AB BOOKS SAPs: Suffering for African People

○ THE OTHER SIDE OF THE STORY: The real impact of World Bank and IMF structural adjustment programmes.
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The IMF and the World Bank - if these two Bretton Woods institutions were men, they certainly would not be the type any girl could take home to her mother. This is especially so, now that they are approaching their 50th birthdays next year.

Their policies are increasingly becoming so detestable that IMF/World Bank bashing is becoming an art form in itself. This slim 50-page report, of no known price, is just one of the new spanners in the works of the ageing Bretton Woods institutions.

The Development Group of Alternative Policies (DGAP) has worked on World Bank-related issues since its founding in 1976. It even worked, once, as consultants to the World Bank. So it knows what it is talking about.

Last September, in association with Greenpeace International, Friends of the Earth-US and other, European NGOs, the DGAP organised a conference in Washington on the impact of, and alternatives to, structural-adjustment programmes. NGOs from 46 countries attended the conference, out of which this report was created.

It covers case studies of five countries: Ghana, Zimbabwe, Costa Rica, Chile and the Philippines. By any standards, this certainly is a report worth every inch of the paper of which dollars are made.

It even attempts a definition of a structural-adjustment programme - the first time this writer has seen an SAP realistically defined anywhere.

Structural adjustment, the report explains, "is the name given to a set of free-market economic policies imposed on countries by the World Bank/IMF as a condition for receiving financial assistance .... Although SAPs differ slightly from country to country, they typically include currency devaluation, trade liberalisation, cuts in social spending, privatisation of government-held enterprises, wage suppression, business deregulation, restrictions on credit and higher interest rates."

The report adds, "At the end of 1991, 75 countries in Africa, Asia, Latin America, the Caribbean and Eastern Europe had received adjustment loans totalling more than $41bn."

For students of economics, the above definition is the most concise they can get anywhere. The report adds that SAPs, despite their avowed goal of making Southern economies "competitive", have "led to increased unemployment and falling wages .... They have created a new outflow of wealth from the South to the North: between 1983–1990, [the South] sent an average of $21.5bn annually to the North."

So, how has this impacted on the economies of Zimbabwe and Ghana?

In Zimbabwe, even before the DGAP report was released, a recent Unicef report had revealed that the number of women dying in childbirth has doubled in the two years since the country introduced its Economic Structural Adjustment Programme (Esap).

In tune with IMF/World Bank conditionalities, Zimbabwe has cut back on health and other necessities in such an alarming fashion that, according to Unicef, the country's splendid achievements over 10 years in primary health care and basic education might well be wiped out by the Esap.

In 1990, before the Esap, Zimbabwe's infant-mortality rate had fallen from 140 per 1,000 live births in 1980 to 50 in 1989. But since the introduction of hospital fees, as demanded by the Esap, Zimbabweans are making fewer visits to hospitals and clinics. Bed occupancy at the Harare Central Hospital, Unicef points out, has fallen by almost 17%.

Dr Anne Renfrew, head of a rural hospital 75 km from Harare, reports that the number of maternity cases at her hospital has fallen even further, by 33%.

The DGAP's report confirms all this and adds that "increasingly, children are being withdrawn from school by parents who cannot afford school fees or uniforms". It is "no wonder, then, that the Esap has been dubbed Extended Suffering for African People by slum residents in Harare".

In Ghana, the picture is much the same. The DGAP finds that, despite the repeated claims that Ghana's ERP is a success, "there is overwhelming evidence that the programme is a failure".

The report states, "After nine years of [ERP] and huge amounts of foreign aid, Ghana's total external debt has risen from $1.4bn to almost $4.2bn." Since 1987, Ghana has paid more to the IMF than it has received from it. Total IMF funding under Ghana's ERP is $1.35bn.

By the end of 1990, the report indicates, the Rawlings government had contracted over $1.75bn in World Bank loans and credits. In fact, in 1988, Ghana was the third-largest recipient in the world of credit from the IDA, the soft-loan arm of the World Bank. Only India and China, with a combined population of 2bn, received more than Ghana, whose population is only 15m.

An additional $8bn has come to Ghana from other bilateral and multilateral sources since 1983. Yet the report says, "Ghana can claim little real progress under its [ERP]."

According to the report, growth has taken place principally in those areas receiving direct financial/investment support from abroad. While the minerals and forestry sectors have been growing, manufacturing (a key indicator of the good health of any economy) has been declining. The service sectors, especially the transport and retail sectors, have grown from a 37% share of GDP to 42.5%.

Who, then, gets the real benefits of SAPs, if not the local people? The DGAP's answer is the "privileged élite in Northern countries, including foreign companies and Western governments" who control the IMF and the World Bank.

Does anybody have a better answer?

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