African Alternative Framework to Structural Adjustment Programmes: An African Recovery in Thought*

Archie Mafeje
American University
Cairo, Egypt

Preamble

Since the beginning of the present economic crisis in Africa, the continent has been inundated with " approved" programmes of economic recovery. These mainly came from credited international agencies, whose job it is to contrive such programmes for underdeveloped regions, especially. In Africa the most predominant since 1980 has been the Structural Adjustment Programmes (SAPs), sponsored by the World Bank and the International Monetary Fund (IMF). These have been implemented in more than thirty African countries to date. In addition, there has been the FAO programmes, *African Agriculture: the Next 25 Years* (1986), and the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (UN-PAAERD).

During the same period (1985) the Organization of African Unity (OAU) adopted Africa' s Priority Programme for Economic recovery 1986-1990 (APPER). From the point of view of re-direction of the African economies and the analytical grounds for it, there was nothing distinctive about APPER. Consequently, it had virtually no impact on its African audience. This is to be expected because the majority of African countries had already adopted the SAPs and had accepted the loans offered for the purpose – the so-called Structural Adjustment loans (SALs). Under the circumstances APPER was politically hollow, intellectually platitudinous, and financially uncompetitive.

In contrast, the programme sponsored by international agencies had everything going for them. Invariably they had the blessings of the developed countries, always bolstered up by great intellectual/technical pretensions and seductive financial benefits. Therefore, to varying degrees their sponsors tend to take for granted their intellectual and ideological presuppositions in dealing with Africa, especially. This is not to suggest that their postures are identical or static but that the intellectual reasons for any shift of positions have been for a very long time internal to them as far as Africa is concerned. Thus, the scope for scientific licence, political paternalism, and ideological mystification was unlimited.

In practice this has led to a situation where in changes in policy are highly arbitrary and dependent governments such as the African ones are tossed form pillar to post, without any clear scientific explanation. For instance, while in the 1960s and 1970s FAO was advocating individual land tenure and capitalist agriculture as a matter of policy and a " scientific" basis for development, since the World Conference on Agrarian Reform and Rural Development (WCARRD) in 1979 it has emphasized the role of the poor in agricultural development and the need to alleviate rural poverty. In that context in 1981 it published a policy document entitled, *The Peasants' Charter.* These were significant policy changes and FAO perceived them as such. Confronted with them in the 1980s the present author could not help remembering being rebuked, as a young consultant in 1974, for advocating the same thing and being described as " too ideological" by one of the FAO chiefs.

In 1986 when I read *African Agriculture: the next 25 years,* I knew FAO had come full circle. In a written response (Mafeje, 1987), I wanted to know the scientific/theoretical reasons for it. I knew that there were none for, if there were, they would have appeared in the document itself. Africans would have had the pleasure of learning a new scientific theory about agrarian transformation, new methods for allocation of production factors, especially distribution of land or improved land tenure regimes for future development. The only deduction that could be made from this lack of intellectual consistency is that while FAO might be sensitive enough not to push too hard its earlier neoclassical orthodoxy, in the case of Africa this has left it with neither a coherent theory of agrarian transformation nor clear recommendations on land policy. Instead, it is guided by normative values which are noble in themselves but do not advance our scientific understanding of the development problems of the continent. Existing theories must be upheld or discarded according to their explanatory power, and not be merely suspended for anybody' s convenience.

This demand is perfectly consistent with the canons of scientific positivism. Indeed, what on the surface gave the World Bank its intellectual dominance among the international development agencies over the last ten years is that it prides itself on applying these proven principles, without compromise. Despite Robert McNamara' s flirtation with the idea of " small producers" in the late 1960s and the early 1970s, the World Bank technocrats were theoretically less concerned about this and were itching to get back to undiluted neoclassical economic theory. With the change of guard in that vaunted power-house later in the 1970s, they got their chance. McNamara' s policies in Africa had failed and the African economies were in shambles because of certain economic irrationalities and a certain international soft-mindedness or sentimentality. The new marching orders were foreshadowed in the now famous or infamous (depending on how one looks at it) Berg report, *Accelerated Development in Sub-Saharan Africa: An Agenda for Action,* World Bank, Washington D.C., 1981. As is well-known, the report had a great impact but largely negative. African governments, which had just the year before adopted their own blue-print, the Lagos Plan of Action (1980), were jolted. Publicly, they refused to endorse the Berg Report on the grounds that it contradicted their own policy priorities, as set out in the Lagos Plan of Action.

In spite of the unfulfilment of the Lagos Plan of Action, the issues were clear. The World Bank was insisting on the reinstatement of neoclassical orthodoxy. Among other things, this entailed concentration on capitalist farmers and export agriculture, elimination of price controls, removal of agricultural and food subsidies, liquidation of parastatals in favour of the private sector, and curtailment of public spending. On the other hand, the African governments, while not equipped with any particular orthodoxy, knew from political experience that there was a range of things they could not afford. Foremost among these was the question of food subsidies for populations which generally suffered from sub-minimal levels of income and the plight of small producers whose economic situation was getting so desperate that, without government financial support, the alternative was chronic food shortages among the rural and urban poor with predictable consequences.

In the posture adopted by most African governments on this issue there might have been a huge dose of cynicism. But this does not matter so much. What matters most is their sense of reality or of the objective situation. If at first they were afraid that they may might endanger their survival by endorsing publicly the Berg Report, since their individual capitulation to the SAPs subsequently provoked nothing dramatic, most might have got encouraged to forget about the Lagos Plan of Action. This is particularly so that they were promised continued blood transfusion in the form of SALs and that, if they played the game according to the rules, recovery was inevitable. Whether or not recovery has come to the SALs adopters, as time ticks away there is bound to be increasing anxiety, if not apprehension, among both the adopters and the authors of the programmes. This is especially so that all along there had been a certain amount of muted scepticism among some African intellectuals and policy-analysts. This received its first collective expression in *The Khartoum Declaration on the Human Dimension of Africa's Economic Recovery and Development* (1988). This as it may, the Khartoum declaration amounted to nothing more than a complaint. It was soft and constituted no real scientific challenge to the SALs. Nonetheless, the emotive impulses behind it were strong and widespread enough to set the stage for the next round, which proved to be the greatest challenge that has come out of Africa since independence. We are here referring to the *African Alternative Framework to Structural Adjustment Programmes* (AAF-SAP).

AAF-SAP: Its Intellectual and Theoretical Significance

In reviewing AAF-SAP the intention is not only to pay tribute to its architects, the UN Economic Commission for Africa (ECA) under the leadership of its Executive Secretary, Professor Adebayo Adedeji, but also to bring it to the attention of African intellectuals and scholars. Through OAU representatives and African Ministers of Economic Planning and Development, and of Finance, African politicians and policy-makers are fully aware of the document. As the document represents basically a framework, it will certainly require further elaboration and research. In the given division of labour, this falls largely on the shoulders of African scholars. Here, one is reminded of the role of the Latin-American scholars in the 1960s and early 1970s under the stimulus of the UN Economic Commission for Latin-America (ECLA). As is well-known, this gave rise to a pervasive paradigm which was distinctly Latin-American and yet inspired scholars everywhere in the Third World by proving the fallibility of northern conventional wisdom. For a paradigm to achieve such a transformational effect, it does not have to be " right" on every specification within its field of discourse. So it was with the *Dependencia* paradigm. It is sufficient to show through systematic analysis and methodological rigour that there could be an alternative, if the various omissions of existing theories were taken into account. In other words, the selection of indices for measurement is as important as the measurement itself. In our view, this is precisely what gave birth to the AAF-SAP.

Indictment Against the Bank

In its review of the World Bank' s report *Africa's Adjustment and Growth in the 1980s* (1989), the ECA accused the Bank of the following:

a) manipulation of statistical data to confirm pre-conceived ideas;

b) a simplified approach which failed to take into account external factors, the social costs of adjustment, and long-term negative effects of the recommended adjustment policies;

c) ignoring the role of aid flows which favoured adjusting countries and thus penalized non-adjusting countries;

d) arbitrary classification of sub-Saharan African countries into " strong" adjusting, " weak" adjusting, and non-adjusting,

e) indiscriminate price decontrol; and

f) anti-social curtailment of public spending.

On (a) the evidence presented in a document entitled *Statistics and Policies* (1989) was devastating. Using weighted averages and 1980 as the baseline, instead of the unweighted averages used by the Bank and 1985 (an exceptionally good year) as its baseline, ECA was able to show that: " ..during 1980-1987 the performance of Sub-Saharan African countries with strong SAPs was the worst of any group; a negative annual average growth rate of -0.53 percent contrasted with a positive 2.00 percent for countries with weak structural adjustment programmes and a relatively strong positive rate of 3.5 percent for non-adjusting countries in Sub-Saharan African" . Although the World Bank tried to find formal excuses for its omissions, substantively, it was not able to prove in this reply that its findings were not spurious. The rest of the points by ECA concerned approach to development itself. While at first the Bank was inclined to argue that its programmes are basically a stop-gap and do not aim at long-term development, later it produced a report, *Poverty Adjustment, and Growth in Africa* (1989), which purported to deal with all the social issues and problems of equity raised by agencies such as ECA and UNICEF. Therefore, the challenge form the ECA's African Alternative Framework should help to clarify the matter.

The Challenge

Although the ECA at times made it appear that its critical comments on the orthodoxy of the structural adjustment programmes were nothing more than a call for a modification of policy instruments and measures, in fact they were tantamount to an explicit rejection of the approach of the World Bank and the IMF. Likewise, the attempt by the World Bank to give the impression that it could embrace a " human-centred" development strategy, without abandoning its basic philosophy of development, was misleading. If, as the ECA did, the following were declared unacceptable:

- Drastic budgetary reductions, especially with respect to expenditures and subsidies on social services and essential goods;

- Indiscriminate promotion of traditional exports through price incentives offered only to " tradeables" ;
- Across-the-board credit squeeze;
- Generalized devaluation through open foreign exchange markets, currency auctions and large and frequent currently depreciations;
- Unsustainable high real interest rates;
- Total import liberalization;
- Over-dependence on market forces for getting the " prices right" in structurally distorted and imperfect market situation and
- Doctrinaire privatization.

What would the World Bank be left with as building blocks for its programme? For all intents and purposes, the World Bank is committed to laissez-faire policies and by implication to old-fashioned " trickle-down" suppositions. In contrast, the ECA upholds the principle of government intervention in the allocation of resources and income distribution. These represent two different approaches to the problem of development and transformation in Africa.

In the light of this, one of the questions that has been raised is whether the rejection of the World Bank orthodoxy amounted to a serious questioning of neoclassical assumptions and a new contribution to African development theory. This might not be part of the ECA's brief but that of the African academic community in general. However, the supposition could be made that there is a relationship between ECA's intellectual/scientific endeavours and those of the African academic institutions. If this turns out not to be the case, as one suspects, then the implications are very serious indeed. Therefore, it might be worthwhile to check to what extent are the ECA's prescriptions under AAF-SAP informed by the discourse that has taken place beforehand in African academic institutions.

Broadlyspeaking, the AAF-SAP advocates a mixed economy approach. This idea had been on the agenda since the Indian second five-year plan in the fifties and had been adopted in Africa since independence as a matter of necessity for the same reasons as advanced by the ECA. Secondly, the problem of growth with equity had been debated fiercely in academic circles since the Arusha Declaration by the Tanzanian government. Actually, the debate spreads from the University of Dar-es-Salaam to other university campuses in Zambia, Nigeria, and Kenya towards the end of the 1970s. For that matter, it might not be an accident that the SALs have had an extremely mixed reception in countries such as Tanzania, Zambia, and Nigeria. Thirdly, the concept of " self-reliant" development, nationally and regionally, had also received a great deal of attention from African scholars between 1968 and 1975 under the influence of the Latin-American *dependencia* theory. Fourthly, though to a limited extent, the question of the relationship between external and domestic demand had already been raised in the context of export crops versus food crops. Fifthly, although not an area of concentration by any means, since the end of the 1970s the limitations of import-substitution industrialization strategy with regards to production of essential goods for mass consumption had been made apparent.

It is, therefore, surprising to discover that after a brilliant critique of the World Bank SAPs the ECA technical staff have not been able to take advantage of prior insights by African scholars and go beyond what is given. For instance, in the AAF-SAP under *Strengthening and Diversifying Production Capacity* in table 5.2 reference is made to " land reforms" and " increased inter-linkages between agriculture and industry" . " Land reform" is a term which frequently features in policy recommendations in Latin-America and Asia. In Africa nobody knows precisely what it refers to, outside the settler economies of Southern Africa. In Sub-Saharan Africa it used to be associated with the introduction of individual land tenure and modern technology. But both these indices have been under serious review up to as late as the Third Government Consultation on Follow-up to WCARRD in Africa in Addis Ababa, October, 1989. As a result of sustained research on land tenure systems in Sub-Saharan Africa by no more than five African scholars, FAO can no longer vaguely refer to something called " land reform" in Africa. How much more with ECA?

Secondly, while there can be no question about the desirability of food self-sufficiency in Africa, it is not quite clear what would be the role of agriculture in the changed circumstances. This is bearing in mind that conventionally and historically agriculture had been looked upon as an earner of foreign exchange and a source of primitive accumulation. Under the twin concepts of " sustainable growth" and " preservation of the environment" , would African agriculture be able to meet all these requirements? This is particularly pertinent because contrary to the assumptions of the AAF-SAP, African agriculture has not suffered necessarily because of technological level but its performance continues to approximate to the low technological level. In the mean time, there are reports everywhere in Africa about the degradation of the soil. In the circumstance is intensification of technological factors a self-evident policy instrument, as the ECA is inclined to suggest.

This brings us to the third issue, " increased inter-linkages" between agriculture and industry. It might well be that what is at stake here is not the magnitude of inter-linkages between the two but the type of inter-linkages. It has been complained that import-substitution industrialization led to a discrepancy between resource use and domestic demand and that agriculture was used, without any transformational benefits. Likewise, one of the charges against the SAPs is that they are anti-industrialization in their effects. The question then is: at the stage of primitive accumulation what is going to be the relationship between agriculture and industry and what is going to be the dynamic link between the two, especially under the rigours of " self-reliance" and scarcity of foreign exchanges? The ECA's interesting idea of diversifying export crops by diversifying their products can be subsumed under " agro-industries" , which need not be outward-oriented. These are some of the questions on which policy makers need guidance which goes beyond the usual economic clichés.

Consistent with its idea of " human-centred" development, the AAF-SAP is very strong on *Pattern of Expenditure for the Satisfaction of Needs.* By placing a primacy on the satisfaction of critical social needs, investment in human capital and raising the living standards of the majority of the population, the AAF-SAP succeeded in putting upside-down the paradigm of the World Bank. But it would seem that the emphasis on increased consumption is not matched by equally stout policy instruments and measures for increased production. In recommendations under *Improving the Level of Income and the Pattern of its Distribution* the main concern is how to augment government revenues. Although frequent reference is made to " productive investment" of revenues so gained, this remains unspecified and no clear long-term pattern of investment emerges under the section. It is true that under the previous section, *Strengthening and Diversifying Production Capacity*, agriculture is given priority mainly from the point of view of food self-sufficiency and employment opportunities. This still leaves us with a largely consumption-oriented development strategy. The same comments could be made in regard to the separation of social services from production and treating them as a purely bureaucratic responsibility.

It would seem that whatever happens in Africa in the next few years, " diversifying production capacity" must go beyond the usual pre-occupation with crop diversification within agriculture and confront the problem of diversification of production within the economy as a whole. For instance, is agriculture going to be maintained in the intermediate future as the leading sector, despite the low added-value in its products and high market inelasticities? This question could be answered in relation to the role of mineral wealth in the future development of the continent. Very little attention has been paid to this factor and no reference is made to it in the AAF-SAP. Yet, the strategic value of minerals in a rapidly industrializing world and their potential for regional industrialization cannot be minimized. It must be remembered that it is this kind of wealth which made countries such as South Africa. Among African countries Botswana is making effective use of it and it is hoped that Namibia will follow suit. But what about the rest of mineral-rich African countries? One cannot help feeling that the AAF-ASP could have been more forthcoming on prospects and strategies for industrialization in Africa i.e. an alternative to mere import-substitution.

Finally, we come to the section on *Institutional Support for Adjustment with Transformation*. Here, the concern is agrarian development and transformation. The frame of reference used is fairly conventional – credit facilities, extension services, mobilization of small producers (especially women), popular participant, NGOs, self help, and promotion of cottage industries. All these activities are subsumed under the concept of " integrated rural development" , which has gained currency in recent years. But the question is: what is " transformational" about it? Be it noted that historically, this referred to a transformation from one set of institutions to another or from one level of technological development to another. In Sub-Saharan Africa the rural institutions are kinship- or communally-based. Modernization advocates, including the World Bank, conceived of transformations as a movement away from such institutions to more individualized and privatized forms of ownership and production. Technologically, they equated this with the adoption of western machinery and production techniques. Both assumptions have become a source of controversy in contemporary Africa.

Therefore, it would have been useful if the AAF-SAP had spelled out the kind of transformation its authors had in mind. Allusions to accelerated " process of achieving a green revolution in Africa" will not allay the worst fears among some African analysts, given the Asian experience and that of African countries such as Nigeria. If what is envisaged is *industrialization* of agriculture, then this cannot be realized, without basic industrialization of the African economies themselves. Therefore, what is needed most is advice on the intermediate steps. There are enough ideas and research findings to make this feasible. In fact, some of the evidence would have come from ECA itself. When they discovered that it was the " weak adjusting" and non-adjusting African countries that did best during the crisis of the 1980s, they should have been able to derive clues from that experience for formulating practicable policies for the future. What adjustments did these countries make on their own to survive the crisis?

Conclusion

From the point of view of the psychology of knowledge-making, it is of historic importance that the ECA was able to issue the challenge it did. Even more significant, psychologically, is the fact that what its technical staff wrote is something which they had already known or was known but for one thing: the implicit belief in the infallibility of external agencies such as the World Bank. The simple discovery that the statistical claims of the World Bank were spurious gave them the confidence to give vent to suppressed, authentic, intellectual knowledge. Prior to this, the same external intellectual domination might have led to the devaluation of internal intellectual capital. Otherwise, how else do we explain the fact that the recommendations of the AAF-SAP start from a lower scientific base than would be justified by the state of the arts within Africa?

Nonetheless, it is worth reiterating that the AAF-SAP is an effective critique of the SAPs and thus has created a new policy environment in Africa. It falls short of providing a recognizable alternative, as against a modification of the World Bank' s flawed framework, this should be welcome as an invitation to African researchers scholars to make good any deficiencies therein. It is very rare for a holistic framework to be evenly developed in a single shot. Above all the temptation towards reformism is ever so present, especially when social indices are included as an integral part of development models, which are by convention " economic" . This political economy approach favoured in the AAF-SAP has been in disuse for sometime or associated with " leftists" . Now that there are no leftists to worry about any more, it might be the time has come to experiment with new models, without appealing to the usual prejudices of the west.

* *CODESRIA Bulletin*, Number 2, 1990, (p. 11-14)