 25-50% at one go would have required lowering real wages, salaries and informal sector incomes at least 50% (following a 50% average 1979-83 fall). That is politically impracticable and, given that the minimum wage's purchasing power was already 25% below the average peasant household cash and self provisioning (food, housing) real income while wage earner average productivity was substantially higher, would seem to pose economic efficiency and equity problems as well as presupposing that wage earners do not respond to economic incentives and disincentives (e.g. by moonlighting, theft, corruption).

Within a context of stagnant or falling national purchasing power (physical GDP adjusted for terms of trade changes) there are in the short run few or no degrees of freedom for raising any broad group of real incomes significantly - by relative price changes or any other route - unless an almost immediate net gain in production equivalent to the real income increase can be anticipated with reasonable certainty, or unless soft external finance to cover the costs to other groups is available.

Protecting vulnerable groups is partly a matter of economic prudence because in SSA children and women are among the most vulnerable and the medium term economic cost of not protecting them is high. However, for other vulnerable groups - especially farmers and pastoralists pushed into sub-marginal, high risk areas and much of the urban informal sector - the political economic case is more humane, social and/or political rather than production economics based.

One protection - and one which has been fully maintained in few if any SSA economies - is continued access to basic services and a second - which has been eroding - is drought or famine relief (including food-for-work or work for food rural construction schemes as in Zimbabwe, Botswana and Lesotho). The basic answer is making it possible for members of these groups to raise productivity and reduce risk. This requires research on what is practicable in any actual context and a recognition that in cost/production benefit terms the payoff may be low and that the additional output (or its proceeds if sold) will be virtually 100% consumed by the producing households. In urban cases removal of petty regulations - e.g. licensing, banning various types of vendors and other service sellers - and fees - e.g. on standpipe water and on petty trading - can be valuable out of all proportion to any revenue or other loss.

There is a growing awareness that production oriented strategies and heavy reliance on market pricing do threaten vulnerable groups. The debate is on which groups are seriously at risk, how they can be shielded and what approaches are cost efficient, i.e. reduce human vulnerability at financeable prices.

<u>Protecting</u> vulnerable groups and poor people and protecting vulnerable, rehabilitating degraded <u>environments</u> are closely linked. Poor people are particularly likely to live in environmentally fragile areas. Need, not greed, is the single most important cause of environmental damage (including urban pollution) in SSA.

Population pressure has pushed more and more households onto fragile, drought prone, steeply sloping or otherwise marginal or extramarginal land. In Kenya it is estimated 500,000 people are in this group living on land with which present technology cannot safely be farmed and should be left to extensive grazing.

Similarly as crops take over what were drought or dry season reserve pastures, pastoralists are forced deeper and deeper into the sahel and desert margin zones. When a drought comes their losses of cattle - and the crop losses of the sub-marginal land farmers - are likely to be catastrophic.

Fuelling needs also interact with population and drought. Most African peasants respect trees and bushes. They know they provide food, fodder for livestock, building materials and fuel as well as holding the soil in place and that to cut live trees or bushes (as opposed to gathering and cutting dead limbs or trees and fruits and nuts, for most uses and some branches for fodder) is to imperil the future. But if the alternative is no cooked food or shelter or food to keep livestock alive then - espcially in drought years - grim need forces them to erode their own future, erosion, wind and rain are quick to continue.

The long term results - and their near ubiquitousness -are seen from Table 2. They are even more clearly seen on landsat photos. On these, erosion ravaged areas, show as a dead-bone-white. The overcrowded 'reserves' of South Africa, the former 'reserves' in Zimbabwe, the drought, locust and population worn down Sahel margin, the long (but now at an accelerating pace) deforested and eroding highlands of Ethiopia all show up as white spots of creeping land leprosy.

Rapid population growth requires resources before it raises output and in the context of limited fertile land with dependable rainfall and low increases in output per hectare exacerbates the food security crisis. Quick successions of pregnancies are damaging to child and mother health and to family ability to feed, clothe, educate the children. That is agreed. Crude pro-natalism is in retreat.

What instruments are effective in reducing birth rates is less agreed with a tendency for proponents of one instrument to ignore others. Education - for mothers and for children - is associated with smaller (and better spaced) families as is lower infant mortality. Historically falls in birth rates have been associated with increases in old age security (not necessarily by state schemes) and increases in real incomes of poor households. These conditions will prove hard to meet in SSA. In their absence more demographic research and state pronouncements (except perhaps on child spacing) will have relatively little impact and access to family planning knowledge and hardware by themselves usually a quite limited one. To view lower population growth as

TABLE 2
RATES OF ENVIRONMENTAL DEGREDATION

Countries	Sand dune encroach-ment	Deterioration in rangelands	Forest depletion	Deterioration of irrigation	Rainfed agricultural problems	General assessment
Benin	o	*	*	o	*	*
Burkina Faso	o	*	*	*	**	*
Cape Verdi	*	*	o	*	**	*/**
Chad	**	**	*	**	**	**
Djibouti	*	**	*	*	NA	*/**
Ethiopia	*	**	**	*	*	*/**
Gambia	*	*	**	**	*	*
Ghana	o	*	*	o	*	*
Guinea	o	o	*	*	**	*
Guinea Bissau	o	o	*	*	*	*
Kenya	o	**	**	*	*	*
Mali	*	**	**	*	*	*/**
Mauritania	*	**	**	*	*	**
Niger	*	**	*	**	*	*/**
Nigeria	o	*	**	o	*	*
Senegal	*	**	*	*	**	**
Somalia	*	*	*	**	*	*
Sudan	**	*	*	*	o	*
Tanzania	o	*	*	o	*	*
Uganda	o	**	o	o	*	*
United Rep.Cameroon	o	*	*	o	*	*
Zimbabwe	o	*	*	o	*	*

KEY: o = Stable, * = Some increase, ** = Significant increase, NA = Not appplicable
Source: (Adapted) "Desertification Control Bulletin", United Nations Environment Programme, Number 10, May 1984, p. 26 and national data.

an alternative to higher growth of food production is grossly unrealistic.

Raising domestic savings ratios in SSA today may not be a generally plausible or desirable objective until exports rise substantially relative to GDP or external resource flows increase significantly. In the context of severe foreign exchange constraints in which earned import capacity can at most cover critical operating imports plus external interest payments, domestic savings *ex post* cannot by definition exceed the true local content of GFCF allowing for indirect as well as direct imports, i.e. 35 to 50% of it. An attempt to raise them *ex ante* is likely to fail and to reduce use of productive capacity. If it succeeds, a shift from consumption to saving will, because of the above average import content of GFCF, only be possible with a consumption cut two or three times as large. Capacity growth will be enhanced but at the price of falling capacity utilisation and lower present output.

Under conditions of falling real per capita income and substantial excess capacity, stabilisation and recovery are likely to be pursued more effectively by seeking first to restore output growth to a level at least equal to that of population and only then seeking to rebuild overall capacity growth to similar level. If 1984 overall capacity underutilisation was 15-20% (as for Zimbabwe) then 4 to 5% growth of output and 3% growth of capacity would still leave capacity utilisation at or under 90% in 1990. Over that initial period GFCF should be concentrated on bottleneck breaking and laying foundations for regaining external balance not on attempting to force up general capacity growth rates.

These constraints do not bind so tightly once significant export growth is achieved or if additional foreign resource flows allow substantial rehabilitation and recovery. Nor do they mean that recurrent government and public enterprise budget balance should not be sought, but that the reasons for so doing in much of SSA at present relate to micro and macro management rather more than to increasing total savings.

Employment - in the sense of productive wage or self employment - is central to SSA economy extrication from economic malaise at the macro and even more at the household level. Since SSA has relatively plentiful unskilled labour, its more productive use is logically central to any production enhancing/scarce resource economising strategy. Equally production which excludes much of the labour force will exclude many households from distribution. Both points lie behind the switch of emphasis from large farms towards peasant producers. Large farms are, for most crops and under most conditions in SSA, both cost and foreign exchange inefficient when compared to many peasant producers and also do not touch the problems of low income rural households except to render them still less soluble by diverting both resources and markets. They apply more generally if serious attention is paid to how labour intensity can be augmented and unskilled (or newly semi-skilled) labour productivity enhanced.

Employment - including self employment - as a means to meeting the needs of poor people and increasing the security, vulnerable groups cannot be studied or programmed as an undifferentiated whole. The intra-household issues addressed under agriculture apply more generally. 'Women's work' including sources of cash income is in practice significantly different from 'men's work' in SSA but also the gender division of labour varies sharply from region to region and even country to country.

Similarly poor household access to more remunerative (usually because more productive) employment or self employment will on average necessarily be for different types of employment than for other persons and households because poverty is correlated with literacy, skill and location - as well as cash - disadvantages. Therefore, employment/self employment creation or upgrading needs to be based on examination of who, where, with what skills needs work and what, where, requiring what inputs is to be done. Only then is there much chance of achieving (including by upgrading worker skills and restructuring 'job' requirements) a reasonable fit between would-be workers and priority work to be done.

In a different sense employment in the public (and large scale private) sector is a problem because reduced output (usually for forex but sometimes for market constraint reasons) has reduced productivity and created an imbalance in outlay while falling real wages have eroded incentives and thus yet further lowered productivity. Unless output - whether in health, education or a directly productive enterprise - can be restored, a real case exists for reducing the numbers employed and using a substantial part of the savings to increase the real wages of those still employed. The problem with this approach - apart from the serious one of opposition by a well organised group of losers - is that it may create a new vulnerable group requiring support to reestablish itself.

Demand vs supply management disagreement tends to set discussants at cross purposes because of the varying meaning of the terms. Demand management - tends to concentrate on macro monetary aggregates, adjusting resource use to correspond to supply. Macro aggregates are important, but far from everything. Achieving balance is a priority for attaining stabilisation, but since the present crises are dominantly supply collapse initiated and manifest themselves in capacity under-utilisation and specific resource imbalances not generalised overheating a strong case exists against unselective macro demand cutting.

Supply management has two very different strands - macro ideological (as in Laffer Curves) and micro contextual (as in World Bank structural adjustment programming). The relevance of the former to SSA - or anywhere else - is limited. The latter is crucial. Restoring supply and altering its structure to remove specific imbalances (e.g. in food, energy and farex) is the basis of restoring balance to provide a basis for recovery and sustained growth through pushing available resources (supply) back up to previous levels of resource use (demand). Whether SAP's as now designed are optimal is an important but secondary issue - they are serious attempts to achieve adjustment by increasing production not cutting demand. They are increasingly incompatible with IMF style stabilisation based on a short term, macro monetary model which virtually requires that demand cuts, not capacity utilisation and rehabilitation, receive pride of place. There is an urgent need to reconcile initial stabilisation with parallel rehabilitation and subsequent recovery. Stabilisation without adjustment which can lead to recovery, let alone stabilisation which prevents such adjustment, is hardly worth having.

Notes Toward the Beginnings of Revival

SSA's economic malaise can be overcome. There is a growing body of identification of causes and of areas in which action is needed plus - less clearly - what action is both desirable and practicable not merely at sub-continental but, more important, at national, sectoral and local levels. With a lag this knowledge is coming to inform the attitudes and priorities of a growing number of African decision takers, states and institutions and -

more slowly - of external agencies and decision takers relating to SSA.

However, several elements needed are only now beginning to be understood beyond very narrow technical and technico political circles either in SSA or abroad:

a. A realisation of how serious the problems and prospects are, e.g. how much capacity has been eroded, how fast debt service is likely to cut net capital inflows, how little benefit SSA will - without significant structural change - gain from trickle out of plausibly projected OECD recovery; and in parallel

b. realisation of how urgent it is to articulate and execute coherent strategy and policy changes both because failure tends to become self-perpetuating and because the time lag from execution to positive results is 12 to 24 months and to full recovery 5 to 10 years; with a partly consequential

c. failure of Africans to inform and educate Africans as to realities and options in order to mobilise support for renewed (and painful) effort based both on an appreciation of how dire realities and how restricted options are and on a belief that something can be achieved;

d. adequate levels of external resource flows which are in fact usable to support strategies and agendas of the type discussed;

e. enough African involvement in analysis and dialogue and especially in strategy - policy - praxis design and articulation, enough recognition among external actors that without such involvement the success of any strategy or agenda is improbable or of having and displaying enough respect for and interaction with African initiatives - even if they, like the external ones, are to date imperfect and incomplete;

f. a parallel African politico-technocratic acceptance that workers, peasants, lower level officials and small businessmen must be involved in providing expertise and information, in choosing and deciding as well as implementing if the hard struggle for recovery is to be won - or, indeed, fought on the right fronts - and that offering blood sweat and tears with no end to the poor and vulnerable but villas, vacations and variegated goods to elites is a recipe for economic failure as well as social disruption and political disaster.

The last points may require elaborating. Evaluations of aid efficiency at project level show that lack of substantive technical and decision taker African involvement in design and execution regularly leads to avoidable contextual and data input mistakes, to low operating efficiency, to non-accountability (or to external accountability incompatible with coherent national policy making and implementation) and to lack of national commitment ('their' project not 'ours'). These costs are likely to be even more severe at sectoral, macro-economic and macro-political economic levels. Strategies and their articulation can - up to a point - be imposed on desperate countries but they are unlikely to avoid major technical flaws, to be implemented more than grudgingly and partially or to yield the intended results of their sponsors.

Verbally this reality is widely accepted. In practice it is not. African designed stabilisation and recovery programmes have to date received little serious external consideration if they have been in the least unorthodox. Proposals for external cooperation coordination usually call for donor (not jointly) staffed and operated secretariats, lead donor (not national or 'neutral' agency) convened consultative meetings, lead donor (not joint) monitoring of performance of commitments and nature of results. Whether extra African individuals and agencies know more about SSA than Africans is open to doubt (in some cases and areas perhaps so); that only Africans and African bodies are primarily and permanently committed to achieving African development and that they will reap the main costs of failure is indisputable.

At least three exceptions which have attracted substantial international cooperation now exist to the rule of foreign designed or modelled recovery programmes. The first is Zimbabwe which overcame its initial runaway boom/multiple drought year crisis of 1982/84 largely on domestically crafted lines with the key period after the breakdown of its IMF Agreement (which it has, wisely, made no serious attempt to reinstate on the old lines). Deficits Zimbabwe has - to a large extent because of defence bills (at home and to protect its transport routes in Mozabique) imposed by South African aggressiveness - but also a demonstrated ability to respond to both financial and food crises, an economic structure in reasonable working order and a potentially sustainable 5% real growth rate.

Nigeria has chosen to face the combined hangovers of a busted oil boom and riotous overspending without IMF funding and conditionality. That it has imposed austerity is not a refutation of that fact - spending in excess of production cannot be indefinitely sustained, least of all when export earnings fall by over half. The key external need, a debt rescheduling, seems - at least for the time being - to be in hand on better than 'normal' terms.

Tanzania negotiated with the Fund and Bank (initially mainly the former, in a 1985 switch of tactics subsequently primarily the latter) to some effect. Its basic goals inform the recovery programme; the austerity elements are at least in intent vulnerable group protective; the net import capacity increase is uniquely high for a Bank led Structural Adjustment Programme. Against the high cost of delay (one might say of democratic process to achieve a consensus in Tanzania as much as of finding a route to outflank Fund inflexibilty) needs to be set a much greater chance that the programme will prove consistent with Tanzania's own goals.

Three showers do not make a rainy season nor three recovery programmes (two in very early stages) a return to sustainable growth, let alone development benefitting poor people. But these three examples do show that maintenance of African goals and - to a large extent - instruments can be combined with winning what may turn out to be adequate foreign complementary resources to halt and reverse decline. May is the operative word because only too clearly some external 'partners' see the present agreements as first steps to restoring their ideas of 'sanity', 'normality' and 'free markets' on the countries concerned - a danger of which each country's leadership is well aware.

This is not to deny the importance of reinforcing African knowledge and institutional capacity through transfers of knowledge, technology and personnel embodying them to be selected and used by African governments, institutions and enterprises. More such transfers are needed albeit with better quality control, selectivity, realisation of divergences in national needs and absorptive capacity and humility as to capacities and limitations. But far more than now they should be chosen by Africans, work within African institutional contexts, be meaningfully responsible and accountable to Africans and have limited (whether line or staff) autonomous powers. 'Have a headache? Take two expatriates.' has worked well as a technico-managerial capacity prescription for a few SSA states but it is neither generally practicable nor desirable even in the short run and is inherently dangerously addictive. As with other crucial sectors, expatriate personnel are priorities for import substitution - and as in respect to most sectors that import substitution is never likely to, and rarely should, reach 100%.

External finance - as argued above - is not a sufficient condition for turning SSA economies around. But for most it is a necessary condition for doing so in the forseeable future.

First, the decline in net real external resource transfers to SSA must be reversed and substantial additional resources deployed in support of stabilisation, capacity utilisation and rehabilitation. Second, debt rescheduling should be carried out on a basis leading to manageable interest and repayment profiles for all external obligations including arrears even if this requires extended grace periods, very long repayment schedules, interest reductions and/or writeoffs.

Third, resource transfers should be on terms and conditions and for uses consistent with the strategies needed for stabilisation - rehabilitation - recovery and renewed development. Fourth, because the costs of adjustment tend to be "front end loaded" (early) and the gains "back end loaded" (lagged), external finance should be used as one means to make the early costs sustainable and in particular to protect vulnerable groups.

Fifth, to the extent that substantial additional disbursements are not provided, both the amount and duration of rescheduling and the shift of emphasis from new capital projects to capacity utilisation, maintenance and rehabilitation support will need to be increased.

A Domestic Mirror Image

But what can be said from the stance of an African capital about external countries and institutions can from the vantage point of an up country village or an urban slum be said about most African governments. Consultation, participation, learning from the bottom up, accountability, genuinely supporting or getting out of the way of (rather than smothering with ill-concealed malice or misplaced good will) community and individual initiatives are all uncommon enought to be noted when they do exist - even partially and imperfectly.

This it must be underlined is neither an African nor a Southern - and for that matter neither a capitalist nor a socialist - failing. It is endemic (in different ways) to political, technocratic and enterprise structures and, perhaps especially, to most of their operators at the top and even more at middle and lower levels. Among intellectuals (whether academic, journalistic or consultant) it takes the form of "knowing" what is best for other people's "own good" and dismissing their objections as "false consciousness" (a state which can exist but is a remarkably good alibi for a range of sins from faulty observation to authoritarianism).

Therefore, in one sense the unaccountable use of power and the thrust for social, economic and human engineering separated from the concrete knowledge, imperatives and energies of the intended beneficiaries has little to do with the present crises and overcoming it (which no social, political or economic system anywhere has done in full) can hardly be seen as a pre-condition for, nor a by-product of, the struggle for renewed development. However, in two other senses there are integral links:

a. if people are not merely the means but also the ends, the directors and not merely the actors, the judges and not merely the recipients of development, then their participation far beyond passive (often only too passive when they do not understand or do understand only too well) implemenation is essential;

b. with weakened polities, economies and societies there is a very pragmatic need for more "peoples participation" in production, service provision and self organistation both to lessen burdens on overstretched large scale bodies (public and private, directly productive, infrastructural and service) and to secure committed, informed support for and action to further national policies, programmes and projects.

How these goals are to be achieved is a complex, contextual issue which cannot be addressed adequately in a few paragraphs, a few formulae or a few sweeping generalisations. Four guidelines may be of some value.

First, accountability at all levels with the victims of non or mis or malfeasance actually able to demand explanations and - if they believe it to be appropriate - to remove the non, mis or malfeasor from the position in which he has had the power to do harm. This is ultimately a political and political economic structural issue with many possible answers as to how.

Second, actually learning from workers, peasants, poor people and women, what they perceive their activities, problems and priority needs as being; how they would seek to resolve them and what they know about what they do. If a village's chief cause of infant mortality is crocodiles it makes little sense to insist measles immunisation comes first. If peasants take care to scratch (hoe) not turn (plough) the soil there are likely to be very good reasons for the choice. This requires both rethinking by experts and a pattern of rules and incentives to encourage it.

Third, encouraging individual, community, small group initiatives in the social, economic and - broadly defined (i.e. representational and issue resolving) - political fields backed by a frame of rules that explicitly makes clear that such activities are proper unless stated social evils result (not the reverse that they are improper unless specifically licensed). But encouraged should not mean co-opted or smother-loved to death. Active support needs to be based on careful study of what (beyond getting out of their way) such initiatives need in the way of complementary inputs, careful attention to what they ask and dialogue on what is to be done.

Fourth, a belief that these aspects of development are serious not sideshows nor co-optive or burden disposition devices. To ghettoise them in a low status department or ministry is - however well intentioned - likely to have precisely the effect of downgrading and marginalising them. The need is for their ongoing presence in all aspects of governent, political organisation and economic structures - doubtless unequally and in different forms.

As with the somewhat parallel African/external "interface" this is not to deny the value of specialised knowledge, of large institutions or of national structures. Measles are a real killer; parents do want to see their children live; therefore immunisation is needed and can be based on dialogue and education not compulsion. More intensive land use does require technical change to avoid land exhaustion or degredation; peasants are neither blind nor unconcerned about falling yields and eroding fields; therefore a dialogue on what goals can be furthered by what actions requiring what resources is perfectly practicable. Macroeconomic policy can only be operated nationally and many details of instruments do require specialist knowledge to design or use - but the main goals and instruments are perfectly capable of being posed in ways allowing informed dialogue and choice by workers and peasants as well as by political decision takers.

These elements - recognition of seriousness and urgency, mobilisation, external resource flows, African involvement and leadership together with external acceptance of and respect for it - are in themselves urgent and serious. They are elements toward whose construction academics and technicians can, at the highest estimate, play only a supporting role.

Toward Realistic Determination

It is necessary to approach the struggle toward agendas for SSA stabilisation - rehabilitation - recovery - renewed development with a clear realisation of how difficult the task will be and how long it is likely to take. Facile hopes - and optimistic projections whether of export growth, external resource flows or probable results and dates of gains from domestic policy measures - have been one of the banes of both internal and external efforts to date; dashed hopes and broken efforts have made the current task all the harder.

However, it is equally necessary (at least for those whose interest is more than intellectual) to approach the struggle with a belief that something can be achieved, that economic malaise can be overcome and political economic development renewed. The belief in powerlessness and the certainty of failure are almost always self-validating.

As noted in the overview, most African states, economies and human beings have survived. Further they have not done so by sitting still but by struggling and by developing survival mechanisms some of which are directly and others partially relevant to the challenges of going beyond survival. The forced rethinking of needs, goals, means and priorities has created a wide body of ideas and of willingness to attempt changes which - however deplorable the context which brought them into being - are a major potential asset in moving on from survival to recovery and renewed development.

Both optimism and pessimism are needed but not the optimism of the intellect and pessimism of the will which have characterised too many efforts to date. What is needed is pessimism of the intellect (including recognition of past errors, especially one's own, and scepticism about the extent of one's knowledge and the present perfection of one's measures - let alone that or those of literally fly-by-night 'experts') but optimism of the will. At the least it is possible still to be among or to stand with those SSA peasants and workers, intellectuals and managers, businessmen and civil servants, community and political leaders who 'remain undefeated ... because we have gone on trying'.

- Reginald Herbold Green
October 1986

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