Did Structural Adjustment Programmes Assist African Development?

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To assist African development, Structural Adjustment Programmes (SAPs) provided "conditional lending" (Thomson, 2010: 197) – *conditional*, in that governments receiving debt relief were obliged to adjust their economic policy. In general, 'adjustment' meant liberalising and privatising, although SAPs were wider in scope in that their developmental aims were highly political. Caution should be taken, however, with the verb 'assist': without establishing parameters for making judgment, the impact of SAPs cannot be stated: 'assistance' will here be formulated to account firstly for how *effective* they were in achieving their development goals, and secondly for how *necessary* the integration framework of SAPs was for Africa; International Development Cooperation will be used to assess this. Academic literature generally agrees upon the *ineffectiveness* of SAPs: Africa is still "relatively poor" (Thomson, 2010: 188); the economic crisis it faces is "acute, all-encompassing, and worsening" (Fatton, 1992: 119) Yet, to depart from the literature, this essay will at first argue in favour of the necessity *and* the effectiveness of SAPs, with Angola and Zambia taken as case studies set within the wider African context. Secondly, arguments that SAPs were necessary but *ineffective* will be outlined – ineffective due to poverty's persistence, but necessary for development. Allocating blame follows from this; allocation *to whom* is where literature typically divides: namely, between "inefficient African governments", and the "international economy" (Thomson, 2010: 189); between internal and external factors. Thirdly and finally, once the notion that assistance was ineffective has been ceded, the responsibility will be assigned to external factors, to "international financial institutions" (IFIs) (Thomson, 2010: 196) – the architects of the programmes – due to "neo-colonial exploitation" (Thomson, 2010: 189) driving their self-interested intention. Furthermore, African states were simply an opportunity for IFIs to promote capitalism during the Cold War – the 'moral language' of development was to obscure this aim, which thus explains their ineffectiveness. The idea that SAPs were necessary will be simultaneously rejected. SAPs never intended to assist African development, hence why they did not.

The notion of SAPs being effective in, and necessary for, achieving African development would likely be favoured by, if by anyone, the Bretton Woods institutions—the IMF and the World Bank—the creators of them (Chabal & Deloz, 1999: 119).[i] Effective development implies a transition or a 'shift', as does 'adjustment'; in this context, the "balance of international lending" (Williams, 2007: 214) moving from public to private sectors, the latter deemed the more 'developed' stage made conditional to the loaning process. Where this transition occurred successfully, the effectiveness of SAPs would be clear; that, prior to the shift, most states were "imploding" (Thomson, 2010: 196) from their debt burden, whereas they were consequently saved from "complete economic ruin" (Chabal & Deloz, 1999: 120). For example, in Angola, the annual average rate of oil exports increased by eight percent, with the IMF (1997: 8-9) claiming this was due to SAPs having liberalised economic policy by heightening the "transparency" of their exports and related operations. After this increase, Angola had gained "comparative advantage" (Chabal & Deloz, 1999: 120) over other Southern African states now open for competition within a "free trade area" (Fund, International Monetary, 1997: 10-11). Much the same for Zambia's copper-dominant exports, its "powerful mining sector" (Clapham, 1996: 117) was previously suppressed by parastatal sectors and inefficient governmental policy but had been appeased through adjustment. SAPs in both states had assisted development from "highly regulated" (Fund, International Monetary, 1997: 10) trade regimes to ones with "financial and fiscal order" (Chabal & Deloz, 1999: 119), where there could be enduring economic diversification and progress. The IMF (1997: 5) notes "strong" economic growth in Angola and that it had "succeeded in reducing inflation", to at least some extent indicative of effectiveness[ii]: where there had been state-regulation over the previous three decades, there had been a "depreciated" (Fund, International Monetary, 1997: 10) exchange rate. In other words, before the economic 'shift', state-practice resulted in "significant inefficiencies and welfare losses" (Fund, International Monetary, 1997: 10-11). Now, after having 'freed the market', SAPs ensured African states could escape from their protectionist policies and that they were no longer trapped by debts "far beyond their capacity to finance" (Williams, 2007: 214). It is from this liberating notion, and with the consequent positive economic indicators, that the effectiveness of SAPs can be stated.

Their effectiveness is, however, dependent on, and largely inseparable from, the *necessity* of adjustment: if unnecessary, the *beneficial* element of development cannot be understood; in other words, the reasons for why "they had to 'globalise'" (Marais, 2000: 111) must be formulated in order to legitimise the transition and sustain the notion of development. The necessity of development is closely linked to idea that it was inevitable; that the transition was natural and progressive; that a lack of change was "unsustainable" (Clapham, 1996: 176). This would imply that pressure or external "leverage" (Marais, 2000: 111) was *minor* and that SAPs did assist, rather than coerce, African states, such that development retains the legitimacy it conceptually requires. Zambia, for example, was "crying out for reform" (Clapham, 1996: 177), according to IFIs such as the World Bank. A large number of African states were manipulating internal pricing and currency valuation (Chabal & Deloz, 1999: 120); import- and export-efficiency was constrained, "growth potential" (Fund, International Monetary, 1997: 10) delimited. As a consequence of debt, "poverty", "income inequality" and "illiteracy" (Fund, International Monetary, 1997: 16) were ubiquitous to Angola. In the words of Adebayo Adedeji, executive secretary for the United Nations Economic Commission for Africa, "Africa has to adjust" (Fatton, 1992: 131) – reform *had* to happen.

As mentioned earlier, SAP-assisted development was wider in scope than economic policy, in that it had other beneficial implications, such as for political stability; without adjustment, "hardship inevitably results" (Thomson, 2010: 189). Opening borders and internationalising trade and exchange with other states would benefit regions: with the condition of adjustment, there was a commitment to facilitating a move away from international-dependency. This adjustment would provide greater political autonomy and perhaps stronger national identity for African states (Thomson, 2010: 189). At the same time, exchange implied a shift to *interdependency*, despite greater autonomy. This would foster political cooperation: Zambia was economically dependent on the Benguela Railroad for transporting copper, for example. As this ran through Angola, a liberalised Zambian economy would benefit only from Angola's "peaceful, orderly transition" (Thomson, 2010: 193) from colony to independent state. Regional instability would now, more than before, be to the detriment of both. The case has therefore been made for the effectiveness of SAPs in assisting African development and for their necessity. However, if effectiveness were rejected then, regardless of how necessary SAPs were, they cannot be shown to have assisted African development.

According to Thomson (2010: 194) the strategy behind SAPs "backfired," leaving Africa "crippled" by debts. For Fatton (1992: 130) SAPs lead to "overall economic failure" and had "destructive social consequences". Hodges (2004: 117) describes an "inflationary spiral", Williams (2007: 215) notes SAPs "exacerbated" government debts, and Chabal and Daloz (1999: 120) highlight their "damaging" cumulative effect. Although evasive of blame, even the IMF (1997:13) concludes that economic potential in Angola had been "thwarted". The repayment of accumulated Zambian debt had been "rescheduled four times", due to "skyrocketing" prices for essential goods, and "shrinking" (Fatton, 1992: 122) levels of employment and income as a result of privatisation. The justification provided by IFIs—that *internal factors* inhibited the implementation of SAPs and thus their effectiveness—has some credibility, however. In Angola, for example, civil war from 1975 to 2002 had a "social impact," (Fund, International Monetary, 1997: 13) likely responsible for much of the shortcomings of SAPs. The "inherited colonial legacy" (Fatton, 1992: 119) preceding it created educational, social, political, and otherwise developmental deficiencies; environmental hazards of droughts and soil erosion increased poverty and starvation; disease inhibited health. These factors were present within most African states and their harm is not to be understated. To claim SAPs were *definitively ineffective* is made possible only by separation from the preceding African context. Clearly, therefore, the notion of 'responsibility' for developing Africa has a tendency to draw a line between African states on the one side and the international economies on the other. Of the internal factors, African governments are often deemed mostly responsible; they "have to blame themselves" (Fatton, 1992: 120-121) for African poverty. Corruption, driven by the self-interest of "national elites", was a "decisive factor" (Marais, 2000: 111). For them, gaining "as much adjustment aid as possible" from IFIs, whilst implementing "as little policy reform as possible" (Fatton, 1992: 122) constituted '*winning*'. Their intention to exploit the system of assistance was therefore antagonistic to the development goals and an obstacle for the institutional framework. Equally, the "incompetence" (Fatton, 1992: 122) of these national leaders is largely responsible for the failed implementation of SAPs, which must not be blamed entirely for their own ineffectiveness. These leaders were fiscally irresponsible. Were their incentives in line with those underlying SAPs, their development goals would have been more effectively met.

However, Williams (2007: 224), without rejecting the need for SAPs, claims they are *never* effective: "the obligation of governments to service debt payments makes it impossible for structural adjustment policies to succeed." African states would never be able to pay-off their debts, and the subsequent irony—of SAPs being constantly necessary and constantly unobtainable—leaves open the criticism that SAPs are necessary only when adhering to a utopian ideal; namely, that 'liberalising' is necessary. However, this does not *ipso factum* provide legitimacy within every context; for SAPs especially, necessity must appear in pragmatic terms; when set within the model of international development cooperation, their *impact*, deemed effective in relation to development goals, is dictated by the institutional framework used for implementation (Degnbol-Martinussen & Engberg-Pedersen, 2003: 2). In other words, the *ideal* behind these development goals may always be necessary, but not the *application* of it. In the African context, SAPs were in fact largely unsuitable; they were "essentially not adapted to the African situation" (Yansané, 1996: 255). While this may be the case, and while there were internal factors problematising implementation—educational, political, social deficiencies—IFIs claimed this "domestic inhibition" (Fatton, 1992: 120-121) could be *overcome* through adjustment. One fear was that African states would lose sovereignty being more dependent on IFIs for aid and would thus receive a "subordinate position in the world economy" (Fatton, 1992: 120-121). For this, there was assistance *within* the programme of assistance; this negative feedback could be avoided with the principle of "adjustment with transformation" (Fatton, 1992: 130). SAPs provided assistance only with consent: regarding the conditional element of debt-relief, African states could dictate their own conditions or "alternative responses to the demands made on them" (Clapham, 1996: 176). As the argument goes, SAPs would be *made* relevant through transforming the conditions to suit African states, after which IFIs could justly unsubscribe from any responsibility for their ineffectiveness. On the other hand, IFIs take responsibility for successful assistance, or positive feedback from it, yet as soon as effectiveness is rejected refuse to "shoulder the blame" (Unrest, States Of, 2000: 45). The programmes implemented in Angola, for example, remained unsuitable in that the policy measures were partial and while implemented were never "comprehensive" (Hodges, 2004: 117). Failed considerations from IFIs regarding deficits to government finances, for example, were largely responsible for the aforementioned 'inflationary spiral'. The presumption here is that, were a more holistic institutional framework used, SAPs would have been more effective.

This results in a simplistic explanation of why poverty persisted in Africa. Fatton (1992: 130) argues that SAPs were a hindrance rather than a form of assistance due to the "global capitalist" economies behind the loaning process. These economies exploited and directed African states from the outside: they provided loans but dictated the conditions for repaying them. The idea that the implementation of SAPs was 'inevitable' was only true insofar as "resistance was not a viable option" (Clapham, 1996: 176). African states *had* to implement reform, not for the beneficial necessity harked by Adebayo Adedeji, but due to the "IMF-decreed" (Marais, 2000: 111) and inescapable condition of adjustment; that it was due to any developmental consequence from globalising or liberalising was therefore deliberately misleading – it was "a fantasy" (Ferguson, 2006: 70). It is evident that national sovereignty had been made subordinate to "international sovereignty" (Thomson, 2010: 192). SAPs had failed to develop African states not because assistance was hindered — or 'thwarted', in the language used by the IMF. Ineffectiveness occurred because assistance was never the intention. Once the Bretton Woods institutions had "control of exports" (Thomson, 2010: 193), the prices they paid for them decreased, while the cost of their own exports into Africa increased. This was neo-colonialism through "coerced adoption" (Ferguson, 2006: 77). Profits were "exported to the West" (Thomson, 2010: 191) and economic growth was crippled through limited local investment. Investment had to be directed towards mono-crop industries, a continuation of the colonial legacy, forcing African states to seek demand from within the international free trade arena until they had become "totally dependent" (Thomson, 2010: 192) on IFIs – the very actors claiming to be reducing their dependency. For these reasons, Chabal and Daloz (1999: 119) claim it cannot be shown "convincingly" that SAPs "lessened Africa's dependence."

The severity of the self-interest guiding the implementation of SAPs is only truly exposed by Ferguson, who rejects even the ideology underlying them that has been until now deemed necessary; 'liberalisation' is shown to be a veil masking the exploitive intentions of the IMF-World Bank "regime" (Ferguson, 2006: 78). SAPs were even deemed necessary by Fatton had it been the case that there were fair and equal "terms of trade" (Thomson, 2010: 189) or that IFIs had had different intentions. Chabal and Daloz (1999: 119-120) equally place the most blame for SAP-ineffectiveness on the "foundations of power" within African states—patrimonialism, clientelism and corruption—which caused SAPs to fail to reach their "political aims". Ferguson rejects the presumption here that the foundations of power in Africa were not "viable" economic policies, that adjustment would even lead to development; that it was moral, therefore, for IFIs to assist. It was the very addition of adjustment within SAPs that guarantee IFIs would benefit through exploitation, and all that SAPs assisted in was African *underdevelopment*. For Ferguson (2006: 71) the style in which SAPs were legitimised was not even moral: their intentions were "economistic" and "technicizing" and followed a "de-moralizing mode of legitimation". In other words, IFIs divided morality from production, prioritising SAPs due to their economic efficiency. This division—a "moral opposition"—posited "selfishness" against "sociality", "exploitation" against "sharing" (Ferguson, 2006: 75-76). The moral implication within development was never intended to result from increased productivity; "moral language" (Ferguson, 2007: 77) was used only for legitimation. Equally, the 'difference' of the African context was relevant only so that 'domestic inhibition', or the undeveloped 'foundations of power', could scapegoat the ineffectiveness of SAPs. After this moral language had been "forced down the throats" (Ferguson, 2006: 71) of governments, such as in Zambia, the notion of freedom apparent within 'adjustment with transformation' was obviated by IFIs demarcating the boundaries of it through neo-colonialism (Ferguson, 2006: 84). Furthermore, Angola, seized by the "warring parties" (Ferguson, 2006: 78-79) of the Cold War for the purposes of ideological promotion, helps to further contextualise the purpose behind SAPs: adjustment was nothing more than an excuse to promote a consensus for capitalism, that was embedded as a Trojan horse within the development goals, through conditionality. That SAPs were therefore *effective in being ineffective* is perhaps a matter for linguistic style.[iii]

SAPs did not assist African development. 'Assistance' was firstly formulated with reference to two parameters: the *effectiveness* and *necessity* of SAPs. Firstly it was shown that SAPs were effective to some extent in achieving their developmental goals of adjustment: a liberating transition from inefficient economic policy, highly regulated by the state, to one featuring open and diverse markets, competitive, progressive and privatised. In Angola and Zambia, exports increased and there were signs of economic growth within this free trade arena. Effectiveness gained legitimacy through the necessity of adjustment: it was necessary for countering Africa's debt through economic cooperation and interdependency and thus for political stability; globalising and adjusting in accordance with the IFIs' conditions was therefore deemed inevitable. Secondly, the effectiveness of SAPs was rejected: debts *increased*, economic potential was crippled. Blame was initially assigned to internal factors: civil war in Angola; the colonial legacy; disease and drought; primarily, though, to inefficient, irresponsible and corrupt African governments which derailed implementation by exploiting the loaning process and inhibiting SAPs from attaining their development goals. The subsequent irony of SAPs remaining necessary but being inevitably ineffective due to African states' inability to pay-off loans leaves open the door to their being unsuitable for the African context; that while the ideal of liberalising is deemed necessary for development, it has no pragmatic influence in the face of these internal factors, including this debt. To this, 'adjustment with transformation' was an external proposal aiming to overcome internal inhibiting factors. And, where SAPs were responsible for ineffectiveness, such as through the partial considerations of IFIs for particular African states, the necessity of SAPs all the while remained. However, it was shown lastly that SAPs were intentionally exploitative through neo-colonialism, seeking to control exports and encourage productivity for their own benefit. It was in Ferguson that the necessity of SAPs was finally rejected: the 'moral language' of development was a smokescreen to obscure western self-interest; in states such as Zambia or Angola, IFIs could promote capitalism during the ongoing Cold War. The idea behind African development being assisted by SAPs is what remains of this smokescreen.

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[i] It is difficult to make the case for effectiveness when the end-result is known and the literature makes clear by consensus the *ineffectiveness*; whereas the references from the IMF were written amidst the ongoing implementation of SAPs, and so their conclusions may incorporate bias *ad hoc* to justify this implementation. A 'pro-efficiency' argument can perhaps be made only by selecting works that are more easily accused of bias than, say, an introductory overview in Clapham or Thomson, which are relatively impartial.

[ii] A significant degree of selective-bias is required for portraying this effectiveness. In an overview of Angola, the IMF prioritises economic *ineffectiveness*. This is less obscuring than how the IMF is portrayed here. For example, increasing exports and economic growth equally do not imply a decrease in the amount of debt.

[iii] What the notion of SAPs being '*effective in being ineffective' would* add to, however, is the *extent* of intentionality directing conditionality. In other words, it would shift the blame for underdevelopment entirely from internal factors to external factors, if this extent is absolute. This would likely assign too much responsibility to IFIs and not enough to factors such as drought or corruption.

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