

**SUMMARY OF TESTIMONY ON
THE EFFECTS OF STRUCTURAL ADJUSTMENT PROGRAMS
PRESENTED AT
THE INTERNATIONAL PEOPLES' TRIBUNAL TO JUDGE THE G-7**

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Eleven witnesses¹ from nine Southern countries testified as to the local- and national-level impact of adjustment programs in their respective countries and regions. Characterized by repeated reference to peoples' concrete reality as contrasted to the theoretical analysis of the World Bank and IMF, their collective testimony² lays at the feet of SAPs responsibility for the following phenomena:

1. A sharp increase in unemployment around the world due to: public-sector lay-offs; the privatization of public entities; competition from cheap imports and capital-intensive industry, which is wiping out small and traditional enterprises; and policies of high interest rates and demand contraction. The ILO projects that worldwide unemployment will increase by some 400 million people by 1994 and reach one billion by that year.
 - after one year of the implementation of a SAP in India, 6.6 million additional people were rendered jobless as a result of privatization of public companies, the application of new technologies and the removal of state discrimination in favor of backward areas.
 - in Sri Lanka, 40,000 people lost their jobs in the handloom sector alone.
 - similar trends in countries like Brazil, the Philippines and Indonesia.
2. The cheapening of labor through successive devaluations, the imposition of IMF wage guidelines and the suppression of unions. Average real wages, the minimum wage and salaries as a percentage of national income have all fallen sharply as countries are pitted against one another as cheap-labor export-production platforms.
 - in Brazil, the real minimum wage plummeted by 40% during the 1980s and salaries as a share of national income fell from 50% in the late 1970s to 35% by the early '90s.
 - by 1990, after three structural adjustment loans, the minimum hourly wage in Jamaica had fallen to US \$0.27, the lowest in the Caribbean Basin region.

¹ Witnesses included Maria Clara Couto Soares (IBASE, Brazil), Jennifer Jones (Social Action Center, Jamaica) Jaya Shrivastava (Ankur, India), Leonor Briones (Freedom from Debt Coalition, The Philippines), Isagani Serrano (PRRM, the Philippines), Arief Budiman (Universitas Kiresten, Indonesia), Arturo Grisby (CRIES, Central America), Davison L. Budhoo (Bretton Woods Reform Organization, Denmark/Grenada), Vandana Shiva (Research Foundation for Science and Ecology, India), Taisier Muhamed Ahmed Ali (Sudan) and Chandra Muzaffa (Just World Trust, Malaysia).

² Compiled and synthesized by Doug Hellinger (The Development GAP, USA), panelist, for the Tribunal.

3. Increases in the concentration of national income, the widening of the income gap and the contraction of the middle class, as large exporters, the national financial sector and international creditors gain at the expense of the workers and the poor.
 - in Brazil, which already had one of the most skewed income distributions in the world, the poorest half of the population saw its share of national income fall further during the 1980s under SAPs from 14.5% to 11.2%.
 - at the same time in Brazil, the financial sector, primarily through speculation facilitated by SAPs, had its share of GDP more than double from 9% to 20%.
 - a similar widening of the income gap took place in Jamaica, Indonesia, etc.
4. A skyrocketing of the cost of living faced by ordinary citizens as a result of the elimination of price controls and subsidies, devaluations, inflation-inducing increases in the public debt to pay off exporters and official wage restraints.
 - due to the elimination of price controls and a series of devaluations, the cost of living in Jamaica increased 1,888% between 1977 and 1991, outstripping teachers' pay hikes, for instance, by 2½ times.
 - in Brazil, annual inflation increased from 105% in 1981 to 2938% in 1990.
 - under the first year of the SAP in India, prices of food grains went up 30%, fuel and power rose 12.8% and manufactured goods increased in price at on average 11%.
 - as real wages fell, women in the slums of Bombay were spending 60% more on food than they had the previous year.
5. The rapid expansion and deepening of poverty around the globe as a result of policies to induce domestic demand to pay back debts, the emphasis on export, production, rising prices, wage control and unemployment, and the elimination of targeted government programs and protection of small producers. In many countries the majority of the population has fallen below the poverty line and face daily hunger.
 - today in Zambia, the majority of the population cannot produce or purchase sufficient food.
 - 50% of the people of the Philippines are below the poverty line.
 - between 1980 and 1988 the percentage of Brazil's population below the poverty line grew sharply from 24% to 39%; today 22% of the people face daily hunger.
 - after a year of a SAP, the number of homeless in India, as elsewhere, is up sharply.
6. An ever-increasing burden on women, who, must compensate for declining family income and access to social services while being denied access to productive resources

and seeing their traditional skills, knowledge and production systems devalued and undermined.

7. The displacement of small-scale agricultural producers through the lowering of external tariffs and the entry of highly subsidized agricultural imports, the removal of subsidies on farm inputs, the reduction of credit and a rise in rates, and an emphasis on export production at the expense of subsistence farming and staple-food producers.
8. A growing dependence on food imports in most countries, as national levels of food self-sufficiency have dropped due to emphasis on exports and lack of attention to basic grains and other domestically traded food crops.
 - today, almost one-third of all cereals consumed is imported from abroad.
 - in the Caribbean and parts of Latin America, food self-reliance is also on the decline.
 - in 1991-92 in India, the production of cash crops for export rose 3%, while the cultivation of basic grains fell 1.5% as the country's SAP got underway.
9. Broad environmental degradation -- including the devastation of forest and marine resources, increased soil erosion, and industrial-waste pollution -- caused by an emphasis on exports and rapid resource extraction, intensive agricultural methods, deregulation of investments and inadequate oversight due to budget cuts, and poverty-induced exploitation of marginal resources by local populations. Adjustment programs have not internalized the social and ecological costs of the policy package.
 - in Thailand, which implemented its own SAP during the 1980s, the percentage of industries spewing hazardous waste doubled from 29% to 58%, creating severe health and environmental problems, which grew for lack of adequate government regulatory measures.
 - during the early 1980s, the stabilization program in the Philippines forced the rural poor off the land and toward increased exploitation of forests, mangroves and fisheries to survive.
10. The deterioration of health-care systems around the world and the rapid spread of disease, including those associated with malnutrition and inadequate water-supply systems. Cuts in government health budgets have led to the closure of clinics and hospitals, the elimination of immunization programs, inadequate care, sharp increases in fees for basic tests and in the price of essential drugs, and the disappearance of some basic drugs from the domestic market. The effects have been particularly tragic for the health of women and children.
 - the WHO Director General pronounced the current cholera epidemic in Latin America to be due directly to SAPs.
 - in Jamaica, public-health expenditures were progressively cut starting in 1979 until they fell to only 6% of the total national budget in 1987; in 1988, fees were raised in public hospitals used mainly by the poor (particularly children) as part of a cost-recovery system.

- also, over the past dozen years in Jamaica, diseases like typhoid and gastro-enteritis associated with malnutrition have been on the rise.
 - in Zambia, with disease among children rampant, health services have been barely functioning and hospital deaths due to malnutrition are up to 40% from 13% in 1980.
 - under its new SAP, the Indian government began withdrawing public support for health care for the poor in 1992, with fees rising, nursing-home charges up five times, and the price of essential drugs rising 50 to 400%; in the 1992-93 budget, mother and child-care programs, as well as government dispensaries were cut 5%, 40% was cut from malaria prevention, 15% from tuberculosis prevention and 11% from vaccination programs, while 40% was also cut from water and sanitization programs.
 - during the 1980s, SAP-induced cuts in health budgets of 20-35% in Ghana, Morocco, Ecuador and Chile led to the closure of clinics and immunization programs, inflicting disease and death on millions.
11. Decreasing school enrollment, increasing drop-out rates and rising functional illiteracy due to cuts in public-education programs and rising fees and other costs to parents.
- after a steady decline in illiteracy rates, Jamaica experienced an increase in its post-primary-school functional illiteracy rates from 28% of children in 1986 to 33% by 1989.
 - in its 1992-93 budget, the Indian government cut support for community-help village school by 80%, non-formal education programs by 17% and technical education by 15%; uniforms, books, and notebooks, as well as school fees, became more expensive and parents have been forced to keep children, particularly girls, home from school.
12. A decline in the productive capacity of many nations undergoing SAPs for lack of investment in physical infrastructure (to improve deteriorating feeder roads, poor water-supply and sanitation systems, etc.), industrial capacity and technology, and education and health systems. Financial speculation (which has taken precedence over productive investment) and the elimination of local producers due to foreign competition are also factors, as is rising poverty and malnutrition, which may condemn much of future generations to a marginal existence.
13. The undermining of democratic systems and processes where they exist as SAPs are imposed from above, skew the distribution of resources and decision-making power at all levels, cause further erosion of confidence in political leaders, induce growing violence and crime, decrease governability, force government to intensify repression to control protests of policies to maintain good standing with the Bank and Fund, and, in various other ways lead to the gross and systematic violations of civil, political, economic, social and cultural rights, as well as the right to development.

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