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Economic Development Under Structural Adjustment: Evidence from Selected West African Countries *

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ABSTRACT

This paper examines the performance of selected West African countries in terms of the development during ten years in which various stabilisation policies and IMF/World Bank structural adjustment programme (SAP) were implemented. All the countries performed badly as measured by conventional indices. The paper concludes that the IMF/World Bank SAPs must be rejected and recommends, among other programmes, the implementation of the Economic Commission for Africa's adjustment package as a minimum effort to correct the crisis of the last ten years.

Introduction

The countries of West Africa continue to experience underdevelopment despite the economic growth of the early and late sixties. The sustained crisis, evidenced in low productivity, high rates of inflation, high rates of unemployment, deterioration in standards of living, huge external debts, social and political chaos, etc, prompted virtually all the countries in the West African subregion to implement, in one form or another, the typical International Monetary Fund (IMF) and World Bank adjustment programmes. The recovery programme is supposed to put ailing economies on the path to sustained growth and development with minimal rates of inflation.

Most countries in the subregion began to implement certain elements of the adjustment programme in the early 1980s. These programmes were at that time referred to as stabilisation packages. Now a new decade has begun, it is important to assess the progress made by countries in the subregion during this period of

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adjustment. This paper examines the development performance of selected West African Countries (Cote d'lvoire, Ghana, Nigeria, Senegal, Sierra Leone and Togo) during the period of structural adjustment. The countries were selected for particular reasons. Cote d'lvoire, for example, is often depicted by the IMF and World Bank as a success story. Nigeria, as another example, because of the windfall from petroleum earnings, had no foreign exchange constraints in the early seventies. Its size and resources (human and material) made several observers feel that the country could accelerate growth and development.

This paper attempts to make some comparisons between Francophone and Anglophone West African countries in terms of the design, implementation and results of structural adjustment programmes. The data analysis indicates that the SAPs have not succeeded in reversing the crisis in the selected countries. Assessments against classical measures of economic performance are discouraging. The political and social consequences of adjustment on the populations of these countries and the region have been adverse. In this paper a brief analysis of a typical structural adjustment programme is followed by a discussion of the ECAs alternative recovery package, and a comparison of this package with the IMF's programme. The performance of the selected countries is then examined before and during the SAP.

Framework of analysis and structural adjustment

In analysing performance in this paper, an eclectic approach is adopted, a framework which could be seen as a type of radical political economy. The 'classical' view of economic development as increases in *per capita* gross domestic product (GDP) or gross national product (GNP) sustained over a considerable time period is part of this framework. The method of examining sectoral variations, the quality and quantity of basic needs provided, as well as changes in political structures, are also incorporated. The framework of analysis, therefore, captures the orthodox, structuralist and basic needs approaches to understanding the growth and development process. Consequently, the following indices or measures of performance are examined: the growth of production and its various components, the rates of inflation, and unemployment, the growth of both public and private consumption, the changes in external trade, and the debt service ratios. The frame is eclectic in the sense that the end results of policies and programmes are considered. In other words, certain elements of a materialist approach are invoked to understand the reasons behind the design and implementation of programmes and policies, and the existing production relations within any social formation. Policy design is based on a perception, conscious or unconscious, of reality and how that reality can be altered.

Basic elements of a structural adjustment programme

The need for adjustment programmes arises when there is an imbalance between aggregate demand and aggregate supply within an economy, which results in a worsening balance of payments position. Adjustment programmes in Third World countries are presently supported by the IMF and World Bank. Some of them were designed by the IMF and some in a collaboration between the IMF, the World Bank and the particular country (Guitan, 1981; Khan and Knight, 1985).

The principal elements of an adjustment programme include:

* adopting measures to increase internal production and widen the supply base of an economy
* currency adjustment (devaluation)
* rationalisation and restructuring of tariff structures
* trade and payments liberalisation
* drastic reduction of public expenditure
* wage restraint
* the removal of subsidies
* privatisation of public sector enterprises
* increases in domestic interest rates
* removal of administrative controls, to rely heavily on market forces.

The objectives of adjustment involve:

* restoring a sustainable balance between aggregate demand and aggregate supply
* expanding the production of tradeables
* removal of balance of payments constraints.

The supporters of adjustment programmes believe that if all the elements in the package are implemented, a depressed economy would be put on a path of sustained non-inflational growth in the medium term. The theory and philosophy of structural adjustment has been criticised elsewhere (Ekpo, 1988). The over reliance on market forces is misleading as there are more powerful forces outside the market that could lead to deviations from marginal cost pricing.

There cannot be a static situation. Every economy needs adjustment but the social consequences of adjustment must be considered. The IMF and World Bank type of adjustment completely ignores the recipients of adjustment programmes. Both institutions operate as if adjustments are carried out on stones and trees. Human beings are the recipients and therefore their verdict in terms of the results of any adjustment must be taken seriously. After all, the few people who design and prescribe various adjustment programmes never suffer from its adverse effects. This may sound simplistic, but it is true. The families of Heads of Government in Third World countries are often well fed, employed, have more than adequate

shelter, good medical treatment, etc. The staff of both the IMF and World Bank are well paid in convertible currencies. It is not an accident that in every country where IMF and World Bank style adjustment has been set in motion there have been waves of unrest, and political and social chaos. It is very important to consider the end result of policy, and such feedback must inform the policy makers about the effectiveness of their actions.

If a programme intended to improve the standard of living of the population is rejected by them then the reasons for this must be sought. A typical IMF recovery package has a medium term time dimension, but when no positive results are registered in the medium term the longrun argument is invoked. "In the longrun we are all dead". This statement by Keynes is even more relevant today. After all what separates the Keynesian theory from that of the classical is the human element embedded in the former. The IMF adjustment programme totally assumes away the human element in economic activities. However, the World Bank in July 1987 launched the Social Dimensions of Adjustment initiative with the aim of mitigating the adverse social effects of adjustment.

ECA's alternative framework to structural adjustment

The United Nations Economic Commission for Africa (ECA) has opposed the IMF and World Bank adjustment programmes. The ECA's document, **African Alternative Framework to Structural Adjustment Programmes for Socioeconomic Recovery and Transformation** (AAF-SAP), is clearly a framework for an adjustment package with a human face. The AAF-SAP completely rejects the IMF and World Bank adjustment programmes (ECA AAF-SAP, 1989:25).

> "It should have become abundantly clear by now that, both on theoretical and empirical grounds, the conventional SAPs are inadequate in addressing the real causes of economic, financial and social problems facing African countries which are of a structural nature. There is, therefore, an urgent need for an alternative to the current stabilisation and adjustment programmes in Africa. Such an alternative will have to take into consideration, among other things,the structure of production and consumption and the people who are the main actors in the development process."

The AAF-SAP quarrels with both the elements and objectives of the IMF SAP discussed earlier. The ECA AAF-SAP is not opposed to adjustment, but argues that any adjustment programme must address the structure of the African economy. It maintains that the structural characteristics identifiable with the pattern of production, consumption and exchange of the African economy remain the most fundamental causes of its underdevelopment and retrogression. It cites the following as the most important manifestations:

* the predominance of subsistence and commercial activities
* the narrow disarticulate production base with ill-adapted technology
* the neglected informal sector
* the degraded environment
* the lopsided development as a result of bias of public policies
* the fragmentation of the African economy
* the openness and excessive dependence on external factor inputs
* weak institutional capabilities.

The IMF recovery package, because of its classical and neoclassical assumptions of clearing markets and insignificant roles for the state in economic activities, does not address the structure of Africa's political economy. The main problems of mass poverty, food shortages, low productivity, weak productive base, and backward technology that confront Africa are essential constraints that arise from the structures of production, consumption, technology, employment and sociopolitical organisation (ECA AAF-SAP, 1989:1):

> "It is this structural focus on the African economy and attention to measures that could change the underlying structures that have been the major elements in past and current policies for adjustment."

The ECA AAF-SAP believes that the objectives of any adjustment programme must take cognisance of Africa's development objectives which include:

* the alleviation of mass poverty and improvement in the standard of living of the African people
* establishing a self-sustaining process of economic growth and development
* national and regional collective selfreliance.

While the modalities for achieving these objectives are clearly worked out in the ECA package, the ECA recognises and emphasises, unlike the IMF package, the fact that achieving these objectives demands wide ranging changes in the democratisation of society, both within the social and economic framework as well as in development strategies and policies. Political systems will need to evolve to allow for full democracy and participation by all sections of the society. In this way, it will be possible to persuade people to accept sacrifices and give their best to the task of transformation. Typical IMF adjustment packages are silent on issues of selfreliance, democracy and human-centred development. They deepen dependency and aggravate poverty and underdevelopment.

The ECA's alternative framework is based on three sets of macro-entities: the operative forces, the available resources, and the needs to be catered for. The operative forces (which could be positive or negative; internal or external; temporary or permanent) are political, economic, scientific, technological, environmental, cultural and sociological. They act together on the general pattern and rate of development. The available resources include human resources,

especially in terms of quality and skill mixes; natural resources like land, water, and forests; domestic savings; and external financial resources.

Within the context of human-centered adjustment and transformation, needs include vital goods and services and the ability to acquire them. Goods that are luxuries and semi-luxuries fall outside the parameters of the ECA alternative framework. The framework is holistic and collectively dynamic over both time and space. In the authors's view, the ECAs approach does not reject the IMF's method, but is superior to them. Furthermore, each country should adapt the framework to own specific conditions. The IMF prescribes the same panacea for all countries.

The ECA AAF-SAP incorporates the following policy directives: improved financial management and efficiency in public enterprises, and tighter financial accountability; improved agricultural incentives; export diversification, especially in processed agricultural products, and improved external debt management. In all these policy areas, with the exception of the first (improved financial management in public enterprises), the ECA and the IMF seem to agree. The Fund supports the privatisation of public enterprises, regardless of the social and welfare considerations. Another important area of policy disagreement between the ECA and the IMF centres on the role of the state in income distribution. For the IMF the market determines how income is distributed, while the ECA favours putting in place programmes and policies to address the distribution of income, recognising that market failure exists. Interestingly, the World Bank has recently advocated a human-centred adjustment programme, through its social dimensions of adjustment initiatives. The World Bank (1989:15) maintains that Africa's development strategy should be people-centred, "human resource development and meeting basic needs are top priorities" for the 1990s. However, apart from the human element the World Bank supports the IMF style of adjustment.

Unfortunately, the AAF-SAP, though an improvement over IMF and World Bank SAPs, has several problems and is apologetic in nature. While it clearly elucidates Africa's predicament, its approach to resolving such problems centres on appeals. It would be unwise to expect 'radical' solutions from the ECA, given its origin and the way it sustains itself. Nonetheless, the ECA should be saluted for showing courage in opposing orthodox adjustment programmes. The ECA's SAP represents a qualitative improvement on these, but no African country appears to be adopting the ECA's alternative.

Performance before and during adjustment

While GDP grew reasonably for all countries during the period 1965-80, the adjustment period (1979/80-87) recorded discouraging indices of production

growth. For the period 1961-80, GDP for Cote d'Ivoire grew by 6,8% but declined to 2,2% during the period 1980-87. For Nigeria, a GDP growth rate of 6,9% preadjustment drastically reduced to a negative growth rate of 1,7% during adjustment (see Table 1). It is clear from Table 2 that performance in terms of production was discouraging. Agricultural production during adjustment declined for all countries except Senegal, as did production in industry, manufacturing and the service sector components of GDP. The industrial component for Cote d'Ivoire, Nigeria, Sierra Leone and Togo registered negative growth rates during adjustment. In absolute terms, *per capita* income between 1978 and 1987 dropped for all countries except Senegal and Sierra Leone (see Table 2).

Some countries, however, did not implement all the elements of the adjustment package. While Cote d'Ivoire and Senegal were beginning to rationalise public projects in the middle '80s as part of the adjustment programme, Ghana undertook a similar exercise coupled with the devaluation of its currency. Nigeria only began to try to implement a two year adjustment package in the 1986-88 period. However, all the selected countries began some sort of stabilisation programme, but the evidence shows that such efforts did not increase production. The high rates of inflation (see Table 2) are not therefore surprising. Only Ghana and Nigeria had double-digit rates of inflation before adjustment. During adjustment, the rate of inflation for Ghana and Sierra Leone stood at 48,3% and 50,0% respectively. These high rates reduce real wages and worsen the standard of living of the populace. When we examine further the rates of inflation, it appears that they are higher in Anglophone states like Ghana (48,3%) and Sierra Leone (50,0%) than in the Francophone countries of Cote d'Ivoire (4,4%) and Togo (6,6%). This situation is not unconnected with the value of the CFA vis-a-vis the French franc and other international currencies.

The CFA franc is fixed to the French franc and equals 0,02 of the French franc. This allows for some stability of CFA since constant devaluation, all things being equal, could fuel the rate of inflation. The situation in the Anglophone states is different. Each country has its own Central Bank quite independent from the Bank of England. The administered floating rates of exchange coupled with the devaluation of its domestic currencies partly explain the high rates of inflation in the Anglophone countries. In other words, apart from declining production, devaluation, which is perhaps the central element of adjustment, accelerates inflation.

All the countries are experiencing high rates of unemployment, both in the urban and rural sectors. In countries like Nigeria rural unemployment is increasing, this was never the case during the preadjustment era. Social services have deteriorated. The provision of quality food, health, clean water, and other basic needs are below preadjustment levels (World Bank, 1989). The daily calorie

supply *per capita* decreased in 1986 when compared to that of 1965. Only Cote d'Ivoire showed a marginal increase of 0,4% between 1961 and 1986 (see Table 3).

The daily calorie supply *per capita* in 1986 fell below the World Health Organisation daily requirement for all countries except Cote d'Ivoire. This is not surprising since aggregate food crop production and food production *per capita* reduced considerably during adjustment as compared with the preadjustment period (Ekpo, 1989b).

Consumption, investment and financial requirements

Public expenditure declines during adjustment, as a way of decreasing the rate of inflation by the removal of subsidies and retrenchment of workers. Table 4 appears to confirm government efforts to decrease expenditure for the countries in question. In Cote d'Ivoire and Nigeria preadjustment government consumption growth stood at 13,2% and 13,9% respectively.

The removal of subsidies may seem sound on economic grounds, but essentially it affects the middle and lower classes. The removal of subsidies on agriculture has affected the ability of peasant farmers to procure the necessary inputs for production. In the USA, for example, farmers are heavily subsidised by government, and various welfare schemes represent consumption subsidies, yet the USA is a strong advocate of market forces.

Contrary to the expectations of adjustment programmes, private expenditure has declined. In Cote d'Ivoire private consumption decreased by about 4% when compared to the preadjustment period. For Nigeria, there was no growth in private consumption during adjustment. Ghana and Senegal had marginal increases, while Sierra Leone and Togo showed negative growth rates in private consumption during the adjustment era. For all countries, except Ghana and Senegal, there was a decline in gross domestic investment. However, for Senegal the growth of gross domestic investment (1,1) during the period 1980-87 is less than that of the preadjustment era of 3,9. Of the six countries, only Ghana showed a reasonable increase in gross domestic investment. During the almost eight years of adjustment, five out of six economies remained stagnant.

Gross domestic investment as a percentage of GNP was also discouraging. Table 5 presents data on investment and saving as components of GNP. The figures partly confirm the contention that capital formation in the region is not dependent on the known variables of rate of interest, income, and changes in income, because of the structures of the economies in West Africa (Ekpo, 1987). The adjustment programme reechoes the conventional influences on capital formation. The SAP stipulates the need to increase the rate of interest in order to attract savings as well as investments.

As Table 5 shows, savings have fallen drastically when compared with the preadjustment era. Before imposing classical and neoclassical investment regimes on the West African subregion, it is important to fully appreciate the structure of the economies in the area. Financial markets are still largely unorganised, and high lending interest rates encourage speculative rather than productive activities, deepening the predominantly exchange nature of the African economy.

Banking habits have not penetrated substantial areas in the countries studied. People have to eat, clothe and house themselves before they can save. The SAP reduces the real incomes of workers and farmers, yet they are expected to save. It is difficult, if not impossible, to tap or increase domestic savings during structural adjustment. It is, therefore, not surprising that governments in the six countries must borrow to finance their balance of payments disequilibrium (see Table 5).

Central government expenditure on basic needs like education, health, housing and social security have declined in some of the countries. In 1972 Nigeria spent 4,5% and 3,3% of its total expenditure on education and health. By 1987 such expenditure had reduced to 2,8% on education and 0,8% on health respectively. Between 1972 and 1987 an 0,7% increase occurred in housing and social security. However, in Ghana marginal increases were registered for education, health and social security when pre and during adjustment periods are compared. The reduction in expenditure for basic needs has many implications for ordinary people.

Private firms do not often provide for these needs for all their workers, not to mention the unemployed. Reduction in health services, education and housing affect the productivity of labour and the ability of the economy to reproduce and sustain itself both in the medium and long term. It is important to mention the decline in defence expenditure. This is unusual, as most governments in Africa maintain high defence expenditure, often to suppress dissent. Comparisons of central government expenditure on basic needs between French and English speaking countries is not possible because of a lack of data (Table 6).

International competitiveness

International competitiveness involves the devaluation or real depreciation of a country's currency so that it can increase exports and reduce imports. It is assumed that economic activities following the devaluation will concentrate more on the production of tradeables than on goods not traded in international markets, for example building construction. It is further assumed that the problems of the most African economies are caused by an overvalued exchange rate.

The merits and demerits of devaluation in the context of trade liberalisation have been examined by several scholars (Lindert and Kindleberger, 1982; Khan and Knight, 1985; Obadan, 1987). The evidence from the West African countries

selected indicates that during adjustment exports declined substantially in Ghana, Nigeria, Sierra Leone and Togo. Exports increased only in Senegal, and indicated a positive growth in Cote d'Ivoire when compared with other countries. It is interesting that for Ghana and Sierra Leone exports decreased both at pre and during adjustment periods (Table 7). The desired effects of adjustment seem apparent in Cote d'Ivoire and Senegal where exports indicated increases while imports reflected decreases during adjustment. This is not unconnected with the relative stability of the CFA. For Nigeria, Ghana, Sierra Leone and Togo, the data suggested decreases in both exports and imports. The decrease in imports is one of the effects expected by adjustment. However, it seems obvious that these countries would reduce imports because of the decline in foreign exchange earnings as well as the reduction in personal incomes caused by retrenchment or dismissal of workers. In addition, declining real incomes due to high inflation rates and the removal of subsidies could result in import reduction. Hence, the marginal propensity to import must have reduced as a result of reductions in real incomes.

These countries continue to rely on exports of raw materials in order to earn foreign exchange. For some of them, devaluation could mean more revenue earnings in domestic currency, especially if the export minerals are highly priced in foreign currencies. For example, it is safe to assume that the Nigerian government has earned a lot of domestic revenue by converting petroleum earnings in foreign currency into the local currency.

Furthermore, to reap the benefits of devaluation, these countries must export manufactured or semi-manufactured goods which must compete in the world market. If the price and output of an export commodity is determined by a cartel like OPEC then a country cannot expect much from devaluation. In addition, the need for trade liberalisation derives mainly from the classical theory of comparative advantage which is not compatible with situations in which import elasticities far exceed export elasticities. Hence, in the African peasant situation, excessive trade liberalisation is not a feasible policy because of the protectionist practices of industrialised countries against exports of African countries, and also in view of the negative effects of foreign competition on infant industries in Africa.

What devaluation does is to prepare the economies of the subregion fertile for foreign investment at the expense of indigenous investment. However, as indicated in Tables 4 and 5, investments have not shown any remarkable increases during the adjustments period. It seems to us that the policy element of devaluation would ensure that countries in the subregion remain permanent exporters of raw materials and importers of manufactured or finished goods. The data in Tables 7 and 8 show worsening terms of trade and current account deficits for all the countries during adjustment. Moreover, the prices of noncartelised export products are determined outside the borders of the producing countries in foreign currency.

The debt issue

The external debts of the subregion are staggering. The debts were partly incurred because of balance of payments disequilibrium and borrowing to finance non-viable projects. Penetrating analyses of the debt crisis and its effect on the African economy have been undertaken by several scholars (Onimode,1988; Olusanya and Olukoshi,1989; Ekpo, 1989a). Tables 9, 10 and 11 show that the debt crisis became worse during adjustment. Debt from official and private sources doubled during the adjustment era. It should be noted that Cote d'Ivoire and Nigeria are classified among the world's most indebted nations by the IMF. Nonetheless, these two countries increased their external indebtedness significantly during eight years of adjustment.

Adjustment was supposed to enable these countries reduce their external debt. The reverse is taking place - countries like Ghana, Nigeria, Cote d'Ivoire and Sierra Leone have been rescheduling external debts. In 1987 debt from official sources as a component of total longterm debt for Cote d'Ivoire, Ghana, Nigeria, Senegal and Sierra Leone stood at 40,46%, 86,5%, 44,6%, 90,3% and 83% respectively. With the exception of Ghana these represented alarming increases when compared to the 1980-82 and 1970-72 time periods. The debt figures from private sources are shown in Table 9 as well. The period 1980-87 reflects massive increases in external debts from private sources when compared with the preadjustment era of 1970-72.

Debt service ratios have been on the rise during adjustment. For all the countries, the debt service ratios as percentages of both GNP and exports of goods and services increased considerably in 1987. For Togo, the debt service ratio as a proportion of GNP stood at 1,0% in 1970 but rose to 5,5% in 1987. It is obvious that adjustment has not brought relief to the debt problems. Several solutions have been suggested, namely debt repudiation, debt forgiveness, the formation of a debtors' cartel, strong borrowing and servicing conditions, debt equity swaps, and more borrowing (debt). It is outside the purview of this paper to analyse each solution scenario. However, it is in the interest of the world economy to find a lasting solution, especially as political, economic and social conditions continue to worsen in the debt stricken countries.

Political and social unrest

The structural adjustment process has led to political and social unrest in all the countries studied. This unrest is not unconnected with the hardships experienced by the majority of the citizens as a result of the adjustment programme. In Nigeria there was a spontaneous uprising in April 1988 as a result of the removal of subsidies on petroleum products. The immediate increase in transport fares and the resultant increases in prices of most commodities sent workers, the unemployed,

etc, into the streets denouncing the adjustment programme. In July 1989 there was another uprising against adjustment. These two uprisings against a military regime cannot be taken casually. In fact, the second revolt prompted the government to introduce certain SAP relief packages to dampen the adverse effects of adjustment. In Ghana, there have been several attempts to topple the present government. In Cote d'lvoire students and workers recently (1990) demanded an end to the adjustment programme as well as calling for the President to step down. The events in Cote d'lvoire are significant when the usual talk of persistent stability in the country is considered and the seeming attitude that President Boigny has everything under control. In Togo, Senegal and Sierra Leone similar revolts have taken place, all due to the untold hardship that people are experiencing during structural adjustment. It is, therefore, imperative that as the adjustment process continues programmes and policies ought to be put in place to check and reverse the negative impact of adjustment.

Recommendations: policy implications

Based on this analysis, it is recommended that:

1. The countries in the subregion work towards the achievement of a stable exchange rate. As discussed earlier, one of the reasons for devaluation is its presumed effect of changing relative prices and switching demand from foreign to domestic goods. Because the main exports of the subregion are primary commodities subject to quotas and externally determined prices, and/or whose imports are vital (capital goods, petrol, medicine, spare parts, etc), devaluation can only have a negligible effect on balance of payments. Devaluation disregards the issue of equity in income distribution, which is affected by economic, political and social factors. In addition devaluation has a direct impact on inflation through an increase in domestic costs of imported inputs and/or reductions in the quantities of inputs which are imported at higher prices, resulting in the underutilisation of industrial capacity. A stable rate would minimise the fluctuations of commodity prices and revenues. This would ensure robust forecasting of the region's longterm development needs.
2. There is need to concretise the advantages of economic integration through the Economic Community of West African States (ECOWAS). ECOWAS is almost fifteen years old, yet movements of people and goods within the subregion remain a problem. As a group the volume of production within the region could produce a more stable exchange rate, for example. The exchange of ideas, personnel, technology and coordination of vital projects would lessen dependency on industrialised countries. The development of

both inter and intra trade within the subregion would ensure the realisation of the advantages of trade liberalisation. The IMF type of adjustment negates regional cooperation and favours North-South cooperation. The success of ECOWAS would confirm the notion that a South-South cooperation is possible.

3. There is greater need to democratise the decision making process. If structural adjustment is designed by the people, then they would be ready to sacrifice for it. People have rejected the IMF type adjustment programme because they were not consulted about whether to adopt structural adjustment. The elite decide and assume that the people will support the programme. Democratisation of the decision making process would allow for greater participation of the people in production, distribution and exchange.
4. The pains of adjustment must be equitably distributed. A situation where a group of people within an economy exhibit conspicuous consumption despite adjustment creates antagonism between groups. Adjustment programmes in the region affected vulnerable groups like women, children and the elderly. The incomes of farmers and workers have been adversely affected. Therefore the tastes, luxurious living and various allowances of the rich and upper income workers, must be reviewed. Furthermore, it is necessary to design and implement programmes to ease the adverse effects of adjustment on the less fortunate. For example, the countries in the subregion could emulate the National Directorate for Employment (NDE) programme of the Nigerian Government. The NDE programme was set up to generate employment and train for new skills as a result of the massive unemployment caused by the IMF type adjustment. The social consequences of not caring for vulnerable groups are real, and may include armed robbery, prostitution, political violence and chaos.
5. Subsidies to peasant farmers output should be reintroduced to enable them to procure necessary inputs, produce more and increase their earnings. In developed economies, like the USA, farmers are heavily subsidised by government. Governments in the subregion must recognise that for peasant farmers to become modern, persistent government assistance is necessary. The removal of subsidies does not necessarily result in correct prices. Distortions within an economy necessitate the introduction of subsidies. In the subregion about 70% of the population living in the rural areas are farmers. The removal of subsidies increases the cost of inputs, raises the prices of commodities, and forces the rural farmer to seek alternative sources of living. In some countries, the exchange rate regime would make the farmer produce for export rather than food for domestic consumption.
6. Each country in the subregion must, as a minimum, implement the ECA's

structural adjustment programme. The ECA AAF-SAP is holistic in nature and captures the realities of the African economy. Apart from the fact that the programme has been adopted by all the governments in Africa, its strength is its focus on the human dimension (ECA AAF-SAP, 1989:iii): "the recognition that it is through the motivation and the empowerment of people as well as the ensuring of the equitable distribution of income that development can take place on a sustainable basis. An adjustment programme that marginalises people is doomed to failure".

Furthermore, the inclusion of transformation in the adjustment process, as well as the ingredient for eventual selfreliance, makes the ECA-SAP a qualitative improvement over the IMF and World Bank adjustment package. The implementation of the ECA's alternative programme represents a necessary condition in attempting to reverse the crisis of the last decade.

Conclusion

The period of adjustment has been very difficult for Cote d'Ivoire, Ghana, Nigeria, Senegal, Sierra Leone and Togo. Economic performance as measured by conventional indices seems discouraging for all the countries studied. The proponents of adjustment strongly envisage a non-inflational growth path in the longrun. However, the so-called medium term of almost ten years has recorded untold hardships for people who are supposed to benefit in the longrun. It is necessary and imperative that some adjustment to cushion the negative impact of adjustment is made. Fortunately, the ECA's alternative structural adjustment package includes elements that will improve the quality of life for the generality of the people as adjustment proceeds. Structural adjustment with transformation must be seen as a continuous process that needs constant fine tuning by policy makers.

This paper has not consider the performance of all elements within the typical adjustment package. Issues like privatisation and commercialisation of public companies, export promotion, indepth analysis of the effects of trade liberalisation and foreign exchange markets were not examined due to the dearth of data. However, the analysis of key indicators of performance like production, rate of inflation, debt issue, international competitiveness, expenditure patterns, and the provision of basic needs suggests, at least implicitly, the dismal performance of issues not examined in this paper.

The incessant political and social unrest in countries undergoing adjustment indicates the need to incorporate the people in decision making. If the structural adjustment programme is for the the people then they must participate in its design and implementation. This process involves power sharing and most governments in the subregion are unwilling to have a people-oriented government. By a people

oriented government is meant that the ownership and control of political power should be by workers and peasants, ie by those who produce the wealth in each country. Such a government will work towards structural transformation and not adjustment. From this analysis it is clear that countries in the subregion want to experience meaningful and longterm development, the IMF and World Bank type structural adjustment must be rejected.

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Table 1
Average Growth Rates of GDP and Its Composition in Selected West African Countries 1965-1987 (%)

	GDP		AI		I1		M3		S4	
Country	**65-80**	**80-87**	**65-80**	**80-87**	**65-80**	**80-87**	**65-80**	**80-87**	**65-80**	**80-87**
Cote d'Ivoire	6,8	2,2	3,3	1,6	10,4	-2,4	9,1	8,2	8,6	4,2
Ghana	1,4	1,4	1,6	0,0	1,4	0,1	2,5	1,3	1,1	4,2
Nigeria	6,9	-1,7	1,7	0,6	13,1	4,4	14,6	-2,1	7,6	-0,3
Senegal	2,1	3,3	1,4	4,2	4,8	4,3	3,4	4,4	1,3	2,4
Sierra Leone	2,6	0,7	2,3	1,6	-1,0	-2,3	4,3	0,6	5,8	1,3
Togo	4,5	-0,5	1,9	0,8	6,8	-1,6	-	-	5,4	-0,7
SubSaharan	5,1	0,4	3,0	3,4	6,7	5,1	8,1	6,0	6,9	3,6

Source: **World Development Report, 1989,** World Bank, Washington DC.
Notes: A1 = Agriculture; I1 = Industry; M3 = Manufacturing; S4 = Services

Table 2
GNP per Capita and Average Rate of Inflation in Selected West African Countries, 1965-1987(%)

Country	**GNP per Capita (value US$)**		**Percentage**		**Average Rate of Inflation (%)**		
	1978	**1987**	**1965-87**	**1978-87**	**1965-80**	**1970-78**	**1980-87**
Cote d'Ivoire	840	740	1,0	-1,4	9,5	13,9	4,4
Ghana	390	390	-1,6	0,0	22,8	35,9	48,4
Nigeria	560	370	1,1	-4,5	13,7	18,2	10,1
Senegal	196	520	-0,6	11,5	6,5	8,0	9,1
Sierra Leone	210	300	0,2	4,0	8,0	10,8	50,0
Togo	320	290	0,0	-1,1	6,9	7,4	6,6

Source: **World Development Report** (various issues), **World Bank, Washington DC**

Table 3
Daily Calorie Supply Per Capita in Selected West African Countries 1961-1986

Country	**1965**	**1986**	**1965-1986 (%)**
Cote d'Ivoire	2 360	2 562	0,4
Ghana	1 950	1 759	-0,5
Nigeria	2 185	2 146	-0,1
Senegal	2 479	2 350	-0,3
Sierra Leone	1 837	1 855	-0,04
Togo	2 378	2 207	-0,3

Source: **World Developments Report 1985, World Bank, Washington DC.**

Table 3b
Requirements of Daily Calorie Supply per Capita

Age - Sex Group	Requirements
Men	2 483
Women and Infants	2 608
Boys 16-20 years	2 752
Girls 16-20 years	2 551
Boys 10-16 years	1 903
Girls 10-16 years	1 974
Children 2-10 years	1 337

Source: **Food and Agricultural Organisation (FAO) Year Book**
Notes: Requirements agree with that of the World Health Organisation

Table 4
Growth of Consumption and Investment in Selected West African Countries 1960-87 (%)

	Government		Private		GDI	
Country	65-80	80-87	65-80	80-87	65-80	80-87
Cote d'Ivoire	13,2	-5,7	7,5	3,5	10,7	-14,2
Ghana	3,8	-1,6	1,4	1,7	-1,3	3,2
Nigeria	13,9	-3,6	5,0	0,0	14,7	-14,8
Senegal	2,9	1,5	1,8	2,2	3,9	1,1
Sierra Leone	-	-	3,1*	-2,5*	-1,0	-1,7
Togo	9,5	1,9	5,0	-0,3	9,0	-6,4
Sub Saharan	8,3	-1,0	3,9	1,7	9,3	-8,3

Source: **World Development Report** (various issues), World Bank, Washington DC
Notes: * includes General government consumption
GDI = Gross Domestic Investment consists of outlays on additions to the fixed assets of the economy, plus net changes in the level of inventories.

Table 5
Investment, Savings and Financing Requirement, 1965-87, of selected West African Countries (As % of GDP)

	GDI			GNS			BOP Total to be Financed		
Country	65-73	73-80	80-87	65-73	73-80	80-87	65-73	73-80	80-87
Cote d'Ivoire	22,8	21,1	19,9	-	16,8	9,9	-	-12,3	-10,0
Ghana	12,3	8,7	7,1	8,3	-	2,0	-3,5	-1,8	-5,1
Nigeria	16,3	22,8	14,5	11,8	24,4	12,8	-4,5	1,6	-1,8
Senegal	14,7	17,5	15,5	-	4,2	-2,8	-	13,3	-18,3
Sierra Leone	3,8	14,1	13,7	9,8	-1,0	5,3	-4,0	-15,1	-8,4

Source: **World Development Report** (various issues), World Bank, Washington DC.
Notes: GDI = Gross Domestic Investment (see Table 4)
GNS = Gross National Savings (Gross domestic product less total consump tion)
BOP = Balance of Payments (current account balance before official transfers.

Table 6
Central Government Expenditure on Defence and Basic Needs in Selected West African Countries (as % of Total Expenditure)

	Defence		Education		Health		Housing,Social Security, etc.	
Country	**72**	**87**	**72**	**87**	**72**	**87**	**72**	**87**
Cote d'Ivoire								
Ghana	7,9	6,5	20,1	23,9	6,3	8,3	4,1	7,3
Nigeria	40,2	2,8	4,5	2,8	3,6	0,8	0,8	1,5
Senegal								
Sierra Leone	3,6	-	15,5	-	5,3	-	2,7	-
Togo	-	7,6	-	13,1	-	3,8	-	9,9

Source: **World Development Report** (various issues), World Bank, Washington DC

Table 7
Growth of Merchandise Trade in Selected West African Countries, 1965-1987 (%)

	Exports		Imports		Terms of Trade (1980 = 100)	
Country	**65-80**	**80-87**	**65-80**	**80-87**	**85**	**87**
Cote d'Ivoire	5,6	3,4	8,0	-3,1	96	86
Ghana	-1,8	-1,6	-1,4	-2,9	91	85
Nigeria	11,4	-5,1	15,2	-14,0	90	54
Senegal	2,4	6,7	4,1	2,7	100	96
Sierra Leone	-3,8	-2,1	-2,7	-15,1	100	93
Togo	4,6	-3,0	8,6	-4,6	90	86

Source: **World Development Report 1989**, World Bank, Washington DC

Table 8
Current Account Balance in Selected West African Countries (US$M)

	After Official Transfers		Before Official Transfers	
Country	**70**	**87**	**70**	**87**
Cote d'Ivoire	-38	-624	-73	-641
Ghana	-68	-275	-76	-275
Nigeria	-368	-380	-412	-380
Senegal	-16	-316	-66	-608
Sierra Leone	-16	-5	-20	-9
Togo	3	-73	-14	-147

Source: **World Development Report 1989**, World Bank, Washington DC

Table 9
Composition of Debt Outstanding in Selected West African Countries, 1970—87
(as % of Total Longterm Debt)

	Dl			**D2**			**D3**		
Country	**70-72**	**80-82**	**87**	**70-72**	**80-82**	**87**	**70-72**	**80-82**	**87**
Cote d'Ivoire	51,4	23,8	40,4	48,6	76,2	59,6	19,3	37,1	37,1
Ghana	56,6	88,5	86,5	43,4	11,5	13,5	0,0	0,0	5,6
Nigeria	68,8	14,6	44,6	31,2	85,4	55,4	0,7	48,6	48,8
Senegal	59,2	69,5	90,3	40,8	30,5	9,7	24,7	8,5	4,1
Sierra Leone	60,6	68,2	83,0	39,4	31,8	17,0	3,8	0,1	0,6

Source: **World Development Report 1989**, World Bank, Washington DC.
Notes: Dl = Debt from official sources; D2 = Debt from private sources; D3 = Debt at floating rate.

Table10
Total External Longterm Debt (Public and Private) Disbursed and Outstanding in Selected West African Countries, 1970—87

	US$ (Million)			**As % of GNP**		
Country	**1970**	**1980**	**1987**	**1970**	**1980**	**1987**
Cote d'Ivoire	266	4 742	11 714	19,5	48	124,1
Ghana	498	1 138	2 237	22,9	26	45,3
Nigeria	567	5 301	26 057	4,3	5	111,3
Senegal	131	967	3 109	15,5	34	69,2
Sierra Leone	59	351	513	14,3	33	54,6
Togo	40	931	1 042	16,0	82	90,6

Source: **World Development Report 1989**, World Bank, Washington DC

Table 11
Debt Service Ratios in Selected West African Countries, 1970 -1987

	As % of GNP			**As % of Exports of Goods/Services**		
Country	**1970**	**1980**	**1987**	**1970**	**1980**	**1987**
Cote d'Ivoire	3,1	9,5	15,6	7,5	25,9	40,8
Ghana	1,2	23,0	3,7	5,5	8,3	20,3
Nigeria	0,7	0,8	3,9	7,1	2,8	11,7
Senegal	1,1	6,4	6,4	4,0	22,1	22,3
Sierra Leone	3,1	3,8	0,5	10,8	14,3	-
Togo	1,0	4,2	5,5	3,1	8,1	14,2

Source: **World Development Report 1989**, World Bank, Washington DC.