

**FAREWELL TO ALL THAT?**  
**Structural Adjustment At Twilight**

**By**

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## **FAREWELL TO ALL THAT?**

### **Structural Adjustment At Twilight**

As Krishna to Arjuna  
On the field of battle ...  
Not Farewell, but Fare Forward  
Voyagers.

- T. S. Eliot

To plan is to choose.  
Choose to go forward.

- Mwalimu J. K. Nyerere

Africa shall be free.

- Osagyefo Kwame Nkrumah

#### **I.**

#### **BRAVE HAPPY MORNING, OR SUNSET**

Late 1995 may seem a strange time to talk of an end to structural adjustment. There are SAPs (structural adjustment programmes) in more sub-Saharan states than at any previous time. After considerable initial hesitancy, bilateral donors have fallen in step under World Bank strategic leadership. UNDP's "Human Development" and UNICEF's "Adjustment with a Human Face" are basically attempts to broaden, to soften, to restructure not to roll back. As such, they have been successful but at the price of putting underlying strategic goals in the position of modifications to a core of short term catastrophic imbalance rectification measures.

In Africa initial governmental, academic and civil society resistance has largely disintegrated. Very few governments choose to deny the validity - even inevitability - of the main themes of structural adjustment. Those which - at least to date - have rejected formal SAPs, notably South Africa, Namibia and Ethiopia, have been notably careful to in seek to achieve and to be seen to achieve progress toward fiscal prudence and balance; rolling back state enterprise sectors; limiting regulation of enterprises and of markets (including those for foreign

exchange and bank credit) and at least seeking to identify plausible routes toward current external account balance. African intellectual voices have divided into five camps:

1. die-hard fundamentalist resisters with criticism of logic and results but little in the way of more than partial, *ad hoc* and - overall - implausible alternatives - "**Never surrender**"
2. born again advocates rather more unquestioningly positive than the World Bank itself has ever been and carrying some themes further than has been seriously proposed from abroad - e.g. privatising Central Bank ownership and economic leadership - "**Press on regardless**";
3. critical supporters of at least most of the macro balance objectives of structural adjustment and some of the tactical instruments, but questioners in substantial numbers of cases of balance, of phasing and timing, of choice of instruments, of speed of change and of cost-benefit distribution - "**Structural adjustment revised and reformed**";
4. those accepting the basic structural adjustment schema - though not necessarily particular packages and their application - but insisting certain other macro structural imbalances notably absolute poverty (including basic service and safety net access), environment (ecological and or human, gender and participation/governance are equally crucial to achieving sustainable development - "**Structural adjustment plus**". Like the previous cluster, this group stresses the importance of contextual diversities to informing and articulating programme design and process;
5. advocates of centring attention on the need for coherent African agendas (from local through national and sub-regional to continental) designed, presented, negotiated and implemented by Africans (far beyond the World Bank's concepts of 'ownership' and 'capacitation' at least as operated to date) as the only possible (or desirable) strategy to achieve a process of regaining African centred and controlled development in Africa - "**Toward African agendas**". In respect to the content of the African agenda, participants in this cluster are largely 'structural adjustment plus' advocates, though usually unwilling to accept that headline and frequently placing far more stress on peace and actual broad based government accountability and service delivery capacity than is typical of other clusters.

These views are most publicly aired, and especially published, by academic and non-governmental intellectuals. However, in private - and increasingly in public - they represent those of many government officials albeit the first and - to date - last camps are underrepresented. (The author has moved over 1981-1995 from the third through the fourth to the fifth camp.)

While on the face of it domestic (and regional) social sector groupings and institutions, notably trade unions, churches and women's groups, have stuck to root and branch opposition; reality is more complex. First few really appear to believe in total rollback and are clearly even fewer favour return to the pre-structural adjustment social, governance or economic dynamics. Second, the opposition is frequently the base for proposals presenting parts - rarely the whole - "of Structural adjustment plus" or "Toward African agendas" themes.

Why then speak of an end to structural adjustment? and, perhaps more crucial, whether the shift is to be seen as a change of headline or of substance? If the latter what next?

The answers to the first question include:

- (a) structural adjustment weariness - shared by ordinary African women and men, implementing African governments and external guiders, guardians and financiers alike, even if for rather divergent reasons;
- (b) the brutal fact that - with the highly context specific exception of Mauritius - after a decade and a half of praxis no single national SAP process in SSA has made a breakthrough to accelerated economic growth with sustainable human (social and political as well as economic) development;
- (c) increasing resistance to (or boredom with) Structural Adjustment as a headline, organising principle or mobilising slogan even on the part of those not in basic disagreement on most of the principles or many of the tactics.
- (d) a certain intellectual implausibility in tacking substantive accelerated growth, human development, sustainability, equity and poverty reduction onto a basically facilitative macroeconomic balance core which becomes more telling as the substantive strategic goals increase in number and urgency and the time frame creeps from short to long term.

The answer to the second question is probably some of both (slogan and substance) varying with the speaker (or author). The most important question (assuming there is some commitment to substantive change within the 'Washington consensus' and significant practical priority as well as rhetorical demands for it in Africa) is 'What Next?' To outline possible proto answers and possibilities, it is prudent first to look back to the history and process of structural adjustment in model and in practice from 1981 through early 1995.

## II.

### STRUCTURAL ADJUSTMENT - END OF THE LINE?

The vision of a unified, simple structural adjustment model crafted and guided by the Platonic Guardians of the World Bank and IMF backed by the warriors of the bilateral donors and their NGOs and dutifully implemented by the helots of Africa as the quick, sure route not merely to renewed growth, but also to sustainable economic development briefly held hegemonic sway at the turn of the decade. Today it is dying, rather as the Ptolemaic astrological system devised in Alexandria by earlier foreign experts died. All manner of adjustments - contextuality, poverty 'alleviation', human investment, environmental sustainability, civil service reform, capacitation, African 'ownership' - have been added to the basic model to try to account for and to improve the much more limited, fragile, slow and dubiously sustainable results than were envisaged over 1981-1990 during its dawn and high noon and also to respond to and/or co-opt the more intellectually telling and influential constituency mobilising critics of the initial model.

True, the bilateral donors - rather late adherents to the model in any systematic way - are in some cases 'pressing ahead'. True, some Bank units and offices are trying to see whether enforcing 'more of the same' longer and harder will work. True, the IMF is promoting Mexican style neo-Southern Cone (the early 1980s Chile-Argentina-Uruguay economic debacle producing) strategies of sky-high (up to 100% tax free) real interest rates producing growing currency overvaluation and leading to lagging exports and fixed investment with the resultant growing current account external gaps plugged by footloose financial capital.

But on I Street in Washington the high priests of the faith are writing the funerary texts for structural adjustment and expect no second coming. 'We no longer speak of structural adjustment' as the most intelligent and perceptive of their leaders puts it now as in 1991 he asserted - rather modestly - only that structural adjustment had 'halted economic free fall' and warned in 1986 that 'programmes which rend the fabric of society cannot be sustained'. Rest - if not necessarily in peace - as the burial office puts it.

### Why?

Structural adjustment has gone through three phases since its formal launch in the 1981 Berg Report - *Agendas for Action*. In phase one it was a simple three to four year fiscal and monetary re-balancing (largely via austerity), plus market liberalisation model which together with posited doubled external resource inflows was intended to restore growth to 4% or better in adopting economies within two years. By the end of four years external balance, fiscal balance, liberalisation, low inflation and high growth (apparently seen as 4% or better) were to

be in place and the resource transfers could shift to private investment. The social costs were seen as low, as were the public service cuts given the rapid worsening before (and implicitly continuing without) SA, especially as the costs and cuts were expected to be reversed from year three onward. The issue of distribution was set aside, arguably unwisely especially as 4% growth, doubled domestic savings and - in phase two - reduced trade imbalance taken with 2.5% to 3% population growth imply nil growth per capita in basic services or private consumption. If some groups were to gain some had to lose.

This model was simple. In practice it was also simply wrong. Existing levels public expenditure - especially on human investment and infrastructure - turned out to be massively too low not too high. In the lowest years in Ghana and Somalia recurrent expenditure was about 5% of output whereas even then the Bank's rule of thumb was 15%. Cutting public investment was easy - albeit often at the price of infrastructure badly needed by the enterprise sector. Raising enterprise investment or savings proved elusive. Whatever budgetary savings were made tended to be swallowed by higher actual debt service costs.

Simple macroeconomic measures - which were frequently rapidly, even draconically introduced - neither produced rapid results, nor in some cases and sectors any at all. (Even as of 1994 the Bank could not find any correlation between SA and agricultural output growth, just as by the late 1980s it could find a clear correlation between official price policy and agricultural output growth, but one explaining only a tenth of all variations - more for export and industrial crops and virtually none for food.) Price adjustment and structural adjustment of sectoral output growth rates proved not to be simple issues of cause and effect as opposed to being much more complexly related.

Fiscal balance (except via grant aid) proved elusive in most cases - with Ghana and Mauritius the notable exceptions. Only Mauritius showed any signs of moving into a sustainable current external account position excluding grant aid. Worst, while SA may not have caused rising absolute poverty or degradation of public services, it did little overall to improve either trend and clearly produced negative results for some high profile poor (and not so poor) people. When it tried to augment public service revenue by fees, this created more exclusion than revenue, and more negative reaction than either. Net external transfers, excluding emergency survival assistance, fell substantially in constant price per capita terms. For 'new adjusters' this was hidden for a time by shifts from 'non-adjusters' to 'adjusters', but by the 1990s this one-off effect had run out - especially for those who had been adjusting since the mid-1980s.

The epitaph of this first phase was World Bank Vice President Jaycox's 1986 pronouncement on the non-sustainability of programmes which rend the fabric of society and the symbol of change was the articulation, funder (and Treasury) acceptance and initial action on Ghana's PAMSCAD (Programme To Mitigate the Social Consequences of Development).

1985-1990 was marked by three shifts:

1. retargeting on a 7 to 10 year time frame, i.e. shifting to medium term (by 1995 apparently up to 10 to 15, perilously close to long term or permanent);
2. seeking both to buy off injured groups and to alleviate poverty culminating in the 1990 *World Development Report* on Poverty which, resurrected Robert McNamara's 'war against absolute poverty', albeit with the goal of abolition weakened to reduction or even to alleviation (i.e. making poverty hurt less rather than seeking to end it);
3. increasingly detailed sectoral policy and somewhat uneven rethinking on prioritisation of physical infrastructure investment.

The first shift was in response to lagged results; the second and third responded to perceived weaknesses, to adjusting to fit the longer time frame and to intensive criticism of the "Human Face" type pioneered by UNICEF and repositioned as "Human Development" by UNDP.

By 1989 in the *Sustainable Growth* (Please-Agarwala) report, little remained of Berg - except the increasingly desperate incantation for near doubling of net external transfers and the increasingly accepted one to refocus state resources (human as well as financial) in sectors and areas the state could do better and - in many cases - the enterprise sector was most unlikely (or indeed unable) to undertake. The proposed human and infrastructure levels implied ratios of government budget to GDP of at least one third (higher in the poorest) versus one quarter typical actual levels and the detailed sectoral strategies were on at least a twenty year perspective. Whatever the neo-liberal rhetoric (added in this case at the last minute by another hand), the model and the proposals were for government leadership in basic service and infrastructure provision and for selective market management combined with fiscal prudence, not for a minimalist state nor laissez faire. Arguably it was in this respect Adam Smith updated and transplanted, as opposed to the agendas of his more simplistic self defined disciples.

In retrospect 1985-90 was structural adjustment's finest hour. On balance, Africa - especially war free Africa - did seem to have regained output, and perhaps food production, growth equal to or above that of population. Fiscal - albeit not export/import - deficits were narrowing as was the degree of currency overvaluation. Both economic and public service free fall in most 'adjusters' seemed to have been, or to be on the verge of being, halted.

The first half of the 1990s destroyed the illusion - and illusion it was - of a stable foundation for recovery. This was realised with a lag, so that many of the early 1990s changes represent responses to 1985-90 intended to be fine tuning for sustainability of a success story:

1. a stress on "African ownership" (oddly in contrast with actual Bank consultative procedures, which provide little time or space for broad participation, and the arrogance of many of its staff - usually directly correlated either to lack of any contextual depth or to a belief in themselves as champions of the good, true and beautiful overriding domestic 'false consciousness' which is ultimately self-indulgent and self-deluding on the operational side even if many of its criticisms of African socio political distributions and processes are valid). This apparently related both to a slightly unreal apparent consensus of African policy makers and civil servants with Bank views, at least when talking to it, and to the fact that few elections were lost (albeit even fewer were won) on SA as lead issue. However, part represented a genuine acceptance at I Street and, occasionally, in the field that African insights, innovations and modifications sometimes had something to be said for them not merely in mobilising local support for the Bank's model but also in adapting, adjusting and contextually improving it;
2. elaborating "poverty alleviation" and at least in principle (albeit not in resource allocations) making it a top priority, but without any serious and realistic attention to articulating how real poor people could actually produce or earn more to become sustainably less poor;
3. a somewhat frenetic creeping liberalisation rhetoric (not always linked to coherent policy modelling) unevenly pushed to extremes no industrial economy would accept and notably diverging from actual Southeast and Northeast Asian success cases. In all fairness this never espoused the ultra neo-liberal 'there is no society' line and policies likely to achieve that result - by default - were largely pre-1985;
4. adding environment, women and accountable governance as highlighted themes - initially in response to external Northern pressure groups, but later with a life of their own. But virtually always these were tacked on as enclavised resource starved projects leading to the tart comment that the women's parallel programmes really constituted 'dolls for the girls to play with' while the 'boys' got on with the 'serious business' of macro policy tautening;
5. turning civil service reform (ironically after substantial, initially stubbornly resisted, African pressure) into assessing long term government goals, policies and delivery mechanisms, staff number and qualifications requirements to serve them together with efficiency pay and performance reviews. This approach and dynamic were far removed from the initial calls for mass, rather random 're-deployment' of up to a quarter of public service employees into the 'informal sector' which one senior bank analyst described in disgust (using the words of a US Vice President on his office) as 'not worth a pitcher of warm spit'.



This 'expansionist revisionism' ran into two problems. The short run consolidation and the sustainable macroeconomic management foci tended to become obscured because the new strategic themes were not integrated into a coherent whole and - largely as a result of external shocks - average African performance declined in the first half of the 1990s (in 'adjusters' and 'non adjusters' alike). Further the Bank faced its first clear cut programme disaster in Zimbabwe. From a 5% upward trend from 1984 through 1990, over the first four years of SA GDP growth went negative; inflation rose; the fiscal deficit (excluding war related costs) worsened; services and service access deteriorated, enterprise confidence collapsed (on the discovery by businessmen that deregulation also included dropping rules featherbedding their enterprises). Despite grimly consistent and all too rapid national implementation (in the face of a series of years of disastrous weather which probably put 1992 GDP at least 15% below what it would otherwise have been and events delaying making clipping a peace dividend safe) SA was at least temporally correlated with a real risk of descent into, as opposed to escape from, free fall, a risk worsened by the combination of a drought disaster, less resources to reduce poverty and a violently contractionary Budget in 1995 - the last two apparently against Bank advice.

The response to these challenges has been rather *ad hoc*. On the one hand, public expenditure review missions have gone back to 1930s models of trying to cut spending with no regard to overall macro impact - often in near total conflict with other Bank sectoral and policy studies and more reminiscent of Salazaär's Portugal than of any modern fiscal policy. In parallel, privatisation has been pushed harder despite grave empirical doubts that asset sales (as opposed to freedom to establish new enterprises) will make much difference to output, especially if rushed and focused on quick sales keyed to maximising up-front cash payments not long term investment, operation and expansion commitments and capacities.

On the other hand, the Bank as an institution seems increasingly tempted to say SA in SSA has succeeded and can - with the exception of a few latecomers - be wound up. What precisely is to take its place is somewhat less than transparent.

### A Tentative Balance Sheet

The record is reasonably clear. **On balance structural adjustment has done more good than harm.** Seriously pursued, **it has** (except for Zimbabwe) **halted free fall** in output and in provision of public services and has - on balance - gained some of the **advantages of generally using markets instead of fighting them across the board.** While fragile, the typical 3% to 4% growth trends of the bulk of 'serious adjusters' are above Africa's or their own previous decade's averages. In that sense Structural Adjustment is a far more **effective stabilisation model** than any the IMF has ever applied in Africa. **But what it has not done is to secure actual structural adjustment** either or of production or external trade, to

restore domestic savings, to reverse negative poverty and real per capita service delivery trends or to create a sustainable consolidation without high import support transfers (however styled) let alone a breakthrough to a sustainable 6% annual growth of GDP and of exports measured in import capacity terms. The Berg Report's road map to a brave new world has bogged down well short of the intended destination, rather as colonial engineering railway models often did in unmapped swamps when they entered into the construction phase.

Ironically on looking back to the Berg Reports projections, it appears that this failure is on a better than was predictable on the Bank's, then, vision. Berg projected 3.5% average growth in SSA during the 1980s with SA, doubled net external resource inflows, and moderately improved terms of trade - plus implicitly no major wars. **Without the added resource inflows, the projection was 2.5% and with neither the external resource boosts nor structural adjustment 1.5%.**

The net resource inflows - excluding emergency support - stagnated; the terms of trade worsened; war (or civil strife with similar impact) dominated five substantial economies: Ethiopia, Sudan, Mozambique, Angola and South Africa as well as several smaller ones. The first - per Berg - cut **projected** results to 2.5%; the second to perhaps 2.0% and the third to **perhaps 1%**. The actual **continental growth rate averaged slightly over 2% in the 1980s and, excluding the five main war cases, almost 3%! In that sense, the Bank has a case for 'declaring victory', but in retrospect the goals can be seen to have been unsustainably low.**

### III.

#### AND SO TO WHAT?

The relevant question is neither 'How do we salvage SA?' nor 'Who is to blame'. Rather they are **'What more? What different? What next?'** A quick checklist is possible:

1. end the tremendous economic (as well as human) drag of **wars** and endemically high levels of **social conflict**;
2. **integrate survival support and poverty alleviation** into coherent post calamity (drought) and catastrophe (war) reconstruction and livelihood rehabilitation strategies;
3. invest in **productivity boosting and cost reduction focusing on human investment, infrastructure, production by poor people** or in different terms **PPP (production by poor)**

people) plus **UABS** (universal access to basic services) supplemented by **SNAP** (safety net access provision);

4. design and provide incentives for **serious export transformation** (that is real structural adjustment) strategies to **diversify away from the medium term losers** which dominate in 1995, as they did in 1980, the export bases of all but a handful of African economies (with South Africa not a dynamic exception except in respect to exports to Africa);
5. restore **public service efficiency** by reintroducing **living wages** linked to parallel restoration of **performance criteria** such as attendance at - and to - work and accepting retraining;
6. take **sustainability** - in both the **physical environmental** and the **human condition, especially women's workload**, senses - seriously and build both strands into main line policies and programmes instead of enclavising them as marginal tack on projects;
7. restore - or create - **governmental transparency, accountability and perceived (by citizens) legitimacy**;
8. recreate a '**user friendly**' **climate of expectations for enterprises and households** - not least domestic ones - to raise productive investment and domestic savings to sustainable levels;
9. shift from **crisis management to medium term strategic policy and action programming**, and from **decapitation by responding** to external agendas and by overkill provision of less than appropriate technical 'assistance' paralleled by inefficient, ill-coordinated externally run parallel delivery systems (not least by foreign NGOs) to **rebuilding African capacity to build agendas, to operate institutions and to articulate programmes** by central governments, local governments and domestic social sectors;
10. **without losing grasp on the valid macroeconomic themes of SA** - reduction of inefficient interventions in markets, avoidance of grossly overvalued exchange rates, limitation of fiscal and trade deficits to levels which are financeable currently and over time while at least tending toward balance.

Themes 2, 3 and 7 (as well as that of peace, law and order) could be grouped together with parts of 6 as "**absolute poverty reduction**" while the gender and multi country components of several could be broken out and regrouped as separate heads. That degree of reworking is largely a matter of pragmatic choice in the light of contextual and mobilisation realities.

**Economic regionalism** is not check-listed because ultimately it is a **means to achieving basic substantive goals not an end in and of itself**. It may very well be crucial to any of the above goals in particular contexts: the management of the 1991-92 drought in ways vastly reducing loss of life; the restoration of lawful government in Lesotho in 1994-95; the beginning of attempts to achieve overall output efficient-equitable-politically manageable interstate river basin water use management (at one level economic good housekeeping but at others poverty reduction and environmental sustainability) are all Southern African/SADC regional initiatives. Economic regionalism is about **efficient pursuit of perceived common interests better - or only - pursued together than separately** and therefore both its content and political viability depend on at least overlapping strategic visions among member states.

To say the devil is in the detail and that national and sub-regional actions on this agenda will need to vary is valid, as is the contention that what can be achieved by 2005 will vary widely. What is not valid is to argue that this agenda really is the same as structural adjustment or that it is inherently devoid of hard-headed (if perhaps soft-hearted) economic realism.

### **But Why Is Structural Adjustment Not Unending?**

If **structural adjustment** is perceived as **basic prudent macro economic management** including ongoing monitoring and prompt, proactive response to exogenous (external economic, weather and domestic or neighbouring conflict heads) shifts and shocks, then there is indeed no end to structural adjustment. What was practicable - and even perhaps prudent - in the 1950s and 1960s, during the 1973-74 shock period and, perhaps, over 1975-79 cannot now be restored both because the external trade, aid and lending - as well as macro political - contexts have altered structurally and because both past global economic marginalisation and past (as well as ongoing) costs of war and civil unrest are facts which cannot be revoked retrospectively, only - perhaps - eroded over future years.

But to argue for 'structural adjustment forever' as an economic strategy and to justify this by pointing to high growth - and both production and institution restructuring and transforming - Asian economics is not the same thing as asserting the crucial role of prudent macro economic management and limitation of absolute and trend imbalances to manageable levels.

With the sole exception of the Philippines - at least well into the 1990s a notably low growth, low human investment, poor infrastructure, high inequality economy/polity - the Southeast and Northeast Asian economies have not had SAPs in the sense used in SSA, nor has redressing gross macro economic imbalance been - nor needed to be - an abiding strategic organising principle. Structural adjustments - usually one or two sectors or policy areas at a time - yes, but on a base of maintaining not regaining the core goals of SA in SSA.

Fiscal prudence with sustainable external domestic and external borrowing (or grants) used primarily for fix to finance infrastructure (including basic service supporting investment) and with only limited, transitory drawings on domestic banking system finance; avoiding exchange rates, interest rates and wage rates markedly deviating from market validated levels (up or down); minimising unnecessary regulations and barriers to access (for entrepreneurs but also for ordinary people); testing policy interventions for economic efficiency and limited undesired market distortion are not the central strategic goals of these states. They are matters of **good housekeeping**, seen as **important but routine**, requiring on-going checking for adjustment to shifting realities but not the bulk of analytical and decision taking time and as necessary background or foundation conditions but as means not as central political and social economic goals and processes.

This **economic good housekeeping** approach was rarely practicable in Africa in the 1980s for two reasons:

1. with few exceptions SSA economies were so seriously out of balance with unsustainable gaps and trends that restoring "good housekeeping" for short term survival and medium term development restoration was indeed a necessary immediate strategic focus;
2. with even fewer exceptions, the external credibility of African policies was so low that either purely nationally designed or even complex, phased programmes with external agency approval (especially if the agency was UNDP) were simply unsaleable until a proven track record existed. When deconstricting foreign exchange access was crucial to non-orthodox reform, that turned out to be a catch 21 situation (no Fund/Bank seal of approval no augmented transfers; no augmented transfers no major results; no major results no credibility).

Thus the initial simple - even simplistic - SAP model was at the worst a least bad option for many SSA economies in the 1980s and for the more policy disorganised polities it was arguably positively useful in requiring attention to overall policy consistency and to avoiding massive, sustained over allocation of available resources. For most states the erosion by proliferation of crisis management measures intended to be temporary (as had often been the case in 1973-75) had deteriorated into a plethora of opaque, inconsistent, constricting crazy quilts of controls, not at all efficient at achieving desired resource allocation, but very efficient in driving resources either abroad or out of visible (or taxable) circuits and providing cover for privatised user fees (including corruption), termed "rents" by the Bank.

**Crisis management is a necessary initial priority when free fall is imminent** - or already happening. Even if one entered a swamp to drain it, if one finds oneself standing on a crumbling clay outcrop with water up to one's nose and crocodiles zeroing in, then the first

things to do are to beat off the crocodiles and to attain a firmer, higher foundation. Without initial survival, swamp draining is no longer on the agenda. But, by the same token, neither finding a higher, firmer rock outcrop nor acquiring an electric prod (nor even both together) will by itself design, let alone achieve, draining nor will a retreat back to the promontory from which one set out do so - prudent as all three may be as an initial strategy.

Successful structural adjustment is very close to **returning to the point of departure with restructuring back to late 1970s** (or earlier) export, import, production, fiscal, price, output growth levels but with lower per capita output, access to public services, real wage rates and real exchange rates combined with higher real interest rates, inflation rates and proportion of people subsisting in absolute poverty. That is a success contrasted to sinking beneath the surface or being savaged by crocodiles but **not an adequate resting point**. Rather it is a possible starting point for a new swamp transit and drainage strategy.

### **If It Isn't Broken Why Fix It?**

The earlier analysis suggests that overall and in most cases structural adjustment has done more good than harm, has helped reduce at least some macro imbalances (notably overvaluation) to sustainable levels and trends, can be fine tuned/contextualised to achieve better results and can be buttressed by programmes (such as Ghana's PAMSCAD or Mozambique's urban income supplement for absolutely poor households) which alleviate negative consequences and in the more elaborate Ghana programme do bolster some aspects of production by poor people and access to basic services. **Why change?**

The answer is threefold: **nothing lasts forever**. Initially successful **economic strategies usually both create opportunities for new initiatives and growing negative side effects over time**. To fail to capitalise on the first and to overlook the second until they reach crisis proportions is highly imprudent and humanly damaging. An earlier analogous case is the 1973-1981 strategies followed by several countries. The 1973-74 crises were ridden out by recurrent expenditure austerity, exchange rate - petroleum product - food price repositioning to accord with global market realities, continued fixed investment and basic service expansion and recourse to - then available - soft IMF facilities and bilateral grants/soft loans. Given the subsequent 1975-79 global recovery, this strategy worked and both budget and import decompression plus enhanced private and public fixed investment and basic service provision became attainable. So too did additional private and public capital inflows (largely semi-soft to hard loans). But - as was rarely recognised, or at least not prioritised - the underlying weak export base was not restructured and transformed (by direct state investment, by market intervention and/or by private sector initiatives) even when the need to do so was recognised and flagged for action. As a result, debt service levels crept up. When the relatively good mid 1970s performance of primary product prices ended with the 1977-78 collapse of the beverage

boom, the eroded underlying external account position was cruelly exposed. Many states then tried to rerun their 1973-75 strategies over 1979-81. This proved a disastrous failure. Soft bridging finance was not available and private capital flows turned negative, OECD member macro economic policy focused not on speedy growth restoration but on inflation reduction and terms of trade for primary exports (other than petroleum) behaved very poorly. With poorer initial external trade positions and higher opening debt service burdens, attempting to prolong "riding out" by import tightening (by whatever means) became a one way route toward import strangulation, falling output, growing fiscal and monetary imbalances and inflation rates, erosion of effectiveness of all economic policies and forced retrenchment from strategy to day to day crisis management. That is the point at which structural adjustment became necessary.

Structural adjustment does not run precisely the same risks as rolling with the punches/riding out the storm did. But if continued indefinitely it does run grave risks of implosion:

- (a) because macro measures **getting the prices right have been inadequate to adjust structurally , let alone transform**, the inadequate initial export bases (as opposed to restoring them) the underlying external trade account imbalance consistent with 4% to 6% growth and 25% fixed investment is worsening;
- (b) because World Bank and African **appeals for sharply increased real per capita external transfers have not (and will not) be met** and investors (not only foreign ones) tend to wait until a growth dynamic seems clearly established before climbing on board, no plugging of the trade gap by capital and grant account inflows looks adequate in the short run or sustainable in the long run;
- (c) structural adjustment was **not designed as a long term, overall strategy** but rather as one to redress gross macro distortions and unsustainable imbalances in order to restore modest per capita output growth as a foundation for redesigning and relaunching broader, longer term transformation strategies;
- (d) therefore it **accepted negative side effects and narrow approaches unviable or inadequate over the long haul** precisely because SA was intended to be short term - to restore a 'flexible economy' not to steer its long run trajectory;

- (e) Subsequent adoption of **negative consequence mitigating/alleviating measures and broader parallel strategic goals have proven to be very hard to integrate** into the original SSA strategic macro measure core and, at least partially as a result, have performed below initial expectations;
- (f) so that long running SA 'success stories' are marked by **continued external account weakness, sustained fiscal austerity damaging to UABS-PPP-SNAP, eroding levels of public support** and by at least latent increases in civil strife and **real risks of breakdown by erosion or collapse in the face of shocks**.

To this cluster of interlocking analytical reasons for strategic repositioning or transformation, it is necessary to add **mobilisation, consensus building and presentational elements**. What large numbers of people and/or smaller numbers of opinion influencers and decision takers perceive to be reality (even if the perceptions are flawed) influences what they do and thus it constitutes an objective reality influencing the present and the future. In advertising slogan terms, Structural Adjustment has passed its 'Sell By' date in some countries and is approaching it in others. Especially in a context of growing accountability, transparency, electoral competition and a providers market for official transfers and private investment, prudent political economic managers will take account of these real presentational realities as well as of structural adjustment's objective structural limitations.

'Provide preventative maintenance' and 'broaden options/build backup capacity before crises erupt' are more relevant slogans than 'if it ain't broke don't fix it' or 'steady as you go'.

### **Questions of Practicability and of Methods**

Even if structural adjustment is not - or no longer - an optimal or even adequate strategy in many SSA economic contexts and even if more inclusive, longer term strategies (with most of SA as a "good housekeeping" component) can be identified, is it possible for African states to adopt and to pursue them? As Chairman Mao - hardly a narrow pragmatist - regularly stressed, to talk of ends is pointless without parallel identification of means to go from where one is toward the desired ends.

This particular debate seems to have been precipitated by the feeling that the World Bank is having second thoughts not just on the continued viability of structural adjustment as a Northern resource or African political consensus mobilising headline, but also on the desirability of lengthening, broadening and defocusing around the old core as a way of carrying on sustainable imbalance management and complex structural transformations. Clearly its views are shifting from guarded optimism through controlled doubt to partial pessimism on "SAPs plus" trajectory. That internal dialogue is tending to reasoned



acceptance of the need and potential desirability of change to a more substantive goal focused strategy with sustainable limits on imbalance foundation conditions or constraints on, not the basic goals of, strategy. The 1989 *Sustainable Development* report did advocate a somewhat similar stance but - in its effort to cover initial SAP and post SAP economies - was rather confusing as to how its two tracks diverged. The World Bank really does study the "Lessons of Experience" and responds to them, even if unfortunately - though perhaps understandably - it rarely publicly acknowledges perceiving its own past policies have on occasion been erroneous or kept on too long.

However, while the World Bank's present self analysis and clear lack of any consensus on what should follow SA as a central organising theme in SSA is welcome, to concentrate on this is a misperception of the basic point. **The basic problems of SSA are in SSA not in Washington and those most affected by them are Africans not World Bank staff. It is part of the problem, not the answer, for African analysts and decision takers to respond to Bank agendas (or potential lack of agendas) rather than crafting and proposing their own.**

Further, the "no longer speak of structural adjustment"/"African ownership" - "Respond to African programme proposals" themes within the Bank are closely associated with one or two key decision takers and a limited number of their advisors and section heads. Most have been associated with previous stages in the evolution of structural adjustment. The Bank too believes in the importance of image and of underlining substantive strategic shifts by headline presentational ones, so it is quite possible the Bank may feel 'shift by' (not necessarily 'sell by') dates could cluster around the emergence of a post SA (plus continuing prudent macro management) strategy for SSA.

The key point is that the World Bank is not clear how to **integrate a number of the themes sketched above into a coherent, mutually reinforcing whole** (at continental conceptual or country contextual level) or whether **specific in depth sectoral modules loosely underpinned and made consistent by prudent macro-management** would be a better approach. That too opens a **window of opportunity for African analytically based strategic initiatives** since the resource providers, more reflective African decision takers and analysts and most ordinary Africans are now "No longer at ease" in the old Structural Adjustment dispensation.

The requirements for passing through this window of opportunity are:

- (a) a **self confident rejection of imported or domestic Afro-pessimism;**
- (b) a **realisation that only Africans can design, articulate, decide on, implement, review and change the most appropriate political economic and social economic strategies, programmes and policies in African contexts for actual Africans.** Good imported strategies can be better than bad African ones for a time, but only as a means to recapacitate African agenda making, negotiating and implementing;
- (c) therefore it is **crucial Africans put forward agendas and negotiate within their parameters** (since donors are necessary, have their own objectives and constituencies and cannot be expected to accept African proposals without dialogue and modification);
- (d) which **both at design and credible negotiating levels requires more data mobilisation/creation, more rigorous and substantive analysis and better informed decisions** by African governments, sub-regional organisations and continental bodies.

The record does not suggest this to be impossible. Afro pessimism is more a state of mind and of consciousness than a serious analysis of Africa. At its most basic it is drawn from Newton's Third Law of Thermo-dynamics which asserts energy becomes more and more broadly spread, weaker and weaker at any place and less and less predictable in behaviour - i.e. chaos theory. Whether this direct translation from quantum mechanics to socio-political dynamics is valid is very much open to doubt. But, in any case, if valid it is universal in application not unique to Africa.

A more dangerous variant is based on rather crude deconstructionism. This argues that reality is controlled by power and therefore by the perceptions and perceived interests of the powerful. In the case of Africa, the North is argued to perceive real progress as hopeless and a minimalist survival support plus advice model of interaction to be increasingly appropriate. It is by no means clear that this is not far too simplistic a model of Northern perceptions. Certainly it is not the World Bank's view. The Bank - whatever its defects - is not characterised by conceptual despair. It is clear that this form of deconstructionism reduces Africa to a passive, acceptor role. If it had been accepted over 1945-93, Africa would not have become independent nor achieved the not insubstantial physical and human investment, basic service provision, public service and analytical capacity growth and of overall output enhancement very often won over the first two decades of independence.

The record of reasonably credible African governments who have tried to take partial initiatives and have based negotiation on reasoned analysis backed by data does not suggest any monolithic, unshakeable opposition. Ghana negotiated PAMSCAD in 1986-87;

Mozambique Poverty Policy Framework papers from 1990 (not wholly irrelevant to broader Policy Framework Papers and resource allocations) have been Mozambican not Bank driven. Both Tanzania's 1990 in-depth Civil Service Reform Strategy launched in 1990 and Ghana's relaunch/phase two in the same sector from 1993 are clearly nationally owned and diverge widely (or wildly) from the early 1980s Bank perception of civil service reform only slightly caricatured as 'fire now, justify later'. On the sub-regional level SADC's multinational infrastructure and food security strategies, programmes and project clusters and sectoral protocols have achieved substantial support despite initial reservations because they were African driven. Reasoned negotiation based on serious analysis by credible decision takers does work.

On pessimism - barring opting out, e.g. suicide - the only realistic position for a decision taker or advisor is an echo of T. S. Eliot "We who are only undefeated because we have gone on trying." As to negotiating from a weak bargaining position the Tanzanian proverb of the brave rabbit may apply:

'Rabbit, rabbit where are you going?'

'I'm going out to kill the elephant.'

'Rabbit, rabbit can you really do that?'

'Well, I'll try and try again.'

(In one variant, the elephant eventually stepped into a rabbit hole with fatal results, but that is a more appropriate end for crises than for negotiating partners!)

#### IV.

##### TOWARD AFRICAN AGENDAS

The basic thrust of this review is to argue:

1. Structural Adjustment has, when seriously pursued for several years, had **net positive effects** - but ones is limited in degree and bounded in extent;
2. Beyond that point it is **no longer an adequate central strategic integrating theme** (as opposed to as a necessary, backdrop good housekeeping necessity) analytically and clearly lacks the political sex appeal to survive as a basis for consensus building or election winning;

3. **Elements toward a more adequate successor strategy** do emerge fairly clearly and in large degree in parallel from study of most SSA country experience.

The agenda themes have been set out in a brief, stylised form for two reasons: contextuality and African leadership toward African agendas.

All of the issues are crucial ones for virtually all OAU members. But how and to what extent varies. For polities with peace, low levels of civil disorder and passable law and order conditions - e.g. Tanzania, Botswana and (except for crimes against property) Namibia - the first theme is an "economic good housekeeping" concern; regular scrutiny to avert a crisis building up not acting to overcome one. Other themes - e.g. food security - pose serious challenges but far from identical ones. A majority of African states do not have endemic physical food shortages, at least not on market criteria. What they do have are repetitive episodic drought (or flood) crises plus large numbers of absolutely poor households lacking adequate entitlements (ability to grow or to buy enough food). Those problems are as serious as endemic national shortages, but are neither analytically identical to it (or to each other) nor tackleable by the same means. Further expectations and priorities vary among different African peoples - improved access to water is fairly clearly given more priority throughout Eastern and Southern Africa than in most (or perhaps almost all) West African states.

But the bottom line reason for brevity is that local, national, sub-regional and continental political and social economic strategies need to be designed primarily by local, national, sub-regional and continental African participants not by outsiders or even by African technocrats operating outside a participatory political context.

That contention does not rest on the excessively optimistic view that Africans will make no mistakes. For example Ghana's resolute perseverance over 1985-95 in intervening by non-market friendly means to hold wages down is a Ghanaian (or at any rate one influential Ghanaian's) initiative, but has on balance been exceedingly problematic in macro economic terms and clearly negative in terms of consensus building and at least latent social unrest. Similarly, Zimbabwe's highly depressive, anti UABS/PPP/SNAP budget in the context of a severe drought is primarily the work of the then senior macroeconomic minister.

Perhaps more to the point is the warning of Rui Balthasar Santos, then Finance Minister of Mozambique: "Let us look our mistakes in the face, lest we fall into the habit of repeating them". **No decision taker or adviser ever makes no errors** (unless taking or influencing no decisions). **The goals are to limit their numbers, avoid making them on key issues, reverse them speedily and - above all - learn not to repeat them.**

**Learning from mistakes is very unlikely in the absence of responsibility and accountability.** Programmes and decisions seen as externally imposed carry little or no sense of responsibility; accountability to external resource providers is not readily synthesised with participatory, accountable, competitive national political processes. Errors are - on the record - no less likely, learning from them is much less probable.

The issue is **not about a trade-off between nationalism and efficiency.** It may well imply different balances in answers to more plausible questions "**Efficiency to what ends? By which means? For whose benefit?**" Efficiency, after all, is an adjective related to achieving a noun (goal or process). Or to cite retired President Nyerere "Efficiency matters. In a poor economy waste is a sin. The question is efficiency for what and for whom?"

African leadership is essential if one accepts two ultimately moral (normative) premises about development:

- i. the first is that of **human centred development** formulated by Mwalimu Nyerere as perceiving **human beings (in society) as the only valid ends, the main means and the ultimate judges of development;**
- ii. with second the logically consequential precept that **decision takers and operators must be accountable to the societies and human beings on whose behalf they have (or at least purport to have) acted** - and not primarily to particular external or domestic sources of finance.

But accountability requires African leadership. Only African governments and institutions (local or continental; public or community or private) can be primarily committed to African interests or accountable to Africans. (That all too often they are not so accountable is a bitter reality but a different issue.) Identification of common interests, genuine concern and avoidance of doing harm are reasonable demands for Africans to make of national and international institutions, governments, communities. But ultimately, they are responsible and accountable to their own (non-African, or for public or social sector global bodies only partly African) constituencies.

With some exceptions, the same concerns apply to individuals including those who are genuinely professionally loyal and competent. Too many technical assistance personnel operate on a career structure requiring acceptance of the flippant comment of a not unsympathetic member of the craft: "To plan today and fly away is to live to plan another day in another way". Even those

expatriates who are more clearly personally committed usually have the option to retreat (with savings or pension cushions) to the North to 'Tell sad stories of the death of kings'. Very few Africans (or at any rate honest, committed ones!) have any such option.

In Africa, economic strategy is ultimately about progress toward attainable ends - economic, political and social - or it is ultimately sterile and morally these ends should be human centred. But it is a process of moving in the desired direction not of arriving and having no further challenges. The appropriate closing admonition needs to be that of the Lord Krishna to the military/political leader Arjuna on the field of battle:

Not farewell,  
But fare forward,  
Voyagers.

- Reginald Herbold Green  
Accra, Ghana/Gaborone, Botswana  
August/October 1995

## Author Note

Reg Green has been a student of the political economy of Africa since 1959. He has lived, worked, researched and/or visited 32 African countries and - including parts of years - spent over 21 years in Africa and 31 working African applied economic issues. Since 1981 he has related to Structural Adjustment both as an approach to applied political economy and as in and of itself a major political economic fact. That work has been as public servant (in Tanzania, Mozambique and for SADC - then Southern African Development Coordination Conference), as consultant (largely for UNICEF), with NGOs (particularly World Council of Churches, Catholic Institution for International Relations and the International Center for Law In Development) and as a research and teaching intellectual (e.g. Africa To 2000 And Beyond with Philip Ndegwa and co-directing 10 Study Seminars on Through Structural Adjustment to Transformation in SSA for IDS-Sussex, IDS-Dar es Salaam, CEPA Accra). Needless to say, the analysis, conclusions and proposals of this essay are his personal responsibility and are not necessarily those of any of his past or present employers. For the sake of transparency, the evolution of his position has been from 'Structural Adjustment Restructured' through 'Structural Adjustment Plus' to 'Toward African Agendas'.