Kidane Mengisteab And B. Ikubolajeh Logan* (eds*). **Beyond Economic Liberalization In Africa: Structural Adjustment And The Alternatives** **London: Zed Books Ltd, 1995. Pp. Vii + 312, $59.95, $25.00.**

Attempts to summarize economic reality in Sub-Saharan Africa today often turn into recitations of, in the words of this book's editors, a "litany of woes" (p. 2). Perhaps Abdoulaye S.M. Saine--one of the contributors to this volume--captures the overall situation best, and most poignantly, when he states that "to speak of development in most sub-Saharan African economies today is to speak of the past, not the present or the foreseeable future" (p. 182). Analysts who seek to understand this reality more fully encounter, very quickly, a ubiquitous feature of the continent's economic policymaking landscape: the Structural Adjustment Program (SAP). Indeed, the story of economic policy in the region over the past 25 years or so has revolved around the implementation of, and adherence (or non-adherence, as the case may be) to SAPs--as promulgated by the International Monetary Fund (IMF) and the World Bank.

The debate over the appropriateness and effectiveness of SAPs has been constant and often highly charged--emotionally and ideologically--since their first appearance on the continent in the aftermath of the Oil Price Shock of 1973/74. Have SAPs contributed to the alleviation of Sub-Saharan Africa's economic difficulties (i.e., would the economic situation have been worse in their absence)? Or have SAPs exacerbated the region's economic troubles--or even caused them? Does adherence to such a World Bank/IMF-designed program represent the first, best step that a least-developed country can take down the road to development? Or does a SAP miss the point entirely--by focusing on symptoms rather than on underlying causes? If so, what must be done to shift the focus of economic policymaking and policy reform programs in the region away from "structural adjustment" and towards the promotion of sustained, and sustainable, long-term economic development? Indeed, what are the crucial ingredients of a development strategy that could prove successful in the contemporary Sub-Saharan African economic/political/social climate?

The contributors to this volume seek to answer these questions. Unfortunately, immersed as these analysts are in the controversies, they sometimes assume that the reader is also intimately familiar with the subject--and hence the key terms of reference are not always defined clearly (nor identically) by the authors. As such, before proceeding further, let me comment briefly on the concepts of "structural adjustment," the SAP, and "economic development." This discussion will serve to enhance the non-specialist's ability to understand and appreciate the contributions in this volume, and to alert the specialist to my individual perspective--as an Africanist and an economist--on the issues discussed in the book.

Today's SAPs in Sub-Saharan Africa can best be understood as having developed, incrementally, out of the initial experiences of African economies with traditional one-year IMF

Stand-By Arrangements--known then as "financial programs"--in the mid-1970s. As the first wave of such programs--focused on deflationary monetary and fiscal policies and exchange-rate devaluation--swept across Sub-Saharan Africa, it gradually became apparent to the IMF that the achievement of macroeconomic stabilization in the typical African country would require 1) more time, and 2) additional policy interventions. The Fund thus began to redesign the structure of its standard program, broadening its thrust to include microeconomic reforms such as price and interest-rate adjustment. Within a decade ,the one-year "financial program" had been recast into a more comprehensive, multi-year "Economic Reform Program" (ERP). Experiences with the early ERPs, and more extensive collaboration with the World Bank, led to the present-day SAP--a comprehensive attempt to restructure and reorient economic activities within the country over what can be termed the "medium run."

Now, what is the "trigger factor" that usually forces a country into the hands of the IMF and the World Bank, and into implementing a SAP? An "unsustainable" current-account deficit: one that cannot be closed with foreign aid, nor financed from external sources or international reserves. The country must therefore find a way to reduce aggregate spending or increase exports. The country can do this via a SAP, the goals of which are:

1. In the short-run, to reduce the current-account deficit until it is sustainable, given the financial aid available from the IMF and the World Bank (and donor money pledged on the basis of adherence to the SAP);

2. In the medium-run, restore the country's access to world capital markets, and hence enable it to finance its own way in the world economy once again;

3. In the long-run, restructure the economy to promote saving, exports, and economic growth--and hence reduce the economy's vulnerability to shocks.

The roots of today's SAPs thus lie in the concept and practice of macroeconomic stabilization, rather than in the pursuit of "economic development." As such, a SAP does not represent a "development strategy." The IMF and the World Bank do not argue that it does. Rather, the Fund and the Bank argue that adherence to a SAP can set the stage in the country for a renewed development thrust.

What, then, is "economic development"? The economics profession, despite claims to the contrary voiced by non-economists (including some of the contributors to this volume), long ago abandoned the notion that economic growth and development are synonymous. To make this point explicit, I quote directly from one of the principals in the current debate over SAPs. In its World Development Report of 1991, entitled *The Challenge of Development*, the World Bank articulates its understanding of development as follows:

Economic development is defined...as a sustainable increase in living standards that encompasses material consumption, education, health, and environmental protection. Development in a broader sense is understood to include...more equality of opportunity, political freedom, and civil liberties. The overall goal of development is therefore to increase the economic, political, and civil rights of all people....(p. 31).

This definition is remarkably similar to that employed by the United Nations Development Programme (UNDP)--as operationalized in its Human Development Index. I believe that the contributors to this volume--critics all of the IMF, the World Bank, and SAP-dominated economic policy in Sub-Saharan Africa--would subscribe to this definition as well. The controversies surrounding how best to promote development in Sub-Saharan Africa today, as articulated by the authors in this book, are not, it would seem, driven by different conceptions of "development." The issue, rather, is "How can Sub-Saharan Africa achieve development?"

The editors of this book have asked a diverse array of analysts--political scientists, geographers, specialists in environmental policy, public administration, urban studies, and a psychologist-- to tackle this question, and the others articulated earlier in this review. Oddly--given the nature of the questions being discussed--none of the authors is an economist.

The book is organized into two parts: *SAPs: Part of the Problem*, and *Other Ways Forward: Democratization and Regional Integration.* These titles reveal the thesis of this work: SAP-dominated economic policymaking in the region has contributed significantly to the current economic crisis, and indeed misses the point with respect to the promotion of sustained, and sustainable, economic development in Sub-Saharan Africa. This leads to the following conclusion, as voiced by the editors in the final chapter:

The development agenda of the 21st century must be multi-pronged....What is necessary is a package that integrates concern for domestic welfare, political change, structural transformation and international trade into one comprehensive programme of action. [Hence] we advocate regionalisation, mass participation, environmental responsibility, democratization and government/market partnership as fundamental complements in domestic adjustment strategies (Pp. 291-2).

The quality of the defense of this thesis, and conclusion, is uneven. The book is at its best when the authors remind us that Africa's "oneness" should not be mistaken for "sameness" (p. 17). In this spirit many of the contributions (Chapters. 2-4 and 10, in particular) take what Mahmood Mamdani terms the "frog's eye view," as opposed to the "bird's eye view" (p. 17)--and keep the reader "on the ground," rooted in empirical reality, as the authors seek to understand the forces driving specific situations. J.C. Munene, writing in Chapter 5, makes use of organizational psychology and the new institutional economics in order to study the behavior of organizations and their employees while under stress--in the context of SAP-driven "downsizing" and rationalization. This is powerful, insightful stuff; as an economist, I welcome such careful attempts to illuminate the broader socioeconomic implications of the typical SAP. I also applaud, as an economist, the authors in this volume who offer specific, concrete policy alternatives to the SAP (e.g., Chapters. 11 and 13). Finally, the contributions of Mengisteab (who focuses on the prospects for a partnership between state and market in African development in Chapter 8) and Daddieh (who discusses in Chapter 12 the prospects for regional integration in Africa and the place of the SAP in such initiatives) represent genuine efforts to address the current economic crisis with pragmatism rather than ideology.

Reading these contributions energized me. In specifics, pragmatism, and discussions of workable alternative strategies, there is power. This is the kind of thinking that Sub-Saharan Africa needs more of today--desperately.

Unfortunately, some of the contributions in this volume do not meet this standard. Krugmann's piece fails to deliver what it promises, as the writer's anti-SAP zeal causes him to lose his focus, leave his opening points behind, and embark on an all-encompassing critique of the World Bank and the IMF. Saine's discussion of the constraints and prospects for democracy in Africa proves curiously uninspiring, for the topic itself is interesting and timely. At times some authors leave rigor behind and begin to "preach to the choir" about the evils of SAPs. Such preaching may serve to energize the already-converted, but it does not represent a constructive addition to the debate over economic policy reform in Sub-Saharan Africa.

Here and there, moreover, the book shows its age. This volume was published in 1995, and many of the contributions were written in the early years of the decade. So much has happened on the continent and around the world within the last few years that at times the discussions of political change and regional initiatives (especially in Southern Africa, given the present Congo Crisis) have already become dated.

The book is at its weakest when it ventures into the realm of technical economic analysis. As a student of international relations as well as of Africa, I found the resulting mistakes all too familiar, and disheartening. For example, Mengistu's otherwise insightful discussion of counter-trade is marred by a fundamental misunderstanding of the principle of comparative advantage: one cannot infer that Country A has comparative advantage in the production of Good X simply because Country A produces more of Good X than its trading partners. Furthermore, as someone who was weaned on the "contractionary devaluation" literature of the 1960s and 1970s that Mengisteab draws upon for his empirical study of devaluation in Ch. 6, I nevertheless must point out that his work is so flawed as to render the results meaningless. To cite one problem, many variables influence a country's export and import performance. All must be included as independent variables in any export or import equation to be estimated, if one is to isolate properly the effect of the real exchange rate. In addition, although the inflationary consequences of "maxi-devaluations" in economies as open as those in Sub-Saharan Africa cannot be minimized, Mengisteab's attempt to prove a cause-and-effect relationship (Table 6.10, p. 120) confuses correlation with causation. Even a casual glance at this chart, moreover, reveals only a weak correlation between inflation and devaluation in the sample. As an economist looking for careful empirical contributions to the study of SAPs in Sub-Saharan Africa, I found this chapter to be the most disappointing in the book.

Other problems that the contributors have with economic analysis--which color their evaluations of SAPs--include a misunderstanding of the reality of "economic smallness" and a misreading of the economics profession's position regarding the workings of the market mechanism. For example, several of the authors blame SAPs for doing nothing to reverse the region's plunging net barter terms of trade. Aside from the point that the decline in the terms of trade is asserted, but never supported with data, the fact that most of the region's countries are economically small renders ineffective any attempt, via unilateral policy of any sort, to influence their terms of trade; an economically small country must take its net barter terms of trade as exogenous, and cope with fluctuations in them as best it can. To blame SAPs for not tackling the terms of trade issue in Sub-Saharan Africa today makes no sense, economically.

Likewise, to blame the market mechanism for not being able to allocate resources in an equitable way is beside the point. Markets do not generate equity. What markets can generate, in welfare terms, is allocative efficiency--if a strict set of conditions holds. Only the most die-hard of ideologues in our profession, moreover, would argue that these conditions are met across Sub-Saharan Africa today. To argue that IMF/World Bank orthodoxy involves turning an unbridled market mechanism loose in an economic world freed of all government intervention, therefore, is to set up a "Straw Man." (See, for example, Chapter Two of the World Bank's World Development Report of 1991).

My concerns with the book can be summed up as follows. In generality, in preaching, in setting up straw men, there is weakness--indeed a shrillness--that signals polemics rather than analysis. Continued polarization of the debate over SAPs in Sub-Saharan Africa today does not serve the continent well, and will contribute to either policy paralysis or policy extremism--neither of which the region can afford today.

Overall, do I recommend this book? Yes. Economists, forewarned, should be able to sidestep the economic fallacies that surface from time to time. Non-economists would do well to supplement their reading of this volume with some contemporary pieces written by economists on both sides of the SAP debate. All who read the contributions in this volume will encounter serious thinking, and careful analysis, by social scientists who are deeply concerned with the suffering so many have endured, for so long, in Sub-Saharan Africa. May the search continue for a new path towards development in the region.

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