Development and Crisis in Sub-Saharan Africa: A Critical Comment

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by

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1 INTRODUCTION

Starting from a position of reasonably good growth following independence (in the 1960s), Africa's position in the Third World development league has been deteriorating sharply through the seventies and eighties. The 1980s have been an especially serious period for sub - Saharan Africa (SSA). The continent has become characterised in the 'development' and popular press as the 'poorest of the poor' or the 'Fourth World'. Following this characterisation SSA has increasingly been seen as needing special treatment or as requiring special concessions of one kind or another from the international community. Secondly, as growth and development failed and as SSA became more and more debt ridden, the international organisations, notably the IMF and the World Bank, began to give greater attention to Africa, imposing their stabilisation and structural adjustment programmes and generally trying to supervise these economies, largely in the interests of international finance capital[1] ie of global capitalism in general. The underlying pre-supposition of IMF and World Bank policy recommendations has been the belief that it is the domestic policies of SSA countries and not the external influences caused by changes in the World economy which have been primarily responsible for the economic difficulties of these countries[2].

We will argue that far from laying the foundations for future development, Fund and Bank stabilisation and structural adjustment policies have led to a reversal of development, indeed, to the de-industrialisation as well as agricultural decline for sgme SSA countries. Ironically, the adoption of these policies have led to more unemployment and increased poverty in the most vulnerable population groups.

While the IMF and World Bank also speak of the African 'crisis' we must be sure that for us the meaning of the term crisis and the corrective action that this implies differs substantially from that of the IMF, the World Bank and its African and Africanist acolytes. For us, the crisis is not only economic, but social and political and is underlined primarily by Imperialism which, we contend has a strong social basis in Africa (namely, the compradorial ruling classes, which have for some time now been reaping the fringe benefits associated with an alliance with imperialism). When the IMF and World Bank talk of the African crisis and proceed to produce policy documents and impose conditions to force 'liberalisation' they essentially mean to open the door further to imperialist penetration and to ensconce the African masses deeper into their 'places' in a new international division of labour, first shaped for Africa during the colonial period.

If the International agencies do not escape the part they have played in fostering the crisis, what of the African ruling classes and their states? As implied earlier, the latter have been at the forefront of the Bank's criticism. It has to be acknowledged that in the tremendous social upheaval unleashed on the continent over the past few decades, the ruling classes occupying the state machinery have not been innocent by-standers. Far from it, their part in aiding and abetting the 'crisis' has been significant, but not in our view for their failure to realign the African economies towards conditions more suitable for *international* capitalist expansion. Precisely the opposite is the case: African states and the ruling classes have been singularly

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1 By finance capital we mean the combination of banking and industrial capital which Lenin associated with a particular stage of capitalism namely, monopoly capitalism.

2 The IMF and the World Bank claim that their policies are required even where a country's problems stem from external factors. The existence of external causes of balance of payments problems still means that the country itself has to adjust in response to them.

unable in effecting capitalist development which can be truly termed 'national' and have instead been active in nurturing neo-colonial links rather than severing them. It is an undeniable fact that most African states, including those espousing socialist paths of development, have not seriously managed to break their neo-colonial connections even though some states have attempted to do so in certain periods.

In Africa today the majority of the population is still based in the rural areas and the mass of them are peasants producing commodities for own consumption and for sale. Despite market relations linking independent peasant producers to state and international capital, differentiation of these producers has not developed beyond a certain point. Rich and poor peasants exist but rarely in Africa are agrarian capitalists and a sizeable rural proletariat to be found. In recent times in Africa, especially since the seventies, it is agricultural production which has been declining. Peasant incomes have consequently dropped and markets for food and other goods have not expanded. In the cities, as old industries close and others remain under-utilised, the expansion of productive wage-employment has come to a halt or even been reversed. But, the service sectors have continued to grow (although less so recently as the IMF/World Bank austerity measures have begun to bite into public sector services).

We attempt to develop some of the arguments presented above in the rest of the paper. Section 2 provides a very brief outline of colonial rule in Sub-Saharan Africa (SSA), the struggle for independence and the character of the state that emerged after de-colonisation. Section 3 describes the pattern and pace of economic growth in SSA during the sixties and seventies. It is suggested that a significant economic decline set-in during the seventies in most parts of SSA. This economic decline or 'crisis' has continued into the eighties as we indicate in section 4, where our focus turns to a critical examination of the interventionist role of the IMF and the World bank. We suggest that the take-over of control of economic management from African states by these institutions, while intended to cure the crisis has actually made conditions worse. Section 4 also discusses the lesser well-known Lagos Plan of Action put out by the Organisation of African Unity (OAU) again in response to what the latter perceived to be a mounting crisis in Africa. The LPA is discussed for it contrasts in its recommendations with the World Bank's 'Berg' report [3]. Finally in section 5, by way of a conclusion, we make an attempt to point a way forward or atleast to indicate what form of social change could under the present circumstances herald a way out of the crisis. While no easy solutions or concrete policies are recommended by us, we suggest that both politically and economically, any way out must deal with the primary contradiction facing Africa today ie. Imperialism.

2. COLONIALISM, THE STRUGGLE FOR INDEPENDENCE AND THE POST-COLONIAL STATE

All the countries of SSA were, prior to independence, objects of imperialist exploitation and plunder. Much has been written about the nature and motives of imperialism. What distinguished the empire-builders of the pre-capitalist era and those of capitalist times is that while the former more or less left the economic basis of their victims intact, the capitalist conquerors were determined to impose great changes on the economic and traditional social systems and cultures of their subject peoples. Thus private property in land was introduced and so was wage labour which was extracted by direct and indirect means. By various devices the colonies

3 World Bank, 1981

were gradually integrated in the capitalist division of labour as producers of raw materials and food for the imperialist centres and as centres for profitable investments.

Before 1880 colonial 'possessions' in Africa were relatively few and limited to some coastal areas. Subsequently, however,the conquerors penetrated further inland and subordinated huge populations. By 1900, almost the entire African continent had been split up into separate territories owned by European nations. Of course, the specific experiences of the colonies differed. Suffice it to say that the colonial experience in Africa had profound effects on Africa's later development. At independence most African states inherited distorted economies characterised by external orientation and sectoral disarticulation. Some critics of the dependence school[4], have argued that colonial imperialism had some positive effects: it established the conditions of capitalist development whose pace of development, however, was unfortunately held back by the shortcomings of the colonial state. According to Warren and his disciples political independence created conditions for the state to play a more decisive and beneficial role in the economy and to advance the development of the forces of production. For example, Sender and Smith in the concluding chapter of their recent book state:

> "...the argument of this book is that the emergence of capitalist social relations of production constitutes the *central dynamic process* in a wide range of African societies..." (Sender and Smith, 1986, page 128 emphasis added).
>
> "...by the end of the colonial period, capitalist labour markets had become predominant, and ... a working class had emerged as a *major social and political force*" (ibid, page 129 emphasis added).
>
> "...In post-Independence African countries ... the state could intervene in a variety of ways to *further strengthen the conditions for accumulation and the consolidation of a bourgeoise*. The result of these new oppottunities for state intervention and accumulation was, in many countries, *a rapid development of the forces of production*. In several African economies there were dramatic changes in the scale and quality of the physical and social infrastructure, the distribution of the labour force and its skill composition, the level and structure of manufacturing output; there were also associated changes in the availability of producer goods for the industrial and agricultural sectors, and agricultural output increased substantially" (ibid, page 129 emphasis added)

Has SSA really seen a period of undiluted capitalist expansion and growth as has been claimed by Sender and Smith? In later sections of this paper we consider the extent to which Warren's thesis holds true for Sub-Saharan Africa.

The struggle for independence in Africa was in many ways an outcome of contradictions emerging from late colonial rule itself. For while suppression and exploitation of the indigenous peoples had been effectively brought under the control of the colonial state,the imperatives of local-level government increasingly generated the authorities' need for a faithful, supportive class of people from the ranks of the colonised 'natives'[5]. This social stratum, later to gain a political cohesion and an ideology of rebellion, was composed of petty traders, small shopkeepers, religious

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4 See for example Bill Warren, 1980 and Sender and Smith, 1986.

5 For further details refer to Freund, 1984; Sandbrook 1985.

converts or servile pastors, landowners and most notably, obliging chiefs or chiefly clans. The new middle class increasingly came to mediate between state and people, the rulers and ruled.

Africanist academics and intellectuals in Africa and in the USA sought to challenge the hitherto colonially dominated science about the 'African Man', his 'Culture', or the lack of it, his 'History', his 'Kingdoms' and so on. While there was a general celebration that Africans indeed possessed a history which was not only that of colonialism, there emerged some consensus that the future lay in 'Nation - building'. However, as commentators of this notion have recently pointed out,

> ".. by nation-building.." they (the Africanists) meant no more than state-building, and at that really the building of strong bourgeoisies on the continent .." and ".. in practice.. understood as a project to be realised in partnership with the erstwhile imperial powers!"[6].

The adoption of 'modernisation' as a programme and an ideology to be pursued by the nationalists when they came to power after independence provided the ideal point of contact between them and the 'Africanists'. The modernisation perspective gave the nationalists then (ie. after independence) and to this very day, albeit in a much changed form, the philosophical basis for establishing a strong state which was to oversee the transition (take off) from traditional society (backward) to a modern one (capitalist). In effecting this transition, the precepts of modernisation theory held, the state had to contain popular uprisings which called for more democracy and for a reduction in inequalities. The latter type of politics were a luxury which backward countries could ill-afford to entertain[7]. As Mamdani et. al. have recently pointed out, the ideology of modernisation which

> ".. had begun as an attempt to explain change in the Third world turned into a recipe for how to contain change" and " through its confrontation with reality and through its internal changes, the modernisation theory had produced a 'pedagogy of the oppressed". [8]

More recently of course modernisation theory has undergone a transformation. For whereas in the sixties 'strong states' and 'modernising elites' were seen in Africa to be the social agents of transformation in cahoots with international finance capital, the African political, social and economic crisis materialising over the last 3 decades has produced a crisis of confidence in the ability of the state and the ruling classes to effect the desired transformation.

The brunt of the blame for three decades of development failure, it is argued, must now be borne by the state and the ruling classes which have been far too preoccupied with fighting factional wars, mostly of a tribal nature. If peace and order had not been established by the African ruling elite in the sphere of politics - for coups continued - neither had the conditions for successful capitalist growth been laid. By the latter, namely the absence of conditions amenable for the expansion of capitalism, what is generally meant is the government crowding out of private entrepreneurship, the endemic administrative inefficiency of African governments and the mismanagement of domestic and external economic policies[9].

6 Mamdani et. al, 1988 page 2.

7 For a detailed discussion of the ideology of 'developmentalism' see Shivji, 1988

8 Mamdani et. al, 1988 page 2.

9 World Bank, 1981.

African states have therefore 'failed to deliver the goods' and in the present era the imperialist powers (through the so-called multilateral organisations (IMF,IBRD, OECD,EEC) are desperately in search of new alliances (outside the state) in Africa. But first African state power has to be undermined and this is precisely the mission being accomplished under the guise of 'structural adjustment' [10].

The dismal economic record of the post-independence period cannot in our view be fully grasped in abstraction of the following :

(a) The colonial legacy and the historical shaping of Africans and African social formations in the world division of labour;

(b) That decolonisation left colonial administrative structures and the state relatively untouched;

(c) That unlike other neo-colonies, in most of SSA an indigenous bourgeoisie was at independence weak and undeveloped;

(d) That modernisation theory formulated and re-formulated in the halcyon days of the fifties and early sixties provided theoretical space and ideological justification for a state-led, foreign-backed, economic take-off;

(e) That in most of Africa the post-colonial state has been an instrument used to consecrate power be it exercised by a military, party, nationality or a person. A swelling state has without exception been used to pave open the way for the ruling classes and monopoly capital to accumulate such that an important aspect of the national question- the right to economic self determination and the social question - democracy, remain to this day unsolved;

(f) That while independence brought an end to direct imperial rule, it did not usher in an epoch which changed in substance the fundamental connections between the ex-colonies and their erstwhile rulers. The form had changed the content not. As Sandbrook remarks:

> "The weak legitimacy of African governments is further undermined by the manifest and object dependence of various strongmen upon foreign patrons who play the tune to which the leaders dance. Neither reform nor popular change of a regime is attainable if foreign powers manipulate events to suit corrupt and despotic leaders. Clandestine campaigns to replace rulers who incur the displeasure of the imperialists ignite factional and violent conflict, exacerbate political instability and corrupt new layers of aspirant politicians. *Capitalism thus assumes a particularly repressive and unstable cast in Africa and the masses sink deeper into cynicism and despair*".[11]

If this passage describes the situation of many third world countries it is even more true of Africa. We turn now to examine the economic record.

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10 See World Bank, 1981; and for a critical review of World Bank policies with regards to Africa, see IDS Bulletins, 1983, 1985,1986.

11 Sandbrook, 1985 page.111, emphasis added.

3.THE ECONOMIC DOWNTURN OF THE SIXTIES AND SEVENTIES

This section of the paper traces the economic record of development in SSA through the independence period to the late seventies. Both the extensive coverage of the economic experience of SSA countries and the time period, namely 2 decades, imposes a strict constraint on the type of analysis that can be offered in this paper. The exercise is therefore a limited one, to trace in very broad and general terms the economic trends and tendencies. Moreover, our assessment of this period is based on selective economic criteria owing to the limitations of space. Additionally, it should be noted that we have chosen to treat SSA as if it were an economic unity and some data presented relate to the entire group of countries south of the Sahara (excluding South Africa.) It must be stressed, lest we are misinterpreted, that this procedure has been adopted in order to bring out the dominant features and tendencies of SSA economies and not to thereby deny the real differences which exist in reality between them.

While the seventies and eighties have been highlighted to be the period of Africa's crisis, the sixties, for several SSA countries appears to have been a period of relative stability and some growth[12]. Figures for per capita GNP growth for low income and middle income SSA countries are provided in table 1 which shows quite clearly that growth in the sixties, although well below 2% per annum, was considerably better than that achieved during the seventies when annual rates, particularly in the group of low income countries, declined drastically. Annual growth rates in GDP for SSA were similiarly much higher in the sixties than during the seventies when rates had dropped to 1.6% from being 3.9% in the previous decade[13]. Further aspects of the worsening economic situation during the seventies are examined below.

12 Although, in comparison to other areas of the world per capita GNP growth for SSA was in the 1960's lower. Average per capita incomes in SSA exceeded only those in South Asia between 1960 to 1980 but, remained consistently below levels in East Asia, Middle East, North Africa and Latin America.

13 In the eighties, we note that the economic decline had worsened, for between 1980 and 1985 GDP growth for SSA was -0.7 % per annum.

TABLE 1
GNP PER CAPITA AND GDP AVERAGE ANNUAL GROWTH RATES IN SUB-SAHARAN AFRICA (PERCENT)

	ANNUAL AVERAGE GNP PER CAPITA		ANNUAL GDP GROWTH	
	1960-70	1970-80	1960-70	1970-79
SSA[1]	1.3	0.8[2]	3.9	1.6[3]
OF WHICH:				
LOW INCOME	1.6	0.2[4]	-	-
MIDDLE INCOME	1.7	2.1[5]	-	-

(1) Sub-Saharan Africa excluding South Africa
(2) Pertains to period 1970-1979
(3) Excluding Nigeria
(4) The Berg report stated an average growth rate of -0.3% for this period, 1970-1979. This difference in estimate may be due to a weighting difference or, due to differences in country classification.
(5) Excluding Nigeria, the growth rate for this group would be 1.5%.
Nigeria's growth rate for the period 1970-1979 was 4.2%.
Source: Adapted from World Bank Reports,1980, 1981 and 1987

TABLE 2
ANNUAL GROWTH RATE OF FOOD PRODUCTION, TOTAL AND PER CAPITA (percent)

	1952-62		1961-70		1970-78	
	TOTAL	PER CAPITA	TOTAL	PER CAPITA	TOTAL	PER CAPITA
WORLD	3.1	1.1	2.9	0.9	2.5	0.8
DEVELOPED MARKET ECONOMIES	2.5	1.3	2.6	1.5	2.2	1.3
WESTERN EUROPE & USSR	4.5	3.0	3.8	2.7	2.6	1.8
DEVELOPING MARKET ECONOMIES	3.1	0.7	2.8	0.2	2.7	0.4
LATIN AMERICA	3.2	0.4	3.1	0.2	3.0	0.2
ASIA	3.1	0.8	2.6	0.1	2.7	0.1
AFRICA	2.2	0.0	2.9	0.4	1.4	-1.3

Source: Adapted from M.L. Gakou,1987, p.4

Given the importance of Agriculture in the economies of most SSA countries it is important to examine the performance of that sector in the period being considered. Table 2 shows that in the sixties, by comparison to other Third World regions, Africa as a whole recorded moderately better rates of growth in per capita food production and that while total food production increased from the rate witnessed over the previous decade (ie 1950's), the gain was tempered by rising population growth rates in the sixties. However, in the seventies, we notice a severe deterioration in Africa's food production capacity. Not only did the rate of output decline in that period, but more seriously, per capita production rates fell between the sixties and seventies from 0.4 percent per.annum to -1.3 percent per annum. Africa was the only region to have experienced a dramatic decline in annual growth rates in per capita food production. During the seventies out of 39 SSA countries for which data are available, 27 experienced negative annual rates of growth in per capita food production[14] of which, 20 countries showed declines of 1% per annum or more. Further corroboration of the decline of agriculture in SSA during the seventies is obtained from an examination of absolute and relative indicies of yields for major food and non food crops (see Table 3).

The severity of this decline for the African countries and more so for the majority of its inhabitants can only be grasped by an appreciation of the place occupied by agriculture in these economies. In most SSA countries more than 70% of the population derive (or attempt to derive) a livelihood from agriculture. The share of agriculture in GDP, though having declined over the seventies due to the rising importance of the so called 'industrial and service sectors', the contribution of agriculture to GDP for all SSA countries is still significant: thus while in 1960 agriculture accounted for 49% of GDP,in 1979 its share was down to 32%, and 34% in 1985.

The dominance of agriculture in many economies of Third World countries, but especially in SSA, has meant that the aggregate performance of that sector determines to a large extent the success of the overall economy. During the seventies the growth of per capita agricultural production actually declined[15]. Thus in such a situation a crisis in agriculture would very quickly translate into a national economic crisis.

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14 World Bank 1981, page 167.

15 For SSA, the World Bank estimate for the period 1969/71 to 1977/79 for the average annual per capita growth rate of total agricultural production was -1.4%, thus also indicating that the poor performance in agriculture applied to both food and non-food sectors (Word Bank 1981).

TABLE 3
YIELDS OF PRINCIPAL CROPS IN SUB-SAHARAN AFRICA

	INDEX OF YIELDS (1961-63 = 100)		INDEX OF RELATIVE YIELDS (WORLD = 100)		
	1969-71	1977-79	1961-63	1969-7	1977-79
COCOA					
WORLD	121	121	100	100	100
D'ing C	121	120	100	100	100
SSA	124	108	94	97	84
COFFEE					
WORLD	108	112	100	100	100
D'ing C	108	113	100	100	100
SSA	112	97	83	86	71
TEA					
WORLD	96	102	100	100	100
D'ing C	116	142	101	122	140
SSA	148	159	90	139	141
MAIZE					
WORLD	120	144	100	100	100
D'ing C	115	126	56	54	49
SSA	114	109	42	40	32
MILLET					
WORLD	110	113	100	100	100
D'ing.C	109	108	94	93	89
SSA	98	94	107	95	88
SORGHUM					
WORLD	121	145	100	100	100
D'ing C	115	151	70	67	73
SSA	92	93	82	63	53
WHEAT					
WORLD	129	151	100	100	100
D'ing C	120	145	85	78	81
SSA	160	138	67	82	61
GROUND NUTS					
WORLD	106	112	100	100	100
D'ing C	102	107	94	91	90
SSA	93	96	95	84	81
SEED COTTON					
WORLD	116	132	100	100	100
D'ing C	119	127	72	74	69
SSA	133	124	46	53	43

D'ing C = Developing Countries
Source: Adapted from World Bank 1981, P.169.

That indeed has been the hallmark of economic development in Africa over the past few decades, but especially since the 1970's. The malaise in agriculture has spread into other spheres.

Retrogression in agriculture and declining per capita growth rates for food and non-food commodities has of course led to a rising volume of agricultural imports. For example for SSA, cereal imports in the sixties and seventies rose at 9.0 - 9.5% per annum. This trend in SSA, of a rising dependence on imported staple food whether achieved through commercial means or through aid measures, does not appear to be slowing down. Indeed, between 1976/77 and 1986/87 the FAO have estimated that Africa's (North and SSA) total cereal imports rose from 13.7 million tons to 27.2 million tons[16].

TABLE 4
DISTRIBUTION OF FOOD AID IN CEREALS

RECEIVING REGIONS	1979-81	1982-84	1985-87
	(Million Tonnes Grain Equivalent)		
1. LOW INCOME FOOD DEFICIT COUNTRIES[1]	7.2	8.7	9.7
OF WHICH:			
AFRICA	4.2	5.5	5.6
ASIA	2.6	2.7	3.2
2. OTHER DEVELOPING COUNTRIES	1.4	1.4	1.6
3. OTHER COUNTRIES	0.3	0.06	0.01
4. WORLD[2]	9.0	10.5	11.4

Notes:

(1). Includes all Food deficit countries with per capita income below the level used by the World Bank to determine eligibility for IDA assistance (ie.US $835 in 1986), which in accordance with the guidelines and criteria agreed by the CFA should be given priority in the allocation of food aid.

(2). Totals do not add due to rounding

Source Adapted from FAO,'Food Outlook', 1987

Yet another indication of the dependence of Africa on imported food can be seen from Table 4 which shows that low Income Countries of Africa received the highest amount of food aid in cereals between the period 1979/81 and 1985/87.

Thus, currently Africa appears to be absorbing between 45% and 50% of the world shipments of food aid with no obvious signs that this dependency is likely to decrease in the near future. Rather, most expectations are that it will increase given the continued balance of payments problems faced by many African countries and the willingness of USA and the EEC to conduct their cereal trade through non-open market channels, which has the additional advantage in that their economic and political leverage on African countries is increased.

A further aspect of the African economies which deserves mentioning, however briefly for it is common knowledge nowadays, is their acute dependency on the export of primary commodities -agricultural and/or mineral. In most African

16 FAO, 1987.

countries export trade has been heavily reliant on the exports of 2 or 3 commodities and in fact, over the past few decades the 3 commodity concentration in total exports for all SSA countries actually increased[17].

Further features of the export trade structures and their developments for most SSA countries over the sixties and seventies are described below.

(a) The trade patterns determined in the colonial period remained to a large extent unchanged in the post-colonial period, ie. the economies remained reliant on exporting primary commodities.

(b) As already seen above, the share of 3 principal exports in total exports for the majority of SSA countries increased during the seventies implying therefore an increased dependence on the sale of commodities to the World Market in which prices are not only highly volatile but, prone to secular decline relative to the price of manufactured goods.

(c) The destination of exports revealed no marked shift away from markets established during the colonial period.

(d) The barter and income terms of trade while having improved in the sixties deteriorated sharply during the seventies for many SSA countries (see table 5). Indeed for several of them annual changes in the net barter terms of trade during the seventies were negative particularly for the low income countries. For 12 out of 20 SSA countries, the annual growth in the terms of trade during the seventies was actually negative[18]. This downward trend was most marked for the mineral exporters (-7.1% per annum between 1970 and 1979). However, it should be mentioned that a number of SSA countries exporting fuel and other primary commodities did experience some improvement in the terms of trade[19]. In part these gains were due to the 1976-78 commodity price boom. But in general as is well known, world market prices for the main export commodities of SSA declined fairly substantially reducing the purchasing power of many countries.

(e) The annual growth in export volume of the whole of SSA fell quite dramatically in the seventies[20].

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17 See World Bank, 1981,p. 156. It should be noted that this aggregate shift in the export concentration for SSA as a whole conceals a number of changes in the pattern of exports of a range of countries: thus, between 1961 and 1976/78, in 16 out of 39 SSA countries the 3 commodity share of total exports declined, indicating therefore some diversification. However, for the other 23 countries the shares actually increased over the same period suggesting more dependence on the export earnings of the 3 principal commodities - most of which are agricultural or mineral in nature (ibid).

18 See World Bank, 1981.

19 Of the non-fuel exporters, positive shifts were experienced by Cameroon, Ghana, Kenya, Uganda, Rwanda, Ethiopia, and Chad (see table 5).

20 In fact, compared to the sixties for 19 out of 29 SSA countries (ie. 65%) the growth rate of the volume of exports was negative during the seventies, see World Bank,1981,p. 157.

(f) The continent's share of non-fuel world trade, not surprisingly then, fell from 3.1% in 1960 to 1.2 % in 1978. Moreover, Africa's share of developing countries non-fuel exports between 1960 and 1978 declined from 18% to 9.2% respectively.

(g) Finally, that all of the above ie.(a) to (f) occurred under conditions of increased trade protection in advanced capitalist countries. Falling export volumes, declining commodity prices and adverse terms of trade accompanied by rising food imports, mounting external debts and a huge balance of payments deficit are all characteristics which together come to constitute 'Africa's macro-economic crisis' which we argue culminated to an acute point in the seventies. As we have already implied the balance of payment deficits of SSA countries were primarily due, on the one hand to falling export volumes and declining commodity prices in World markets as the demand for primary commodities in the advanced capitalist countries fell during the recessionary years, and on the other hand were due to rising oil prices which in the seventies affected Third World oil importing countries the most.

TABLE 5
TERMS OF TRADE-AVERAGE ANNUAL CHANGES

	AVERAGE ANNUAL CHANGES:			
	NET BARTER TERMS OF TRADE (%)		INCOME TERMS OF TRADE (%)	
	1961-70	1970-79	1961-70	1970-79
LOW-INCOME COUNTRIES	0.9	0.8	5.1	-0.8
LOW-INCOME SEMIARID	-0.1	-1.3	4.8	3.0
1. CHAD	-1.0	1.6	2.9	-1.7
2. SOMALIA	-1.6	-2.7	0.5	2.2
3. MALI	7.0	-0.6	4.5	5.7
4. UPPER VOLTA	3.5	-1.3	15.6	6.2
5. GAMBIA	0.1	-1.3	5.4	3.0
6. NIGER	0.5	-2.2	4.8	9.0
7. MAURITANIA	-2.1	-5.2	38.5	-6.1
LOW-INCOME OTHER	0.8	0.7	5.5	-1.3
8. ETHIOPIA	0.5	2.4	3.3	-0.7
9. GUINEA-BISSAU	--	--	--	--
10. BURUNDI	-0.2	-0.9	4.7	-19.0
11. MALAWI	-3.0	-0.5	7.9	3.5
12. RWANDA	0.8	6.3	15.1	7.2
13. BENIN	1.2	-2.8	8.7	-14.5
14. MOZAMBIQUE	--	--	--	--
15. SIERRA LEONE	1.5	-1.6	2.4	-6.6
16. TANZANIA	0.2	0.7	3.8	-4.4
17. ZAIRE	7.7	-7.8	7.2	-8.7
18. GUINEA	--	--	--	--
19. CENTRAL AFRICAN REP.	0.9	1.3	8.0	1.1
20. MADAGASCAR	-0.3	-0.9	4.1	-1.3
21. UGANDA	1.3	3.1	5.5	-0.8
22. LESOTHO	--	--	--	--
23. TOGO	2.2	9.0	11.3	6.0
24. SUDAN	0.8	1.4	2.1	-2.8
MIDDLE-INCOME OIL IMPORTERS	1.6	2.6	6.4	0.6
25. KENYA	-1.6	2.2	4.8	0.9
26. GHANA	2.3	6.9	1.5	-0.8
27. SENEGAL	1.3	1.4	1.3	0.2
28. ZIMBABWE	--	--	--	--
29. LIBERIA	-4.7	-4.1	12.6	-2.2
30. ZAMBIA	10.0	-9.0	12.3	-9.7
31. CAMEROON	1.9	6.1	8.0	6.7
32. SWAZILAND	--	--	--	--
33. BOTSWANA	--	--	--	--
34. MAURITIUS	-3.3	3.7	-1.6	8.6
35. IVORY COAST	2.0	3.0	9.2	8.2
MIDDLE-INCOME OIL EXPORTERS	1.0	2.9	7.0	12.8
36. ANGOLA	1.7	8.5	10.2	0.3
37. CONGO	0.1	1.0	2.5	8.6
38. NIGERIA	1.0	17.2	7.0	16.9
39. GABON	1.0	17.2	7.0	17.0
SUB-SAHARAN AFRICA	0.9	1.2	5.5	0.6

Source: Adapted from World Bank, 1981, P.155.

Table 6 shows how significant the deficit in the current account had become by 1980 in the oil importing African countries. Furthermore, table 7 shows that the deficit was heavily financed by official external aid flows. The rising burden of external debt on the economies of sub-Saharan African countries between 1970 and the mid eighties is amply demonstrated in Table 7 below which shows that the external public (official) debt burden of SSA countries expressed in terms of GNP and exports had by 1985 come to approximate the burden experienced by the group of the so-called 'highly indebted countries' (mainly from Latin America). The significance of the debt crisis in SSA becomes more apparent when one bears in mind that many of the SSA countries are by most international standards the poorest of the group of Third World countries and moreover, that their capacity to finance these huge debts has since 1970 been progressively deteriorating.

TABLE 6

OIL-IMPORTING AFRICAN COUNTRIES:CURRENT ACCOUNT DEFICIT AND ITS FINANCING.

(billions of dollars, 1978)

ITEM	1970	1973	1975	1978	1980
CURRENT ACCOUNT DEFICIT[1]	1.5	1.9	6.4	6.6	8.0
Financed by:					
1. NET CAPITAL FLOWS:					
OFFICIAL DEVELOPMENT ASSISTANCE (ODA)	1.6	2.1	3.2	3.2	4.3
COMMERCIAL LOANS	0.8	1.1	1.9	1.9	2.1
2. CHANGE IN RESERVES & SHORT-TERM BORROWING[2]	-1.4	-1.7	1.0	1.1	1.3
CURRENT ACCOUNT DEFICIT AS % OF GDP	2.4	3.6	9.5	8.8	9.2
ODA AS % OF GDP	2.7	3.9	4.7	4.4	5.0

Notes:

(1) Excluding from current accounts net official transfers (grants), which are included in capital flows.

(2) A minus sign indicates an increase in reserves.

Source: World Bank 1981,P.17.

TABLE 7
DEBT SERVICE RATIOS OF DEVELOPING COUNTRIES

DEBT SERVICE AS PERCENTAGE OF:

	GNP		EXPORTS OF GOODS AND SERVICES	
	1970	**1985**	**1970**	**1985**
DEVELOPING ECONOMIES	1.5	4.3	11.2	19.7
OIL EXPORTERS	1.7	5.9	12.6	25.6
EXPORTERS OF MANUFACTURES	1.2	2.7	11.8	13.6
HIGHLY INDEBTED COUNTRIES	1.6	5.1	12.4	27.8
SUB-SAHARAN AFRICA	1.2	4.8	5.3	21.5

Source: Adapted from World Bank Report.1987.P.239.

The above review of broad economic trends in SSA indicates two phases of growth: an upward trend during the sixties when both agricultural and manufacturing sector output was increasing, and a downward trend in the seventies when several indicators point towards economic stagnation and in many instances, to a general economic decline. Of course it must be acknowledged that experiences in individual countries differed in degree and complexity within this broad characterisation. Thus, in some countries the downturn came earlier or in some later, but regardless of the precise timing, or the actual severity of the economic downturn, the universal characterisation we present above for SSA as a whole in our view still holds.

Further to the above account on the economic record of SSA we must add that in Africa too, since the sixties, following the Latin American experiences of the fifties and sixties, Import - Substitution Industrialisation (ISI) also acquired considerable significance. In Africa state-assisted ISI over the past two decades could be argued to have brought considerable benefits when judged in terms of conventional economic indicators, as Sender and Smith, have recently attempted to show (Sender and Smith, 1986). On the issue of state intervention it has been argued by the same authors that in post-colonial SSA, a favourable climate for investment and accumulation was created. The forms of intervention included the

> "expanded provision of credit; legislation to reverse colonial discrimination and provide privileged access for Africans to certain avenues of accumulation; nationalization and direct state production; measures to control and influence the pattern of both foreign and domestic private investment - fiscal incentives, tariffs, foreign-exchange licensing and preferential allocation systems; and the provision of transport, energy and irrigation infrastructure, frequently financed by means of expanded access to concessional capital inflows from abroad".[21]

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21 Sender and Smith, 1986.

While we have no disagreement with Sender and Smith's 'list of interventions' by which states *attempted* to promote industrialisation in SSA, we do not share their conclusion that these measures actually did lead to a period of rapid capitalist growth[22] during which it could be suggested that a firm industrial base was laid in Africa.

An examination of the record of industrialisation in SSA indeed reveals a pattern of performance which is not too dis-similiar to that already charted above with respect to agriculture, GDP growth, trade etc. The 1978 World Bank report stated that inspite of

> "widespread attempts to force the pace of industrialisation .. the results .. have generally been unsatisfactory".[23]

In the early sixties despite the difficulties faced by Latin American countries with large-scale Import - substituting Industrialisation (ISI) several African countries (eg Zambia, Kenya, Ghana, Nigeria) proceeded on similar lines of development. Among many such countries ISI became highly popular and even though constraints of a severe lack of trained manpower, of undeveloped indigenous technological capacities and of small domestic markets would have made it plain enough that large - scale industrialisation would later only lead to a creation of a large number of 'white elephants', the programme of industrial development went ahead usually in partnership with foreign based multinationals. For Africa as a whole, the proportion of manufactured value added in GDP has remained relatively insignificant even though much policy effort has been directed towards its promotion. In 1976, the proportion of GDP accounted for by manufactured value added for the whole of Africa was less than 8% in 19 countries, 8 - 12% in 10 countries, 12 - 15% in 8 countries and more than 15% in 6 countries (Egypt, Ivory Coast, Kenya, Mauritius, Zimbabwe and Swaziland)[24]. Moreover, Africa's share in world manufacturing value added (MVA), rose from 0.7% in 1960 to 0.8% in 1975 and to 1% in 1982[25]. As one might expect equally unimpressive was Africa's contribution to the World exports of manufactures, for the share between 1970/71 and 1975/76 declined from 1.12% to 0.6%. Although these growth figures indicate that levels of industrialisation in Africa remain low by comparison to other areas, it is necessary to focus on the character of industrial development in order to obtain a fuller appreciation of this aspect.

The most notable feature of African industrialisation achieved over the past few decades is that its structure is relatively undiversified. The manufacture of consumer goods dominates over the production of intermediate goods and capital goods. Over the past 25 years even with respect to the consumer goods sector, it is food processing, beverages, tobacco products and textiles which account for a large part of industrial production (Fransman, 1982; Barker et.al;1986). Furthermore as a United Nations report indicated, a large proportion of the food processing and beverage industries are dominated in Africa as in other Third World countries by foreign multinationals (UNCTAD, 1979). Thus, though the desire to industrialise

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22 Two excellent reviews of Sender and Smith's book are Bernstein, 1987 and Mkandawire, 1987. Both come to a similiar conclusion that Sender and Smith wildly exaggerate the positive impact of imperialism in Africa.

23 Quoted in Fransman, 1982, page 1.

24 See Fransman, 1982 chapter 20 by UNIDO.

25 UNIDO, 1983.

has been particularly high in the planning agendas of many African countries, performances over the last 2 decades have been poor. But it needs stating that some countries between 1970 and 1976 did succeed in having fairly high growth rates in manufactured valued added; 8 SSA countries had achieved rates of growth of between 5-10% in this period and some others (7 countries) had more than 10% (Botswana, Congo, Gabon, Mauritius, Nigeria and Swaziland). However, as said above growth rates alone provide insufficient information either about the type of industrial development or about the pattern of wage employment.

Reviews of industrialisation in Africa and other Third World countries indicate that high prices of domestically produced goods and the existence of low wages throughout the economy combine to limit the size of the market and lead to the under-utilisation of capacity. Secondly, a high import dependence coupled with multinational control over industry and trade serve to further limit the size of the market (ie. high import prices leading to high product prices) as well as contribute to the foreign exchange drain since, in addition, foreign companies export profits out of the countries by means of transfer pricing. In a recent comprehensive survey of ISI, Nixson summarised his conclusions as follows:

> "ISI has not, in practice, significantly alleviated the balance-of-payments constraint; it has led to a growing dependence on a largely imported, capital-intensive technology and has thus not created extensive employment opportunities or indigenous technological development; the process has been heavily dependent on foreign capital and has emphasized the establishment of consumer goods industries at the expense of investment and capital goods industries; it has led to what many would regard as an undesirable redistribution of income and in general it has failed to generate a sustained process of economic growth".[26]

We would add that the same could be said of the export - oriented phase of industrialisation which occurred mainly in the seventies in Africa, except of course this phase has in individual countries (eg.Ivory Coast) made some contribution to alleviating balance of payments difficulties. Problems besieging African industrialisation essentially boil down to: (i) that development patterns begun during the colonial period have not been decisively broken, so consumer goods production (but not for mass consumption) dominates; (ii) that the capital required for industry has been provided mainly by foreign investors; and (iii) that

> "industrial growth in the Third World has often been characterised by the absence of a bourgeoisie and the absence of a proletariat ".[27]

Our review of the economic record in SSA since the period of independence up to the eighties shows that for many countries an economic deterioration of a substantial nature set in during the seventies. Various kinds of internal and external factors have been mentioned as contributing to this situation, although so far not in any great detail for we discuss this at some length in the next section. Here we need to stress that though the economic situation in SSA has been commented to worsen during the post - independence period we should take note of the fact that the economies inherited from the Colonials were *themselves structurally very weak*. Put into this context the crisis assumes a different significance for post-colonial governments who introduced very little radical structural changes. In fact the later

26 Nixson, 1982, page 49.

27 Sutcliffe quoted in Barker et.al; 1986, page 6.

governments built upon and expanded the colonially inherited structures, practices and relationships (notably the external ones). The origins of the contemporary crisis, which as we have noted has manifested itself primarily as an agrarian crisis, are rooted in the colonial period itself. It is only now that the contradictions are coming to acquire such a severe expression. One example relating to agriculture can be cited to illustrate this point.

Agricultural marketing boards have recently been the subject of much criticism for their role in oppressing the peasantry and more generally in contributing to the poor agricultural performance in SSA[28]. State monopoly control of agricultural output marketing in the form of 'marketing boards' were, however, a colonial creation. The colonial state intervened particularly in the depression years of the 1930's to control competition and to guarantee to even the least efficient producers a cost plus pricing system[29]. Later, during and after the second world war, this monopoly intervention came to be institutionalised in the form of state marketing boards which acquired the right to set prices for both growers and intermediaries. In the forties, state power was used to ensure high profits for foreign-controlled marketing sectors and to extract huge surpluses from the producers. Monopoly rents earned by Foreign traders and the state marketing boards thus led to a tremendous squeezing of the peasantry which simultaneously inhibited the development of the productive forces in agriculture and blocked the emergence of an indigenous merchant class.

> "The state, in the marketing board mechanism, now had additional means to extract surplus from the direct producer, thus further reinforcing the fact that the most certain source of personal enrichment must be through the capture of state power and the monopoly rents that went with it rather than through the actual expansion of the forces of production".[30]

In coming to power the nationalist governments in Africa nationalised the state marketing corporations and continued to operate them in much the same lines as their predecessors had done, albeit under a new ideology of 'development', 'planning' and/or 'socialism'. But the effect on the peasantry was the same. The new ideologies could not change the logic or content of the state apparatus which had been un-democratically constituted. As Brett says,

"Having begun as an agency captured from the colonialists on behalf of the nation, it (the state Marketing Board) had come to be seen as a mechanism for the extraction of surpluses from many for allocation to an increasingly favoured few".[31]

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28 See especially Bates, 1981 and World Bank, 1981.

29 Mamdani, 1976.

30 Brett, 1986, page 24.

31 Ibid.

4. GROWING INDEBTEDNESS, RECESSION AND THE INCREASING ROLE OF INTERNATIONAL ORGANISATIONS IN SSA DURING THE 1980'S.

This period in Africa's development history has been marked by an unprecedented rise in external indebtedness. But secondly, as the major creditors became increasingly worried about whether they would get their money back, the leading international organisations - the IMF and the World Bank - stepped up their activities in Africa with their stabilisation and structural adjustment programmes. What has been the impact of these programmes? Have they helped African economies? These and other questions are examined in this section.

During the 1980s Africa's social and economic crisis has intensified. It is shown by the great suffering of the working classes and the peasantry, by the generally poor state of Africa's economies and by the falling living standards of most Africans. Poverty, unemployment and social and economic inequality have been on the increase. To date no effective world policies have been devised to improve, let alone reverse, the situation. The signs are that the social and economic conditions of Africa will worsen in the years to come.

While developing countries as a whole experienced growth in their gross domestic product, averaging about 3.3 percent between 1980 and 1985, SSA experienced a fall in GDP over the same period. When Africa's rapidly growing population is taken into account, living standards for most people have fallen sharply. GDP per capita is estimated to have fallen by an average of 3.4 per cent per annum between 1980 and 1986[32]. On the distribution of income, the little evidence that is available suggests that in some countries as much as 60% of income goes to the richest 20% of households while the poorest 20% receive only 30% of income. Chronic unemployment contributes to this mal-distribution of income: about half of SSA's working age population is either unemployed or underemployed[33].

The collapse in the growth rate of most African countries has been accompanied by a sharp rise in their external indebtedness. The external debt position of the 44 SSA countries which are members of the IMF deteriorated sharply relative to other developing country groups experiencing debt-servicing problems. The rise in the region's debt-service ratio was also substantially higher. IMF estimates of SSA's external debt for the period 1976-1987 (Table 8) show that the absolute value of debt in 1987[34] was more than six and a half times its 1976 level. For those countries that have had to borrow from the open market, the comparable figure was eleven and a half times. Africa's external debt has undergone major changes in structure: the concessionary component has fallen substantially and the use of Fund credit has risen considerably despite the very onerous conditions attached to such loans[35].

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32 Harris, L. (1987), 'The Bretton Woods System and Africa,' Paper presented at the IFAA Conference on 'The Impact of the IMF and World Bank Policies on the People of Africa', held at City University, London, 7-11 September, 1987.

33 Davies, R and Moyo, N.P. (1988), 'Dimensions of Africa's Economic Crisis' in Zimbabwe Journal of Economics, Volume 2, No.1; January 1988, P.63.

34 The estimate of Fund credit was $ 7 billion while external payments arrears amounted to roughly $ 11 billion. About 24 countries had to seek rescheduling of their debt between 1980 and 1987 - four of them repeated schedulings 5 or more times (IMF Survey, June 1988).

35 With effect from May 1988 five SSA countries - Liberia, Sierra-Leone, Somalia, Sudan and Zambia - were declared ineligible to use the general resources of the IMF owing to their failure to meet their obligations to the Fund.

TABLE 8
SUB-SAHARAN AFRICA: EXTERNAL DEBT OUTSTANDING

	1976	1980	1981	1982	1983	1984	1985	1986	1987
SUB-SAHARAN AFRICA[1] TOTAL DEBT*	**21.1**	**57.5**	**68.1**	**80.2**	**90.6**	**93.4**	**106.6**	**122.4**	**137.8**
MEDIUM-AND LONG-TERM*	18.4	45.6	53.2	59.0	65.3	69.1	79.5	97.2	111.8
PUBLICLY GUARANTEED*	16.9	41.9	48.3	53.6	60.0	64.0	74.1	91.7	106.0
OF WHICH (% SHARE)									
MULTILATERAL[2]	20	21	21	22	23	24	23	23	24
BILATERAL[3]	48	43	44	46	46	48	49	51	51
FINANCIAL INSTITUTIONS[4]	20	28	29	25	24	21	19	19	18
OTHER[5]	12	8	6	6	8	8	8	7	7
NONPUBLICLY GUARANTEED*	1.5	3.7	4.9	5.4	5.3	5.1	5.4	5.5	5.8
SHORT-TERM*	1.7	6.1	7.0	9.5	10.8	9.6	9.9	7.2	8.0
OUTSTANDING USE OF FUND CREDIT*	1.0	2.0	3.4	4.0	5.1	5.3	6.0	6.4	7.1
ARREARS*	-	3.8	4.5	7.7	9.5	9.4	11.2	11.6	10.9
NUMBER OF COUNTRIES	-	19	24	25	27	26	26	27	23
TOTAL DEBT MARKET BORROWERS*	**4.2**	**16.3**	**20.5**	**26.4**	**34.1**	**34.2**	**37.6**	**43.8**	**48.1**
TOTAL DEBT OFFICIAL BORROWERS*	**13.7**	**31.2**	**36.2**	**40.9**	**41.6**	**43.5**	**51.0**	**58.8**	**68.4**
TOTAL DEBT OF OTHER BORROWERS*	**3.2**	**10.0**	**11.4**	**13.0**	**14.9**	**15.7**	**18.0**	**19.9**	**21.3**

Notes:

*** = billion U.S. dollars.**

1. Including Nigeria.
2. Loans and credits from the World Bank, regional development banks, and other multilateral and intergovernmental agencies.
3. Loans from governments and their agencies (including central banks) and loans from autonomous public bodies.
4. Loans from private banks and other private financial institutions and publicly issued and privately placed bonds.
5. Suppliers' credits, external liabilities on account of nationalizedproperties and unclassified debt to private creditors

Source: Adapted from IMF Survey, June 1988, P.183.

Table 9 shows the total value of external debt of developing countries since 1980. For the African region, the ratio of debt to exports of goods and services was 231 percent in 1986 compared to 92 percent in 1980. The debt service ratio jumped from 15 percent in 1980 to 35 percent in 1986. These average figures, however, hide the seriousness of debt burdens in some individual countries[36].

TABLE 9
DEVELOPING COUNTRIES: DEBT AND DEBT SERVICE RATIOS, 1980-1986
(In percent of exports of goods and services)

	1980	1981	1982	1983	1984	1985	1986
TOTAL DEBT (in billions) (of US $s)	634	748	849	900	949	1012	1100
DEBT RATIO	82	95	120	134	134	148	169
BY REGION							
AFRICA	92	119	154	170	170	185	231
ASIA	72	75	88	94	89	101	100
EUROPE	127	137	147	150	145	162	172
MIDDLE EAST	27	33	46	60	70	82	123
WESTERN HEMISPHERE	183	210	273	292	277	293	349
DEBT SERVICE RATIO	13	16	20	19	20	22	25
BY REGION							
AFRICA	15	18	22	25	27	28	35
ASIA	9	10	12	12	12	13	14
EUROPE	21	25	26	24	25	28	30
MIDDLE EAST	4	5	7	8	10	11	16
WESTERN HEMISPHERE	34	42	51	46	41	43	50

Source: IMF Annual Report, 1987

In a recent statement the South Commission[37] identified the following causal factors to the debt crisis of developing countries:

(1) Over-lending by banks until 1981 and sudden withdrawal of bank credit thereafter;

(2) an extremely hostile international environment characterised by sluggishness of World trade;

(3) an unprecedented fall in commodity prices and abnormally high rates of interest in the international capital markets; and

(4) defective economic policies in some debtor countries.

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36 For example it is estimated that more than half of total SSA debt exclusive of payment arrears is accounted for by five countries - Cote d'Ivoire, Nigeria, Sudan, Zaire and Zambia. Over two thirds of the estimated payments arrears at the end of 1987 were concentrated in four countries - Mozambique, Nigeria, Sudan and Zambia(IMF Survey, June 1988).

37 South Commission 'Statement on External Debt,' March 1988.

4.1 EXTERNAL VERSUS DOMESTIC CAUSES

An issue which has come up in the recent debate is the relative contribution of external factors, (such as the two oil price shocks and the world recession) and that of domestic policies to Africa's economic malaise. For example the World Bank in its 1981 report - the 'Berg Report' was firm in its judgement that domestic policies were at the heart of the crisis. It focussed on over-valued exchange rates, price distortions, costly industrialisation and the 'over-extension' of government as being the root cause of Africa's problems. Although the 1983 and 1984 Bank reports put greater emphasis on external factors than its predecessor had done, this did not lead to "the shift in diagnosis to affect the policy prescriptions"[38]. A point that needs to be emphasised is that since SSA's economies are small and open, domestic policy must, of necessity, be conditioned by external factors. These external factors became particularly unfavourable for SSA in the early 1980s. Firstly, primary commodity prices collapsed due to the weakness of world demand. As these falling commodity prices were not accompanied by similiar reductions in import prices the terms of trade declined[39] and gave rise to immense balance of payments pressures. Three other features compounded the situation.

First, largely as a consequence of the domestic policies of the United States, interest rates and other terms of borrowing rose sharply at a time when SSA was in need of greater credit[40]. There is little prospect for increased official development assistance. Second, the rise in the cost of international borrowing and external debt servicing was accompanied by the instability of the exchange rates of the major international currencies which not only contributed to fluctuations in foreign exchange earnings but also made any form of forward planning immensely difficult. Finally, protectionist practices among the leading capitalist countries increased. Such protectionism has been directed not only at traditional exports, notably against agricultural products, but also at the non-traditional exports of manufactured goods, especially those in which developing countries have recently been acquiring a growing comparative advantage, for example, textiles and clothing.

The combination of these external factors and natural disasters , principally drought and floods, have wreaked havoc in many SSA countries. Stoneman emphasises the primacy of external factors when he says,

> "far from arising through inappropriate internal state-oriented policies (some manifesting themselves simultaneously in all developing countries), the problems of the 1980s are primarily caused by the world market. Indeed, the supposed need for new market-oriented policies is being used indiscriminately not only as pressure to change the policies of, say, Tanzania (which has suffered severely and is therefore identified as having had particularly bad policies), but also those of quite successful countries pursuing self-reliant policies (like India and

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38 Stoneman, C. (1985), 'Strategy or Ideology? The World Bank and IMF approach to Development', Paper presented to a Conference on Economic Policies and Planning under crisis conditions in Developing Countries held at the University of Zimbabwe, 2-5 September, 1985, page6. Also see footnote 2.

39 The World Bank has estimated that the national income of SSA as a whole would have been 1.2% higher in 1982 if the terms of trade had remained at their 1980 level.

Zimbabwe), and on the other hand to confirm the market-oriented policies of countries like Kenya and Ivory Coast, which have also suffered severely. Many countries certainly have been pursuing ill-conceived policies, (and in many cases corruption and lack of political will has meant that actual policies have borne little resemblance to the rhetoric), but this fact should be located in the structural constraints provided by the world market conditions, and not regarded as determining"[41].

4.2 THE ROLE OF THE IMF AND THE WORLD BANK

The abysmal economic performance of most SSA countries under the weight of a hostile external economic environment has brought them under the increasing scrutiny, indeed supervision, of the IMF and the World Bank. The World Bank has, for example, established a temporary special facility for SSA, and it has pledged that half of the new concessionary credit to be disbursed by the IDA in 1988-90 will be committed to SSA. Since 1979, the IMF has devoted a large proportion of financing facilities, including conditional credit, to SSA. Furthermore, the new IMF credit facility -structural adjustment facility - which was initiated in March 1986 to provide concessional long-term credit to low-income countries with protracted balance of payments problems, has been directed mainly to SSA countries[42]. Given their main concerns, it is doubtful whether the involvement of SSA countries with the IMF and the World Bank will be to the former's long term advantage. Harris has recently argued that many critics of these international organisations assume, wrongly, that the main concern of the two institutions is in helping the individual national economies. The critics' suggested reforms such as:

> "some greater emphasis on growth and less on balance of payments equilibrium; some greater social protection for the poor to give a stronger humanitarian and political underpining to structural adjustment programmes; or some greater and more flexible emphasis on relative prices with less emphasis on macro-economic policies,"[43]

have in recent years, proved to be largely acceptable to the two institutions.

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40 Some analysts argue that although the US budget deficit is a problem because it raised interest rates, a different problem would arise if the US cut its deficit. In that case, a deflationary effect could result (for Keynesian reasons) which would depress world trade and further depress African exports.

41 Stoneman, C. (1985), op.cit., P.2.

42 Harris, L. (1987), ibid,. In December, 1987 the IMF established an enhanced structural adjustment facility (ESAF) "to assist eligible member countries to undertake strong three-year macro-economic and structural adjustment programmes to improve their balance of payments positions and foster growth" (IMF) Survey,July, 1988). Malawi which received SDR 55.8 million recently is the first Fund member to use resources under the ESAF.

43 Harris, 1987.

> "The main role of the IMF and World Bank", Harris suggests, "is the construction, regulation and support of a world system where multinational corporations trade and move capital without restrictions from national states".[44]

A main feature of 'stabilisation' and structural adjustment programmes is that the obligation to 'adjust' is put almost exclusively on the deficit countries not the surplus ones. And, with respect to the deficit countries, the pressure is put largely on the *developing countries* not on the strong ones like the United States, which is the biggest deficit country in the world.

What exactly are the contents of 'stabilisation' and structural adjustment programmes? It has to be remembered that IMF and World Bank programmes and policy prescriptions are being recommended (by the institutions, and the powerful donors and international banks) as the only hope for many developing countries of Africa. Firstly, let us examine IMF stabilisation programmes. Basically, the IMF argues that balance of payments deficits and inflation will result if the country consumes more goods and services than it is able to produce.

The possible remedies, according to Fund conventional wisdom, are (1) to cut down overall demand to the level of the available supply or (2) to try and boost production. The former has dominated Fund stabilisation or 'economic recovery' programmes. The main instruments of policy are: devaluation of the currency, reduction of the government's budget deficit, restrictions on domestic credit and cuts in subsidies for public goods and services. It is thought that devaluation will improve the balance of payments by making exports more competitive on international markets while imports are made more expensive. It is never made clear, however, who would buy the exports if all developing countries devalue. Devaluation is usually combined with the elimination or gradual reduction of import and foreign exchange controls both of which are thought to hinder trade. Simultaneously, Fund programmes in line with the interests of creditors, call for the elimination of restrictions on international payments, for example, profit and dividend transfers and debt service.

The next set of measures - reduction of the government budget deficit, restrictions on domestic credit and cuts in subsidies - are all designed to cut down the level of aggregate demand, but perhaps more importantly, to hone down the size and role of government in the economy. The main focus is to shift resources from the state sector to the private sector which is believed to use resources more efficiently. Thus, it is argued that the government budget deficit must be cut down. Fund programmes also usually include freezes in government employment and in wages and salaries generally. Apparently, wages and salaries are exempt from the demand to give free rein to market forces in price determination. The Fund however, favours reductions in taxes. The belief is that the government is "over-extended" yet it does not have the capacity for such 'over-extension'. In the area of monetary policy the volume of domestic credit must be restricted, interest rates must be raised and money supply must be controlled. Another focus is on 'price distortions'. Here Fund programmes always insist on the elimination of subsidies on basic foodstuffs and economic and social services like transport, electricity and water, health, education, etc. The result has been sharp rises in prices which the Fund insists must be de-controlled. The social and political consequences are of little concern to the Fund. The main preoccupation appears to be the creation of 'free market' economies in which multinational corporations can invest profitably.

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44 Ibid.

The diagnosis and remedies of the IMF have been found to be faulty. They tend to deal with symptoms, not with the real causes of the diseases. As Korner et.al. put it:

> "The causes of inflation and balance of payments deficits in developing countries are frequently high import bills. Price rises for oil and capital goods imports, in particular, as well as high interest levels on money markets, have imposed severe strains on the balance of payments of Third World countries. If this cost inflation is treated with demand-reducing therapies, the result is inevitably worse than the disease. Economic activity is throttled, the incentives for private investors frequently have no effect and the economy drifts into recession. Inadequate use of production capacities and high unemployment are, however, precisely the reasons for the subsidies and transfer payments in national budgets which the IMF condemns as inflationary".[45]

The reaction of the IMF to such criticisms has been to point out that it is concerned only with short-term balance of payments aid and not with development aid but that monetary stability is a precondition for development. But experience with IMF 'recovery programmes' in a number of African countries suggests that the preoccupation with monetary and financial stability has not produced the 'pre-conditions' for sustainable growth. Surely the introduction of the World Bank's 'structural adjustment loans' (SALs) must have originated from such a realisation. As is well known the two institutions work very closely. The IMF 'seal of approval' has become almost (though not formally) the pre-condition for further loans from international donors and the reschedulings of debt with public and private creditors. The international banks increasingly rely on the IMF for assurance that a country is a good credit risk.

A growing amount of research shows some association between the Fund's adjustment programmes and human rights violations in many developing countries where a number of what has come to be called 'IMF riots' have been ruthlessly crushed and the so-called 'ring leaders' rounded up. Such riots have followed sharp rises in not only food prices and cuts in social services, but real shifts in income from workers to property owners, a drop in real wages and mounting unemployment which the austerity measures trigger. Central to Fund policies is the reduction of the autonomy of the state especially with respect to the dominant classes in society. This has served to intensify class conflicts. Mittelman and Will writing about the IMF and human rights say:

> "The Fund deprives the state of critical tools of a non-coercive kind. In terms of economic and social rights, both of an individual and collective nature, conditionality depresses real wage rates, contributes to high levels of unemployment, and facilitates resource extraction.....
> Violations of human rights stemming from the contradiction between the rights of property and the rights of persons are fostered by IMF policies that advance the internationalisation of capital and entrench the international division of labour".[46]

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45 Korner, P., Maass, G., Siebold, T. and Tetzlaff, R. (1986), The IMF and the Debt Crisis, London, Zed Books, page 57.

46 Mittleman, J.H. and Will, D. (1987), 'The International Monetary Fund, State Autonomy and Human Rights', Africa Today, 1st and 2nd Quarter, 1987, page 68.

The World Bank's SALs were introduced in 1980 to finance structural adjustment programmes in developing countries. The SALs usually last for 3-5 years. As in the case of IMF loans the recipient government must sign a letter of intent in which it undertakes to comply with certain conditions. While (unlike the IMF) the World Bank does not insist on exactly quantifiable macro-economic variables, it too demands reductions in trade restrictions, abolition of price controls combined with increases in the prices of public goods and services, promotion of exports through tax incentives and devaluation. In addition, however, World Bank programmes also call for specific institutional reforms and government measures to assist specific economic sectors whether in industry, agriculture, mining, etc.. Because they are often linked to IMF stabilisation programmes, there are no shining examples in Africa where structural adjustment programmes could be said to have successfully laid the foundation for future growth. In fact, the policies of the IMF and the World Bank have in many developing countries proved to be counter-productive to achieving sustainable development. There is overwhelming evidence that the most disadvantaged people, those most dependent on subsidised basic goods and services, have borne the brunt of these programmes[47]. The policies of the IMF and World Bank have had, as their main aim, the creation in developing countries of a climate favourable to foreign investors particularly the MNCs. They have been preoccupied above all with ensuring that developing countries repay their loans[48]. Now with several years of 'experimentation' with the IMF's and World Bank's policy doses, higher rates of economic growth in SSA are still, illusory.

4.3 THE LAGOS PLAN OF ACTION

The IMF and World Bank have put forward one clear alternative - the 'free market' approach through SAPs - as a way out of the crisis. There is hardly any African country in the 1980s that has not implemented an IMF or World Bank programme. Yet the crisis has continued relentlessly. IMF/World Bank schemes and programmes will merely serve to further integrate SSA into the international division of labour. We would argue, however, that it is the *imperialist* international division of labour and the particular ways SSA is integrated into it which has been the main source of independent Africa's economic problems over the previous three decades.

An alternative approach has been put forward in the Lagos Plan of Action and the Final Act of Lagos (LPA) which was adopted at the Special Economic Summit of the OAU in 1980[49]. Its basic thrust was the long term economic restructuring of African economies - the achievement of a more self-reliant, more economically integrated Africa by the year 2000. The broad outlines of the LPA were articulated in the basic guide-lines and stated in its preamble in the following manner.

> "(i) Africa's huge resources must be applied principally to meet the needs and purposes of its people.

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47 See, among others, Cornia G.A., Jolly, R. and Stewart, F. (ed.), (1988), Adjustment with a Human Face, Oxford, Clarendon Press.

48 See IMF Annual Report 1987.

49 Organisation of African Unity (1981), Lagos Plan of Action for the Economic Development of Africa, 1980-2000, Institute for Labour Studies, Geneva.

(ii) Africa's almost total reliance on the export of raw materials must change. Rather, Africa's development and growth must be based on a combination of Africa's considerable natural resources, her entrepreneurial, managerial and technical resources and her markets (restructured and expanded) to serve her people. Africa, therefore, must map out its own strategy for development and must vigorously pursue its implementation.

(iii) Africa must cultivate the virtue of self reliance. It is not to say that the continent should totally cut itself off from outside contributions. However, these outside contributions should only supplement our own effort; they should not be the mainstay of our development.

(iv) As a consequence of the need for increased self-reliance, Africa must mobilise her entire human and material resources for her development.

(v) Each of our States must pursue all-embracing economic, social and cultural activities which will mobilise the strength of the country as a whole and ensure that both the efforts put into and the benefits derived from development are equitably shared.

(vi) Efforts toward African economic integration must be pursued with renewed determination in order to create a continent-wide framework for the much needed economic co-operation for development based on collective self-reliance"[50].

Does the LPA really constitute an alternative to the IMF/World Bank approach? The LPA is clearly 'Pan-Africanist' in tenor, with its appeal to African unity and economic integration. It is also in rhetoric clearly anti-imperialist. But it is doubtful whether those drafting the plan were really thinking of a radical form of development which is people-centred and involving a complete de-linking from Western imperialism. But it did nevertheless contain a number of useful ideas: for example, the emphasis on strategies for expanding food production for domestic markets as opposed to a concentration on cash crop production. This is important, especially in view of the fact that SSA has been plagued by recurrent famines over the past few decades. Furthermore, the LPA clearly recognised the importance of concerted action by African States for effecting a restructuring of African economies through increased trade and other forms of economic co-operation. It also recognised that Africa as a developing region must make its contribution towards promoting economic co-operation with other developing regions within the framework of the non-aligned movement and the group of 77. It is only through the development of collective self-reliance through co-operation that developing countries could possibly increase their strength in global deliberations on social, economic and political issues.

But the LPA is little known outside of Africa. It has been completely overshadowed by the IMF/World Bank SAPs. The main problem is that the LPA does not provide an outline of the concrete steps or measures which would be necessary for the realisation of its objectives. It merely identifies the areas in which action is needed and suggests, in very general terms, the type of action that would be required. There is one further weakness of the LPA, namely the weakness of its thrust. The point is that what gives force and appeal to IMF/World Bank programmes is that they are not only tough (calling for real sacrifices now) but they have promises of

50 Organisation of African Unity (1981),ibid, p. 8-9.

money for the implementation of these programmes. The LPA provides only a framework (without any conditions or promises attached to it) within which more concrete measures could be formulated and implemented by national states. In July 1985, the OAU Heads of State and Government met to thrash out short, medium and long term sectoral measures (for Africa's economic recovery in the period 1986-1990) in order to accelerate the attainment of the objectives of the LPA. It is doubtful whether African States are actually taking any notice of the LPA.

5. CONCLUSION: WHAT IS THE WAY FORWARD FOR SUB-SAHARAN AFRICA?

In a paper such as this, it would be presumptuous for us to offer a simplistic blue print for a way out of the crisis. No easy solutions or remedies are available and in our opinion nor can they be. A mere alignment of exchange rates here and a shift in fiscal policies there or a drawing of the curtains on the state everywhere is not going to make the crisis disappear - as the World Bank or IMF would wish us to believe.

It is clear that whatever the weight of external causes to the social and economic crisis in Africa domestic restructuring is imperative. That is, national strategies and policies must be formulated and implemented to achieve sustained and balanced development. To achieve real economic transformation such strategies must be based on a realistic identification and better utilization of indigenous resources and capabilities.

To begin with, a country which seriously wants to get out of the crisis and to eliminate the recurrence of such crises, will require a coherent and clearly articulated development strategy. Such a development strategy must identify necessary linkages -both horizontal and vertical- between economic sectors (in particular between industry and agriculture and within each of these) and it must clearly spell out the roles of the public and private sectors and that of domestic and foreign capital. The organising theme must be 'self-reliance'. SSA has for too long placed too much reliance on foreign capital sources. These have in most cases failed to materialise; or when they have, their attached conditions have been so onerous that it has ended up imposing real burdens on the working people. The labour effort of large sections of the working people in SSA is currently committed, and is pledged to be in the medium term, to produce commodities for the repayment of foreign loans. This is an aspect which is often overlooked in discussions of the 'debt crisis' but is highly relevant considering that many if not most peasants and workers receive wages (or their equivalent) which are well below that required for necessary consumption. Thus, both the existence of wages which for the most part are well below the value of labour-power and the commitment to produce certain types of commodities (mainly agricultural) for sale in the World Market in order to meet debt-servicing requirements, generate a double-edged burden on the masses. On the one hand domination by foreign capital (and the debt-burden) squeezes workers to the extent that even the necessary consumption for the majority fails to be met and on the other hand, export commodities have to be produced which under prevailing SSA production conditions imply a substitution of commodities against production for domestic markets hence exacerbating the shortages of commodities required for meeting the reproduction needs of labour(eg. food).

A nationally oriented programme would broadly speaking include the following main priorities:

(i) eliminate hunger by increasing food self-sufficiency with effective distribution systems. In many African countries peasant farmers have stopped producing surpluses not because of shortages of foreign exchange or lack of skills and know-how but because of the failure of agricultural authorities and marketing boards to provide farmers with the required incentives such as consumer goods, transport, storage facilities, social services and appropriate inputs at sensible prices;

(ii) maintain exports of traditional exports while every effort is made to increase non-traditional exports through increased intra-African or South-South trade;

(iii) reduce too heavy a reliance on foreign borrowing by redoubling efforts to mobilise domestic resources and savings, raise the effectiveness of utilization of foreign aid and domestic savings;

(iv) eliminate excessive restrictions on the informal sector;

(v) cut down the excessive expenditure of the political and administrative elite;

(vi) eliminate grandiose projects which eat up a lot of resources (foreign and local) and which are of no benefit to the masses;

(vii) encourage, by means of incentives, production for domestic markets;

(vii) facilitate the spread of collective and co-operative forms of production in all sectors of the economy.

Also we need to stop and think about the crisis a little more. For who is it that is crying crisis! crisis! the loudest at the moment. The international organisations are for sure, the African ruling classes are, the international banks are and more generally international finance capital is. The masses in Africa however, while having been the greatest victims of the crisis have in the main remained silent, but let it be said not because they have no axe to grind or because they have nothing to say or have no alternatives, potentially or otherwise to offer.

It is now well known that the masses shared little of the spoils of independence. Economically the masses (here meant as the peasants, working classes and the lower rungs of the petty bourgeoisie) have not progressed. Politically theirs is a constituency not truly represented, indeed the post - independence experience shows clearly and consistently everywhere, that their independent organisation outside the control of the state has been something which the African states have tolerated the least[51].

The state has attempted to control and if necessary to co-opt autonomous representative organisations of the people - whether peasant associations, cooperatives, community-based bodies, trades-unions or working class organisations, and militant student associations. The absence of such democratic organs in Africa coupled with the increasing statization of economic and political life has blocked the emergence of a popular co-ordinated resistance to the crisis from its currently sub-terranean expression to an open and challenging force. Hitherto, the peoples responses to the crisis has been to by-pass the state (which is itself in many

51 Shivji, 1988; 1989 and Anyang' Nyong'o, 1987.

ways more and more showing signs of decay) to evade covert and overt coercion through active engagement in the parallel economy. Such peoples involvements outside of the state nexus are essentially survival strategies employed in order to cope with the declining living standards being faced by the masses. The hope for change lies in the strengthening of mass popular organisations to open more space for democratic expression and class action. But as yet this democratic movement of the people is in its infancy and much effort will be required for the mere calls for democracy to be translated into an effective force in individual countries. Increasingly among African intellectual circles the state in Africa is being seen as an institution of repression, for the modernisation ideology of 'developmentalism'[52] has not produced the desired economic change since independence nor has it succeeded in harnessing the creative energies of the African peoples towards broad-based development. As Anyang' Nyong'o has recently stated,

> "at the centre of the failure of African states to chart viable paths for domestic accumulation is the problem of accountability, *the lack of democracy*. The people's role in the affairs of government has diminished, the political arena has shrunk, political demobilisation has become more the norm than the exception in regime behaviour, social engineering for political demobilisation (ie. repression) is the preoccupation of most governments; all this has come about to cement one notorious but common aspect of all African governments: the use of public resources as possibilities for viable indigenous processes of development is neglected or destroyed altogether. There is a definite correlation between the lack of democratic practices in African politics and the deteriorating Socio-economic conditions".[53]

Discussing the crisis of the state in post-colonial Africa, another prominent African social scientist, Ntalaja, says the petit-bourgeois nationalist leadership has been interested more in "replacing Europeans in the leading positions of power and privilege than in effecting a radical transformation of the state and the society around it"[54]. In their preoccupation to enrich themselves, in alliance with imperialist capital "they failed the crucial test for post -colonial development."[55]

This introspection by some intellectuals in Africa marks the beginning of a new realisation on the continent that neither the state as presently constituted nor increased international aid and donor meddling is likely to reverse the 'crisis'. The latter is not being seen merely as a balance of payments problem or a result of insufficient aid or its mis-use. Rather, as a group of leading academicians (Africanist and African) collectively agreed at a seminar in 1986: "The present crisis in Africa is largely an institutional crisis. In particular, it is a crisis of the state"[56].

Reflections on the continent's problems cannot overlook the fact that the crisis we speak of embodies a class character and that resolutions, or attempted resolutions, will at some point underscore particular class positions. We can be clear that the IMF/World Bank crisis-resolving programmes give fillip to further penetration by

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52 Shivji, 1988.

53 Anyang' Nyong'o, 1987, page 19, emphasis added.

54 Ntalaja, 1987, page 73.

55 Ibid.

56 Bgoya and Hyden, 1988, page 6.

international finance capital and to private merchant classes within Africa. The lagos Plan of of Action while containing some spirit of anti-imperialism, judging by its content and in particular its programme of action, there seems little which is genuinely anti-imperialist and people-centred. But it contains the germs of a plan for what one may term 'national bourgeois democracy' by the fact that it espouses greater inward orientation, use of available local resources, self-reliance, regional trade and investment co-operation and so on. Aside these grand proclamations the social agents which are to carry out these sweeping changes are not clearly spelt out. By default, perhaps, the LPA visualises the economic agent to be the state itself. How different in social and ideological content are the pronouncements of the LPA to what the African states have been stating since independence anyway? We think very little in any real concrete sense.

Finally, given the fore-going discussion we would say that since no ready national bourgeois force exists in contemporary Africa, given the hold of finance capital on these social formations, the ultimate and effective challenge to imperialism must come from the masses (peasants, workers and progressive sections of the petty-bourgeoisie). It is the latter group (ie. the masses) which conjuncturally and objectively have the greatest to gain by challenging imperialism in Africa and to pave open the road to a real democratic transition to socialism[57]. A national democratic revolution or what Mao called 'New democracy' is in our view the current stage of the struggle towards the emancipation of the masses in Africa. For they are potentially the only force, given the current situation, to usher in a period of bourgeois democracy which the present African bourgeois classes have failed to deliver. Under new democracy of course it is only by the leadership of the working class which would ultimately ensure that this form of bourgeois democracy will be transitory to socialism. The intense class struggles which would be set free for expression under new democracy do not in any way imply, let alone guarantee, the leadership of the working class or its ultimate victory.

While objectively the present stage of the struggle can be identified as new or national democratic, that is not to suggest that all throughout SSA we will witness in the next few years struggles taking this form. We are a long way from that and in any case in each separate social formation, concrete programmes to suit the particular social and economic configuration will have to be worked out in detail by the movements. Again no political blue-print exists nor can it be provided, least of all for the whole sub-continent. But one central component to the struggle for new democracy throughout Africa will be the solution of the 'agrarian' question[58]. In some contexts the resolution of the agrarian question will entail dealing with the 'land question', in other situations with the 'state-marketing question' and in others some combination of both of these[59].

57 See Shivji, 1989 for an interesting discussion of the 'new democratic revolution' in the context of Africa.

58 We do not elaborate further on this in this paper for lack of space. But, see Shivji, 1987; Levin and Neocosmos, 1987; Neocosmos, 1987; Mamdani, 1986.

59 See Mkandawire, 1987 ed., for a recent collection of essays on the agrarian questions and the role of the state in several african countries. In particular note the introduction written by Mkandawire himself.

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