To be cited as: New York: The Phelps-Stokes Fund, 1997

AFRICAN DEBT AND SUSTAINABLE DEVELOPMENT:

Policies for Partnership with Africa

February 1997

Revised, March 1997

Haider A Khan

Graduate School of International Studies

University of Denver, Denver, CO 80208

e-mail: hkhan@du.edu

I would like to thank Lori Hartman and Go Ito for valuable research assistance. I would also like to thank the participants of the seminar at the Phelps-Stokes Fund in New York City and those who sent their comments by e -mail for their valuable suggestions. All remaining errors are my own.

Table of Contents

Introduction

Economic Justice and Africa

The continent of Africa, especially Sub-Saharan Africa, faces a dire economic struggle.[1] Over the last decade in particular the living conditions for the great majority of the people there have deteriorated. Economic growth is stagnant or even negative in many cases. The environment has also deteriorated. Inequality and poverty among the population have increased. All these are well-known facts -- acknowledged by both bilateral and multilateral donors of aid to Africa. Yet there seems to be a lack of vision from which arises a lack of determination in helping the poor, indebted African nations in their struggle against underdevelopment. What has brought about this paralysis of policy?

In the following section I discuss the so-called "Washington Consensus" which seems to be dictating much of the current policy gestures towards Africa and other poor indebted countries in the third world. The indebted African countries are forced to swallow the bitter medicine of structural adjustment regardless of their economic and human conditions.[2] The direct and indirect costs of these policies on the vulnerable groups are already evident. We must ask if there is an alternative to the current combination of structural adjustment prescribed by the multilateral organizations on the one hand and the neo-isolationist retreat on the economic front by the U.S. on the other.

According to the recent advances in the theory of human development the goal of development is to enhance the scope of real freedom of individuals. Economists and philosophers such as Amartya Sen and Martha Nussbaum have proposed that the enhancement of the capabilities of the people -- their freedom to be and to do, to live their lives fully -- must be the ultimate goal of development.[3] UNDP has published several volumes of Human Development Reports to alert the international community about the achievements and shortfalls in all the countries in this regard. Once again, measured by these indicators, the plight of African countries would appear to call for urgent international action.

It can not be overemphasized that this is fundamentally an issue of global justice. Ignoring the serious conditions of economic deprivation in Africa and elsewhere in the world only declares our own complicity in an international regime of injustice. The call for an economic partnership with Africa, therefore, is at the bottom a call for economic justice.

But even if we all can agree about the ethics of the situation, what kind of *alternative* economic policies towards Africa are necessary? And, the skeptics might say, is it *realistic* to advocate an alternative set of policies?

The burden of this monograph is to show clearly that what is morally and economically necessary to do in this case can also be defended for its realism. To allow African economies to sink into a morass of dependent stagnation is not ultimately good for the World Economy. It is also not in the best interests of the U.S. to allow this to happen.

The argument is carried on in several stages. In the first section the received view (called 'the Washington Consensus') regarding the African adjustment (as well as elsewhere) is critically reviewed. Next, the debt and human condition in sub-Saharan Africa are reviewed. Not surprisingly, this reveals the glaring inconsistencies between present domestic and international policy regimes and the real needs of the African people. In light of these discrepancies an alternative structural adjustment program more in keeping with the human development goals of Africa is outlined. The alternative program has deep economic and moral basis in enhancing the capabilities and real freedom of the African citizens.[4]

The final part of this monograph explores policy options for the U.S. with respect to Africa in the sphere of international economic relations. It turns out that ignoring Africa or following a policy of ’selective isolationism’ is not a viable option for the U.S. in the next century. Realistically, the U.S. must forge a new partnership with Africa based on trust, mutual respect and responsible economic behavior. A set of specific recommendations consistent with the principle of enhancing the economic freedom and social capabilities of the African people concludes the monograph with a note of cautious optimism for the future.

I

The “Washington Consensus” Travels to Africa

The “Washington Consensus”

“Washington Consensus” is the name given to the complex array of policy reforms underway in the developing countries. John Williamson[5] can be credited with coining this aptly descriptive term. Although, as Williamson[6] tells us he "...should have christened this list the 'universal convergence' rather than the 'Washington consensus,' on the grounds that there is no complete consensus, while the very real convergence extends far beyond Washington...." The impact of this so-called "Washington consensus" on the world economy is already considerable. But what is this consensus about which not everyone agrees? In the appendix to his excellent 1994 paper Williamson provides us with a list that without being exhaustive covers a great deal of the policy terrain. In my view, this list is as good a place to begin the discussion on structural adjustment as any other. I have reorganized the list to reflect (roughly) the priorities that African economies have been asked to accord to the various components of the consensus. However, the ordering is definitely not lexicographical and does not apply completely to any particular country.

(1) Privatization: Ways and means must be found for state enterprises to be privatized. A soft version advocates caution and gradual privatization. A hard core neoliberal version advocates "shock treatment" in the form of rapid and wholesale privatization.

(2) Deregulation: In keeping with the tenets of (an almost) perfectly competitive market structure, governments should abolish regulations that get in the way of new firms entering the market. All regulations that restrict competition in any way should be abolished.

(3) Property rights: Through a set of legal and institutional reforms private property rights must be secured by law.

(4) Financial liberalization: The ultimate goal of deregulation and privatization of the financial sector is to achieve free market interest rates. Williamson adds judiciously, "...experience has shown that, under conditions of a chronic lack of confidence, market-determined rates can be so high as to threaten the financial solvency of productive enterprises and government. Under that circumstance a sensible interim objective is the abolition of preferential interest rates for privileged borrowers and achievement of a moderately positive real interest rate."[7]

(5) Trade liberalization: Here the GATT philosophy and procedures are advocated. As Williamson puts it, "Quantitative trade restrictions should be rapidly replaced by tariffs, and these should be progressively reduced until a uniform low tariff in the range of 10 per cent (or at most 20 per cent) is achieved. There is, however, some disagreement about the speed with which tariffs should be reduced (with recommendations falling in a band between 3 and 10 years), and about whether it is advisable to slow down the process of liberalization when macroeconomic conditions are adverse (recession and payments deficit).[8]

(6) Foreign direct investment: Barriers to entry by the foreign firms should be removed. This is intended to increase the capital in-flow to the African economies.

(7) Fiscal discipline: This is often seen as the heart of reforming the government sector.[9] According to Williamson, "Budget deficits, properly measured to include those of provincial governments, state enterprises, and the central bank, should be small enough to be financed without recourse to the inflation tax. This typically implies a primary surplus (i.e., before adding debt service to expenditure) of several per cent of GDP, and an operational deficit (i.e., disregarding that part of the interest bill that simply compensates for inflation) of no more than about 2 per cent of GDP."[10]

(8) Public expenditure priorities: Hand in hand with the fiscal discipline of the governments goes the task of setting priorities in expenditure. The guideline is to use economic rather than political criteria for allocating expenditures.

The Washington Consensus and the Structural Adjustment Policies in Africa

Many of these prescriptions also form the core of the structural adjustment policies (SAPs) recommended by the IMF. The reader is referred to Appendix 1 for a description of SAPs and a mathematical formalization of the IMF financial programming model.

Although neither the Washington consensus nor the IMF model is used as a complete blueprint for actual policy formulation, more often than not they represent the philosophical and theoretical foundations of the analysis underlying most policies for African economies. Given the complexities of the actual African economies and the often confusing nature of the policy statements by the government officials in these countries the Washington-consensus and the IMF approach both have at least the virtues of clarity and consistency. However, the most significant question to ask is how appropriate are these policy approaches to the real problems of stagnation, poverty and environmental decay in Africa? In order to answer this question fully we need to know something about the problems faced by the African economies. In particular, in this monograph I wish to focus on the problems of low-income African economies where the problems of indebtedness and sustainable development are the most acute. I now turn to a critical discussion of the trends and conditions in Africa.

II

African Debt and Bleak Prospects for Sustainable Development

The Marginalization of Africa

Recently (5-8 August, 1996) twenty five African NGO networks met in Harare to discuss the African development situation. These groups represent a wide-ranging spectrum of development philosophies. Most of them also have grass-roots connections. Their conclusions regarding the prospects for African development under the currently prevailing conditions, if accurate, are truly alarming. According to the NGO groups:

> The African continent continues to be marginalized in the new world order. It remains characterized on the international scene as a basket case stricken with unresolvable poverty, conflict and debt. At the same time, the shaping of development policy, practice and pace is driven by the interests of Trans-National Corporations and dominated by new instruments of global governance such as the World Trade Organization and International Financial Institutions. These are dominated by the North at the expense of Africa's voice. The international community lacks the moral and political will to constructively assist Africa with its dilemmas. It is therefore a matter of grave concern that, in spite of their best efforts, African institutions have not adequately played their role in defining an agenda for African development, in articulating African interests and in harnessing resources and capacities for action.
>
> At the national level, African governments have excluded people in the policy and decision making processes. In particular, women, who are the socio-economic mainstay of the continent, have been totally marginalized. The exclusion of the population has blocked the emergence of endogenous initiatives. This is aggravated by the failure of education and information systems to nurture positive and creative thought to address African problems and mobilize local initiative.[11]

The charges above are serious enough to merit a thorough investigation in the African context. It is also necessary to understand the deeper reasons for the African decline and the consequent "Afro-pessimism" that is in vogue nowadays.[12]

Economic Conditions in Africa

Table 1 presents the growth record of the African countries during the decade of the 80's. It is clear that the growth performance of all the countries has been quite weak. What is indeed alarming is that the weakest economies that were called upon to adjust most strongly by the IMF and the World Bank are precisely the ones registering a negative growth rate during the decade.

Table 1
Growth of GDP in Africa, 198O-1987 (constant 198O U.S. dollars, market prices, in percent)

	Period								
Country Groups	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1980 1987	Aver.
Strong adjusting	-3.01	0.33	-3.85	-4.31	6.33	2.82	-1.97	-0.53	
Weak adjusting	5.44	3.46	0.66	-1.29	0.13	4.01	1.88	2.00	
Non-adjusting	3.92	3.35	3.53	3.68	6.40	3.62	-2.51	3.50	
Sub-Saharan Africa	-1.05	1.01	-2.37	-2.94	5.44	3.09	-1.48	0.24	
North I Africa	-	2.27	3.12	3.63	2.78	1.90	0.19	1.29	1.50
Africa Total	-1.52	1.81	-0.06	-0.66	3.98	1.92	-0.38	0.73	

Source: World Bank data files; country coverage and classification of strong adjusting, weak adjusting and non-adjusting countries according to World Bank; Average annual growth rates were calculated as arithmetic averages.

Table 2 shows other summary performance indicators over the same decade. Again, the growth in export performance has been negative as has been the growth in real domestic investment. The saving rate, by world standards, is quite low. At the same time the growth in personal consumption has been negative. Therefore, it is not the profligacy of the ordinary people in Africa that can account for the low saving rate (although the affluent minority certainly has more than a few profligate members). The more likely explanation is the constraint of falling income and the burden of indebtedness.

Table 2
Summary of Economic Performance Indicators (average annual percentage change unless indicated otherwise)

	Period	All Countries		Countries not affected by strong shocks	
		With strong reform programs	With weak or no reform programs	With strong reform programs	With weak or no reform programs
Growth of GDP (constant 1980 prices)	1980-84	1.4	1.5	1.2	0.7
	1985-37	2.8	2.7	3.8	1.5
Agricultural production	1980-84	1.1	1.3	1.4	1.8
	1985-87	2.6	1.5	3.4	2.6
Growth of export volume	1980-84	-1.3(-11.0)	-3.1(-0.9)	-0.7(-4.7)	-5.7(-2.1)
	1985-87	4.2 (-2.0)	0 2(-2.5)	4.9(3.5)	-3.3(-6.0)
Growth of imp. volume excluding oil exporters	1985-87	1.7 (-7.7)	-2.7(-3.0)	6.1(7.4)	-4.o(-2‡2)
		4.8 (6.8)			
Growth of real domestic investment	1980-84	-8.1	-3 7	-3.5	-7.0
	1985-87	-0.9	-7 0	1.9	-4.8

Gross domestic savings (% of GDP)	1982-84	9.9	2.3	7.8	0.9
	1986-87	10.7	6.0	10.7	5.6
Growth of per capita	1980-84	-2.3	-1.1	-2.4	-1.5
	1985-87	-0.4	-0.5	0.7	-0.9

Note: Country coverage varies by indicator depending on available data over the entire period covered. Averages are unweighteid except as noted. Growth rates are computed using least squares. Periods are inclusive. Figures in parentheses are weighted averages of country growth rates based on total values summed across countries.
Source: World Bank, 'Africa's Adjustment and Growth in the 1980's" (Washington, DC: World Bank/UNDP, 1989).

Turning now to African indebtedness the situation in Sub-Saharan Africa in particular appears to be grave. Table 3 shows the debt records of this region. Over the last decade the absolute amount of debt service has shown mainly an upward trend. After 1986 there was some decline, but recent tendency is for the debt service burden to grow once again. The debt service ratio (ratio of debts to exports) stood at 278.4 for these very poor countries in 1990. Debt to GDP ratio for the same year was 107.7. It is impossible to envisage sustainable development with equity under such intolerable debt burden.

Table 3 Sub-Saharan African Debt

Years	Debt Service (DS) (USS Billions)	DS to Exports	Debt To Exports	Debt to GDP
1978	3.5	10.0	102.3	24.3
1979	4.4	10.2	96.1	24.5
1980	6.2	10.8	85.0	23.5
1981	6.6	14.2	123.0	29.2
1982	6.8	17.8	177.2	34.4
1983	8.1	22.9	214.5	40.4
1984	10.2	26.9	207.7	41.9
1985	13.0	34.7	217.6	43.4

1986	15.2	39.4	326.3	74.4
1987	8.5	23.8	365.9	101.1
1988	10.0	25.8	340.6	97.7
1989	9.4	20.3	299.9	108.0
1990	10.6	20.6	278.4	107.7

***

Sources: Carol Lancaster and J. Williamson eds., *African Debt and Financing* (Washington, D.C. institute for international Economics, 1986), 28-46 and World Bank, *World Debt Tables: External Debt of Developing Countries 1988-89* (Washington, D.C.:The World Bank, 1989). Note: The last five figures marked in the last column are the ratios of debt/GNP instead of GDP. 1989 and 1990 figures are estimated and projected, respectively.

To make an already bad situation even worse the terms of trade have also declined for the African countries in the last decade. Table 4 displays the statistics for a number of African economies. If we assume a value of 100 for terms of trade in 1980 by 1988 all countries in the table show a decline to various degrees. Terms of trade is defined by the international economists as the ratio of export prices to prices of importables. Accordingly by the late 1980s some of the African countries on the table had to increase exports by more than 25% to import the same amount as in 1980. If we add to this the debt service burden discussed above it is not surprising that investment and growth have declined for most of these countries steadily.

Table 4 Terms of Trade Estimates for Selected African Countries
(1980 = 100)

Country	1981	1982	1983	1984	1985	1986	1987	1988
Ghana	73	64	63	71	59	66	64	65
Kenya	93	92	88	92	91	91	73	72
Madagascar	84	82	88	102	103	110	83	81
Mozambique	103	89	85	101	94	90	83	87
Rwanda	68	67	63	68	71	70	52	53
SierraLeonc	90	90	93	98	97	99	89	90
Sudan	102	86	84	92	93	81	76	94
Cote d'Ivoire	90	71	83	80	78	73	74	82

Ethiopia		71	77	76	87	82	123	69	76
The Gambia	114	91	89	115	117	94	85	82	
Mauritania	99	105	103	97	96	91	87	86	

Source: UNCTAD, *Handbook- of International Trade and Development Statistics,* 1989
' Net barter terms of trade, defined as the ratio of the export unit value index to the import unit value index.

Table 5 shows the human development indexes (HDI) for selected African countries. This is intended to be a summary indicator of overall development performance. It takes into account not just growth (increased income) but also the effects of growth on the other human development aspects such as health and education. By this widely accepted measure most African countries are behind even poor developing economies such as Ecuador or Philippines. According to the 1996 Human Development Report Ghana (rated by the World Bank as a recent

Table 5: Human Development in Africa

		HDI value	HDI rank	capita rank	Real GDP per minus HDI	GDP per capita	Real rank
Zimbabwe	0.534	124	120	-3			
Congo	0.517	125	101	-23			
Kenya	0.473	128	136	9			
Ghana	0.467	129	124	-4			
Lesotho	0.464	130	150	21			
Equatorial Guinea	0.461	131	126	-4			
Zambia	0.411	136	144	9			
Nigeria	0.401	137	134	-2			
Zaire	0.371	141	174	33			
Tanzania,	0.364	144	170	26			
Sudan	0.359	146	138	-7			
Cote d'lvoire	0.357	147	131	-15			

Central African Rep.	0.355	148	145	-2	
Madagascar	0.349	150	164	14	
Rwanda	0.332	152	161	9	
Senegal	0.331	153	129	-23	
Benin	0.327	154	130	-23	
Uganda	0.327	155	151	-3	
Malawi	0 321	157	163	6	
Liberia	0.311	158	154	-3	
Guinea	0.307	160	126	-33	
Guinea-Bissau	0.297	161	152	-8	
Gambia	0.292	162	142	-19	
Chad	0 291	163	165	2	
Djibouti		0.287	164	160	-4
Angola	0.283	165	166	1	
Burundi	0 282	166	167	1	
Mozambique	0.261	167	169	2	
Ethiopia		0.237	168	173	5
Burkina Faso	0.225	170	159	-11	
Mali	0.223	171	172	1	
Somalia	0.221	172	162	-10	
Siera Leone	0 219	173	152	-20	
Niger	0.204	174	157	-17	

Source: UNDP, HDR 1996

success in Africa) scored 0.467 with an overall rank of 129 among 174 countries. The country to occupy the last rank was also an African country -- Niger with a value of 0.204 for its HDI index. The silver lining in this otherwise completely dark cloud is that over the last three decades Sub-Saharan African countries have slowly improved their human development record. However, this improvement while worthy of acknowledgment especially in the light of disastrous growth in the 80's has been at a snail’s pace. From 1980 to 1993 in particular the index increased from 0.312 to 0.379 -- not a record of phenomenal upward trend. It should also be noted that countries, with only medium human development according to the UNDP had an average HDI of 0.647 for 1993 -- more than twice that recorded for Sub-Saharan Africa.

The decade of 1980's seems to have been really a lost decade for Sub-Saharan Africa in so far as economic development is concerned. Over the entire decade GNP per capita fell by nearly 10 percent. World prices for major exports -- tea, cocoa, coffee and cotton fell by an enormous 50 percent. Real investment dropped by more than 50% in per capita terms. About 170 million people -- nearly a third of the region's population -- do not receive an adequate amount of food. About 23 million children are malnourished and 16% of the babies are underweight. The region also records the world's highest maternal mortality rate -- 929 per 100,000 live births (compared with 33 for the OECD countries).

Human Conditions in Africa and Sustainability

Table 6 shows the bleak trends in health and nutrition indicators in Africa. Under these circumstances the rhetoric of sustainable development may seem like a cruel joke and indeed under the current circumstances this assessment is not far from the truth. However, as Khan and Sonko[13] have shown improvement of the environment can under some circumstances go hand in hand with an increase in equality and improvement of the standard of living of the poor people.

Table 6: Trends in Some Health and Nutrition Indicators

Country.	Infant mortality rate (per thousand live births)			Daily calorie supply (per capita)		
	!965	1989	Annual change (%)	1965	1986	Annual change (%)
1. Burundi	142	70	-2.9	2 311	2 253	-0.2
2. CH	157	100	-1.9	2 016	1 980	-0.1
3. Cote d'lvoire	119	92	-2.0	2 334	2 365	0.1
4. Ghana	120	86	-1 1	1 912	2 209	0.6
5. Kenya	112	68	-2.1	2 169	1 973	0.4
6. Madagascar	201	117	-2.2	2 375	2 101	-0.5
7. Malawi	200	It7	-1.3	2 196	2 009	-0.4
8. Mali	207	167	-0.9	1 113	2 111	0.7
9. Mauritania	171	123	1.5	1 796	2 528	1.5

10. Mauritius	65	21	-4.6		2 212	2 679	0.1	
11. Niger	I80	130	-1.4		1 930	2 340	0.1	
12. Nigeria	166	100	-2.1		2166	2 039	-0.3	
13. Senegal	160	82	-2.7		2 152	1 9B9	-0.9	
14. Sierra Leone		208	149	-1.4		1 976	1 106	-0.4
15. Tanzania	138	112	-0.9		1 800	2 151	0.1	
16. Togo	156	90	-2.3		2 345	2 133	-0.4	
17. Uganda	121	99	-0.1		2 3t3	2 013	-0.7	
I8. Zaire		141	94	-1.7		2135	2 034	-0.2
19. Zambia	121	76	-1.9		2 012	2 026	-0.03	
Average	154	101	-1.7		2 251	2 148	-0.2	
non-adjusting countries								
1. Algeria	I54	69	-3.t		1 683	2 726	2.1	
2. Botswana	112	39	-4.3		1 982	2 269	0.6	
3. Burkina Faso		190	135	-1.4		1 841	2 061	0.5
4. Cameroon	143	90	-1.9		1 990	2 161	0.4	
5. Ethiopia	165	133	-0.9		1 802	1 658	-0.4	
6. Lesotho	142	96	-1.6		2 024	2 307	0.6	
7 Morocco	145	69	-3.1		2 056	2 120	1.'4	
8. Rwanda	141	111	-0.7		I 660	1 786	0.3	
9 Swaziland				.	.			
10. Tunisia	I45	46	-4.7		2150	2 964	-1.4	
11. Sudan	160	104	-11		1 133	1 996	0.4	
12. Zimbabwe	103	46	-3.3		2 044	2 232	0.4	
Average	155	86	-2.5		1 916	2 271	0.7	

Source: Excerpted from World Development Report

Currently, Africa faces multiple ecological challenges. The most significant and threatening ones are: drought, deforestation, desertification and pollution. To this list one could add hazardous waste dumping and possibly global warming.

Drought is a typical feature of the Sahelian countries. In the late sixties the Sahel suffered one of the worst droughts in recorded history. Most affected were Ethiopia, Somalia, Mozambique and the Sudan. The more recent droughts have forced mass starvation. In 1985 it was estimated that more than 30 million people were in danger of starvation. More than 10 million people were forced to abandon their homes and lands because of the adverse conditions caused by the drought.

Deforestation is also an imminent threat to the economic security in Africa. In 1991 the U.N. report on Africa's environment warned that deforestation was proceeding at the rate of 3.8 million hectares per year. In Sub-Saharan Africa, more than 30% of the original rainforest has been degraded. In Nigeria, it is reported that more than 90% of its moist forests are already gone. Cote d'Ivoire has already destroyed two thirds of its forest even as it continues logging for exporting timber.

Poverty and deforestation are also linked by a vicious circle in Africa. The poor are forced to degrade the environment by cutting down trees for agriculture, livestock raising and in many cases for fire to cook their daily food. However, this in turn leads to lower opportunities for the poor and a long-term decline of their income earning potential.[14]

Closely related to deforestation is the threat of desertification. Aforementioned practices such as logging, overgrazing and the destruction of trees for firewood contribute to desertification. In the long run, this will make agriculture totally unsustainable.

The primary cause of desertification, however, is the overcultivation of cash crops such as cotton, groundnuts and tobacco. Burkina Faso, for example, loses an area of 85,000 hectares each year due to its cultivation of groundnuts and other cash crops. Senegal loses about 50,000 hectares in the same way and Guinea Bissau degrades 20,000-35,000 hectares per year. A recent United Nations Environment Program and FAO study on soil erosion points out that about 23% of African land has been degraded. With the continuation of current trends in soil erosion African agricultural output could decline by 25% by the year of 2000. This is sobering news for a continent faced with many other human catastrophes already.[15]

To these severe ecological challenges one can add the threat to the health and well-being of people from the worsening of air and water quality and the increase in the dumping of hazardous wastes by some non-African countries on poor African lands.

Table 7 and 8 present the projections of the United Nations Environment Program (UNEP) regarding the carbon emission for the African countries. These tables, in a way, summarize the most serious danger due to deforestation and pollution in Africa. If one adds up all the various environmental threats outlined above the entire continent would seem to be advancing steadily towards ecological disaster.

Table 7: Low Base Case Carbon Emission Projections for Deforestation of

All Tropical Forests for 1980-2050 (in billion tunes of carbon per year)

Countries	1980	2000	2025	2060
AFRICA				
Algeria				
Angola	3.9	4.4	5.0	5.8
Burundi				
Cameroon	11.0	12.6	14.1	15.8
Cen. Afr. Rep.	2.5	2.9	3.3	3.8
Chad	3.0	3.4	3.8	4.2
Congo	2.4	2.7	3.1	3.4
Equ. Guinea	0.2	0.2	0.3	0.3
Benin	1.7	1.9	2.2	2.4
Mali	1.6	1.7	1.9	2.1
Tanzania	3.5	3.9	4.4	4.9
Burkina Faso	3.0	3.4	3.8	4.2
Mozambique	5.0	5.8	6.3	7.1
Niger	1.1	1.3	1.6	1.6
Nigeria	23.4	28.6	29.9	33.3
Guinea	1.8	2.1	2.4	2.6
Rwanda	0.2	0.2	0.3	0.3
Uganda	1.6	1.8	2.0	2.2
Zambia	3.0	3.4	3.8	4.2
Botswana	0.5	0.6	0.6	0.7
Liberia	2.9	3.3	3.7	4.1
Namibia	0.7	0.8	0.8	1.0
Ethiopia	5.6	6.3	7.1	7.9
Gambia	0.1	0.2	0.2	0.2
Ghana	3.8	4.3	4.8	5.4
Guinea	3.9	4.4	5.0	5.6
Kenya	1.2	1.4	1.5	1.7
Malawi	11.1	12.6	14.2	15.9
Sierra	0.4	0.4	0.5	0.5
Ivory Coast	41.4	46.9	53.0	59.1
Madagascar	8.7	9.9	11.1	12.4
Togo	0.4	0.4	0.5	0.6
Senegal	2.1	2.3	2.6	2.9
Somalia	0.8	0.9	1.0	1.1
Zimbabwe	3.0	3.4	3.8	4.2
Gabon	1.6	1.8	2.0	2.2
Sudan	18.8	21.3	24.1	26.9
Zaire	24.8	28.1	31.7	36.4
TROPICAL AFRICA	200.3	227.0	256.4	285.8

Table 8: High Base Case: Net Flux from Population-based Rates of Forest Conversion and High Forest Biomass Estimates

Countries	1980	2000	2025	2060
AFRICA				
Algeria				
Angola	8.4	9.6	13.8	15.5
Burundi				
Cameroon	23.7	27.4	39.2	46.9
Cen. Afr. Rep.	5.6	6.3	9.0	10.8
Chad	6.4	7.4	10.6	12.6
Congo	5.2	6.0	8.5	10.2
Equ. Guinea	0.5	0.6	0.8	0.9
Benin	3.8	4.4	6.3	7.6
Mali	3.2	3.7	5.3	6.3
Tanzania	47.7	8.6	12.3	14.7
Burkina Faso	6.4	7.4	10.6	12.6
Mozambique	10.6	12.3	17.6	21.1
Niger	2.4	2.8	4.0	4.8
Nigeria	90.4	104.4	149.6	179.0
Guinea	4.6	5.3	7.6	9.0
Rwanda	0.6	0.6	0.8	0.9
Uganda	3.3	3.9	5.5	6.6
Zambia	6.4	7.4	10.6	12.6
Botswana	1.1	1.2	1.8	2.1
Liberia	11.8	13.7	19.6	23.6
Namibia	1.6	1.8	2.6	3.0
Ethiopia	11.8	13.7	19.6	23.6
Gambia	0.3	0.4	0.5	0.6
Ghana	11.7	13.6	19.4	23.2
Guinea	13.4	16.4	22.1	28.6
Kenya	2.6	3.0	4.3	5.1
Malawi	23.8	27.6	39.6	47.2
Sierra	1.6	1.8	2.6	3.0
Ivory Coast	162.7	176.3	252.6	302.3
Madagascar	36.2	40.7	58.3	69.8
Togo	1.1	1.2	1.8	2.1
Senegal	4.4	5.1	7.3	8.7
Somalia	1.5	1.8	2.6	3.0
Zimbabwe	6.4	7.4	10.6	12.6
Gabon	3.3	3.9	5.6	6.6
Sudan	40.4	46.7	66.9	80.0
Zaire	53.2	61.4	88.0	105.3
TROPICAL AFRICA	558.3	653.9	937.1	1121.3

III

The Way Forward: Sustainable Development with Equity in Africa

African Capabilities

Faced with the disheartening trends outlined in the last section, one reaction in the policy circles internationally has been to write Africa off as a lost cause. A somewhat different response by the multilateral development agencies has been to advocate structural adjustment according to "the Washington Consensus." Here I would like to advance a third way of dealing with the African crisis. This alternative is based on an ecologically sound and equitable growth-oriented program for the African economies in the future.

The philosophical starting point in this approach to African development is the idea of human development as an increase in the capabilities of people. The question one has to pose at this point is simply this: What kind of adjustment is an equitable adjustment? Traditionally, economists have been reluctant to answer this question except in very weak normative terms. The ordinal approach only considers Pareto improving allocations where at least one individual is better off and no one else is worse off than before as a superior outcome. The stronger normative approach is to take a utilitarian cardinal social welfare function and use some proxy for distributive justice as an argument in this function. For example, the distribution of income can be such a proxy variable. Many of the indexes of income inequality (e.g. Gini index, Atkinson index, Theil index, etc.) and poverty can be derived from such considerations. The Human Development Index (HDI) is computed according to a methodology which uses an income adjusting method in the spirit of Atkinson. The attraction of this method is considerable and I see nothing wrong with using it imaginatively as the HDI approach tries to do.[16]

At the same time, the theoretical criticisms by Sen[17] ; Nussbaum[18] and others that this approach reduces all qualities into quanta of utilities is a serious one. Nussbaum[19] gives a graphic example of this by quoting the exchange between Mr. Gradgrind, economist and grief-stricken father, and his pupil Bitzer. Bitzer outdoes his mentor by adhering to a strict code of utilitarian rationality that cannot comprehend a father's grief. I have pursued a similar line of criticism in a number of recent papers.[20]

In discussing equity, therefore, I wish to take a version of the social capabilities approach. Structural Adjustments in order to be defensible, must be proven to be capability enhancing, or at least not to be capability-reducing. The first type of SAPs I will characterize as "strongly equitable" SAPs (SESAPs). The second type will be called weakly equitable SAPS (WESAPs). But first we need to ask: what is meant by capabilities?

Capabilities can be construed as general powers of human body and mind that can be acquired, maintained, nurtured and developed. They can also (under circumstances such as malnutrition or severe confinement) be diminished and even completely lost. I have emphasized elsewhere the irreducibly social (not merely biological) character of these human capabilities.[21] Sen himself emphasizes "a certain sort of possibility or opportunity for functioning."[22]

Assessment of SAPs from a Capability Perspective

In order to assess SAPs from a capabilities perspective we need to go further and try to describe more concretely what some of the basic capabilities may be. David Crocker has given an admirable summary of both Nussbaum's and Sen's approach to capabilities in a recent essay. Mainly relying on Nussbaum, [23] but also on other sources (shown below), he has compiled a list that is worth reproducing here:

Basic Human Functional Capabilities (N and S stand for "Nussbaum" and "Sen", respectively; the quoted items come from Nussbaum[24] unless otherwise noted).

1. Capabilities in Relation to Mortality
   1.1. N and S: "Being able to live to the end of a complete human life, so far as is possible"[25]
   1.2. N: Being able to be courageous[26]

2. Bodily Capabilities
   2.1. N and S: "Being able to have good health."[27]
   2.2. N and S: "Being able to be adequately nourished."[28]
   2.3. N and S: "Being able to have adequate shelter"[29]
   2.4. N: "Being able to have opportunities for sexual satisfaction"
   2.5. N and S: "Being able to move about from place to place"[30]

3. Pleasure
   3.1. N and S: "Being able to avoid unnecessary and non-useful pain and to have pleasurable experiences[31]

4. Cognitive Virtues
   4.1. N: "Being able to use the five senses"
   4.2. N: "Being able to imagine"
   4.3. N: "Being able to think and reason"
   4.4. N and S: "Being acceptably well-informed"[32]

5. Affiliation I (Compassion)
   5.1. N: "Being able to have attachments to things and persons outside ourselves"
   5.2. N: "Being able to love, grieve, to feel longing and gratitude"

6. Virtue of Practical Reason (Agency)
   6.1. N: "Being able to form a conception of the good"[33]
   S: "Capability to choose"[34]; "ability to form goals, commitments, values"[35]
   6.2. N and S: "Being able to engage in critical reflection about the planning of one's own life"[36]

7. Affiliation II (Friendship and Justice)
   7.1. N: "Being able to live for and to others, to recognize and show concern for other human beings, to engage in various forms of familial and social interaction"
   7.1.1. N: Being capable of friendship[37]
   S: Being able to visit and entertain friends[38]

7.1.2. S: Being able to participate in the community[39]
7.1.3. N: Being able to participate politically[40] and being capable of justice[41]

8. Ecological Virtue
8.1. N: "Being able to live with concern for and in relation to animals, plants and the world of nature"

9. Leisure
9.1. N: "Being able to laugh, to play, to enjoy recreational activities"

10. Separateness
10.1. N: "Being able to live one's own life and nobody else's
10.2. N: "Being able to live in one's very own surroundings and context"

11. Self-respect
11.1. S: "Capability to have self-respect"[42]
11.2. S: "Capability of appearing in public without shame"[43]

12. Human Flourishing
12.1. N: "Capability to live a rich and fully human life, up to the limit permitted by natural possibilities"[44]
12.2. S: "Ability to achieve valuable functionings"[45]

To facilitate this ordering, it might be better for practical rationality and affiliation to "infuse" but not "organize" the other virtues. Crocker contrasts Nussbaum's approach with Sen's. Sen's and Nussbaum's lists differ at a few points. For Sen, the bodily capabilities and functionings (2) are intrinsically good and not, as they are in some dualistic theories of the good life, merely instrumental means to other (higher) goods. In interpreting Aristotle, Nussbaum distinguishes between bodily functionings that are chosen and intentional, for instance, "chosen self-nutritive and reproductive activities that form part of a reason-guided life" and those that are non-intentional, such as digestion and other "functioning of the bodily system in sleep." She may want to say that intentional bodily actions that lead to being well-nourished and healthy are intrinsically good, but that being healthy or having good digestion are not functionings (because not intentional) and are valuable only because of what they enable us to do. Another option open to her would be to adopt Sen's view that bodily states and processes, whether intentional or not, both as intrinsically and instrumentally good but as less valuable than other inherently good capabilities/functionings.

Furthermore, Nussbaum has included items 5 and 8-10, for which Sen has no counterparts. These items are welcome features. Item 8, which I have called "ecological virtue", is an especially important recent addition to Nussbaum's outlook. In a period when many are exploring ways of effecting a convergence between environmental ethics and development ethics, it is important that an essentially anthropocentric ethic "make room" for respect for other species and for ecological systems. Worth considering is whether Nussbaum's "ecological virtue" is strong enough. Perhaps it should be formulated to read: "Being able to live with concern for and in relation to animals, plants, and nature as intrinsically valuable." Item 9 injects some appealing playfulness in a list otherwise marked by the "spirit of seriousness." What explains the presence of these items on Nussbaum's list, their absence on Sen's list, and, more generally, the more concrete texture often displayed in Nussbaum's descriptions? One hypothesis is that the differences are due to Nussbaum's greater attention, in her Level 1, to the limits, vulnerabilities, and needs of human existence. Further, it may be that Nussbaum's richer conception of human beings derives from making use of the story-telling imagination far more than the scientific intellect."[46] On the other hand, Sen helpfully includes the good of self-respect, a virtue that enables him to find common ground with Rawls and to establish links with the Kantian ethical tradition, in which moral agents have the obligation to respect all persons, including themselves, as ends-in-themselves.[47]

Both Sen and Nussbaum agree, however, that these capabilities are distinct and of central importance. One cannot easily trade off one dimension of capability against another. At most, one can do so in a very limited way. They cannot be reduced to a common measure such as utility.

As Crocker points out, "capability ethic" has implications for freedom, rights and justice going far beyond simple distribution of income considerations. If one accepts the capability approach as a serious foundation for human development,[48] then it follows that going beyond distributive justice is necessary for a complete evaluation of the impact of economic policies.

In evaluating SAPs from this perspective not only do we wish to pose the question of efficiency but also the whole set of questions regarding human freedom. In particular, the positive human freedom to be or to do certain things. Thus, creation of markets and efficient production by itself would mean very little if it led to a lopsided distribution of benefits. Worse yet, if SAPs led to phenomena such as reduced life expectancy, increased unemployment, reduced consumption levels for many and deprivation for certain groups such as women and minorities then they will not even be WESAPs. On the contrary, they will be strongly inequitable from the capability perspective.

This abstract discussion actually has direct relevance for the African situation. Unless an alternative is found, the future capability enhancement of Africans cannot be assured. This assessment follows in a transparent way from the evidence presented in the previous section.

An Alternative Structural Adjustment Program (ASAP) for Capability-enhancement in Africa

Let us go back to the beginning and reconsider the Washington consensus outlined in section I. In light of what I have said so far it must be apparent that I do not consider this approach to be so much wrong as incomplete and to some extent inconsistent with the goals of human development. I have given critical and technical analysis of these programs elsewhere.[49] At the risk of distortion by leaving out some details and nuances I will attempt a quick summary here.

Basically, the conventional SAPs focus on short to medium run results regarding inflation and balance-of-payments equilibrium.[50] In the case of many African economies, as discussed in section I, privatization itself may have become a goal for structural reform. Likewise, market-making can also become a goal in itself. Not enough recognition has been accorded to the economic side effects such as unemployment or (at least a temporary) lowering of output. Social dimensions of adjustment came to be recognized even later. The status of vulnerable groups such as women, children, or the poor do not often figure explicitly in these programs. In order to design a capability-enhancing alternative SAP (ASAP) for Africa the following elements must figure prominently:

(1) A clear recognition of the status of the different socio-economic groups in African countries in terms of their economic and overall level of well-being.

(2) A list of priorities in terms of economic and social goals must be prepared. In the case of incompatibilities of some of these goals, the question of trade-offs must be raised and resolved explicitly rather than implicitly through the logic of the market.

(3) In particular, issues of fair inter-regional allocation of resources or opportunities must be addressed explicitly.

(4) Human development indicators based on the capability framework must become an integral part of ASAP.

(5) As table 9 shows, the record of Africa in the wake of SAPs with regards to gender disparities is not flattering. Therefore, gender-justice must become a central part of ASAP for Africa – not a peripheral issue to be ignored or to be resolved later after enough growth has taken place.

(6) As alluded to in the discussion of African environment, sustainable development, with ecological effects of adjustment included, must become the conceptual center of thinking about SAPs in these economies.

(7) It follows then that ecological and distributional issues need to be explicitly addressed in any such program. This implies that there will be a need for careful inter-disciplinary studies on probable impacts of a policy package before its implementation. It also implies the need for follow-up studies in order to assess the after-effects of a SAP.[51]

It should be clear by now that no African economy has been provided with an opportunity to design a SAP with the above provisos in mind. However, that does not mean that it is impossible or unrealistic to try to do so. For example, the struggle of Ghana to manage its economy while keeping the goals of creating social capabilities may offer some lessons – positive and negative – in this respect.

Table 9: Critical Gender Disparities in Developing Countries

	gap in literacy rate, 1992	material mortality rate (per 100,000 births) 1988	gap in labor force participation 1990-92	administrators and managers (% female), 1980-89	parliament (% of seats by women), 1992
Swaziland		400	52		
Lesotho		350	79		
Zimbabwe		330		15	12
Congo	63	900	64		
Cameroon	64	550	43	6	12
Kenya		400	67		3
Namibia		400	32		7
Madagascar	83	600	67		
Ghana	73	700	67	9	8
Zambia	80	600	67	33	3
Nigeria	65	750	49		2
Zaire	73	700	56		5
Senegal	48	750	35		12
Liberia	58	600	45		6
Tanzania		600	92		11
Equa. Guinea		800	56		
Sudan	28	700	41		5
Burundi	66	800	113		10
Rwanda	58	700	117		17
Uganda	56	700	69		13
Benin	50	800	32		6
Malawi		500	104		12
Mozambique	47	800	92		16
Cen. Aft. Rep.	48	650	89		4
Ethiopia		900	69		
Djibouti		740			0
Guinea-Bissau	48	1000	72		13
Somalia	39	900	64		
Gambia	41	1000	69	15	8
Mali	59	850	19		2
Chad	43	800	20		
Niger	85	850	89		6
Leone	35	1000	43		
Burkina Faso	32	750	96		3
Guinea	37	1000	43		

Judged by the evidence presented in the previous section, it would appear that SAPs in

Africa over the past decade led not to even a weak equity for the great majority of the population. The conditions of the vulnerable groups, in particular of women and children, have worsened in many areas. Inequality and poverty have also increased. On the strength of the empirical evidence, the current international economic policy towards Africa must be declared strongly inequitable.

If the current conditions in Africa send a strong message that existing adjustment efforts are not appropriate. What then are appropriate policies consistent with the new approach outlined above?

In the light of the above criteria for ASAP alternative policies for Africa must address initially debt rescheduling, canceling and refinancing. Specifically, the creation of a multilateral debt facility for the highly indebted poor and some highly indebted middle income countries would be a step in the right direction. The World Bank, the IMF and the group of creditor countries known as the Paris Club, recently approved a plan to relieve the massive debt load of some of the world's heavily indebted poor countries (HIPCs). The countries to be assisted under this program are those that have undertaken economic reforms but still have extremely high levels of external debt relative to their export earnings.

Officials of the World Bank and the IMF have said that eight countries would probably benefit in the first round of debt relief, and perhaps twelve others might qualify in the future. The first beneficiary is likely to be an African country--probably Uganda. In Table 10 of the eight HIPCs listed six are African countries.

Table 10: External Debt of Selected HIPCs in 1994

Country	Annual Per Capita GNP (in US dollars)	Debt as Percentage of GNP	Debt as Percentage of Exports	Debt Service as Percentage of Exports
Bolivia	770	89.4	390.1	28.2
Ethiopia	100	109.8	630.0	11.5
Mali	250	151.8	589.2	27.5
Mozambique	90	450.4	1,388.7	23.0
Nicaragua	340	800.6	2,286.1	38.0
Tanzania	140	229.5	877.5	20.5
Uganda	190	88.1	1,042.7	45.6
Zambia	350	204.3	560.1	31.5
All Low-& Middle-Income Countries	1,090	37.6	162.8	16.6

Source: World Bank, World Development Report 1996

While a step in the right direction, this scheme is far from adequate. HIPCs have debt-to-export ratio of over 500 percent as a group. For some African countries such as Mozambique, it is over 1000 percent. However, there are more than half a dozen other African countries with debt-to-export ratios of over 200 percent. From an economic point of view, a ratio of over 100 percent means that export earnings by themselves can not cover the debt during the relevant economic period—usually the fiscal year. Given the argument developed here, debt relief needs to be extended to most if not all of these African countries. The proposed relief for HIPCs is estimated to cost between $5.6 billion and $7.7 billion. The Paris Club countries can offer up to 80 percent reduction of eligible bilateral debt; the World Bank, African Development Bank and other multilateral development banks and individual countries (most notably U.S., UK, and France) could contribute to the trust fund to purchase the additional outstanding debt. Finally, the IMF could contribute to the proposed expanded initiative by allocating more funds to its existing subsidized loan facilities. However, in the case of IMF not realizing the stringent conditionalities will mean that most African countries, as in the recent past, will be unable to use its SAF or ESAF facilities. Additionally, the IMF could also allocate special new SDR's to the severely indebted African countries.

In this context, a new contract more generous than the Naples Terms for bilateral debt relief is clearly called for. Partly because of the stringent conditions of Naples Terms, for instance, Uganda's debt service was reduced by only 2 percent. Countries like Zambia now spend thirty times more in debt repayments than on education. In the spirit of Naples Terms, a new bilateral debt relief scheme needs to be set up without conditionalities to provide up to 75 percent reduction in the stock of bilateral debt of African countries.

From the perspective of the African countries, a debtors cartel might have been a strong response earlier. But the time for such radical responses may have passed. Therefore, incremental proposals like the ones above need to be pursued vigorously.

Social Expenditure Conditionality for Africa

The best conditionality that the bilateral and multilateral lenders can impose on the African counties is a social expenditure conditionality. This could be a specific African version of the global 20:20 proposal as presented in the Human Development Report 1994 and further refined in the interagency consultations within the UN system. According to the 20:20 proposal, the developing countries should earmark at least 20% of their national budgets and donor nations 20% of their aid budgets for human development expenditures. These are defined to include primary health care, basic education, rural and peri-urban water supply, essential family planning service and nutrition programs for the most deprived groups in society.

If implemented in African countries between $5 and $10 billion may become available annually for such human development priority expenditures. It can be expected that in two decades (the goal for the world as a whole is to do this in one decade) the now heavily indebted African countries could ensure that:

1. Everyone will gain access to basic education.
2. Everyone will gain access to primary health care facilities and to safe drinking water.
3. All children will be immunized, and most childhood diseases eliminated.
4. Maternal mortality rates will be halved
5. All willing couples will have access to family planning services, and the groundwork will be laid for stabilizing the world's population by 2015.
6. severe malnutrition will be eliminated, and moderate malnutrition reduced by half.
7. The worst forms of human deprivation will be eliminated through the provision of certain basic social services. Although the proposal does not deal with many aspects of global poverty—particularly with employment and income generation—it does contain certain attractive features. For example, it would;

-Help slow population growth by focusing on universal female education, primary health care and other elements of an essential human development program needed to create the underlying conditions for declining fertility.
-Improve the prospects for global human security downstream by eliminating upstream the global spread of many dangerous diseases. For example, AIDS cost $240 billion during the 1980s; preventive health care would have cost only a fraction of that.
-Improve the global environment by addressing some of the worst aspects of the pollution and poverty—polluted water, unknown diseases, galloping population growth.
-Enhance human capital and its competitiveness. Consequently poor people will be better able to use market opportunities. This will ultimately lead to a greater demand for goods through the multiplier effect. Growth will be affected favorably as well.

In view of the serious nature of the economic and social crisis in Africa, the compact may have to be more than 20:20 if faster progress is to be made. A 30:30 compact will destroy the neat ocular analogy with perfect vision, but will enable the African nations to achieve the human development goals outlined above in half the time. Because of large initial fixed costs of the programs and the presence of economies of scale and complementarities an extra dollar after a certain initial amount is actually more productive than before. Therefore, increasing outlays by only 50% beyond the 20:20 compact will have almost twice the effect. This is encouraging and should prompt some serious thinking about increasing human development related expenditures among African and international policy circles.

Finally, an Environmental Defense Fund for Africa (EDFA) needs to be set up. This could be facilitated both by the multilateral aid agencies and the developed country donors. Local campaigns to stop environmental deterioration can be supported through this facility as can be the NGOs with programs for sustainable development, given the circumstances described earlier in Chapter II.

Ultimately, the African nations themselves have the primary responsibility in meeting the challenges described. But without coordinated efforts and aid from the advanced industrial nations, no policy for sustainable human development can succeed in Africa.

IV

Rethinking U.S. Economic Policy Toward Africa

A New Vision?

In spite of the prevailing gloom regarding Africa among some circles in Washington there are some hopeful signs. In 1994, John F. Hicks, the Assistant Administrator of the Bureau for Africa of AID outlined in general the Clinton administration's policy priorities for Africa in following terms:[52]

1. to help Africans build stable, honest and democratic governments, including stimulating popular participation and full respect for basic human rights;

2. to promote sustainable development through broad-based, equitable economic growth, protection of the environment, and slowing down population growth;
3. to support conflict prevention and resolution;
4. to provide humanitarian assistance to alleviate suffering and hunger.

These goals appear to be very much in line with the basic thrust of the argument for extending a responsible helping hand to Africa presented in this monograph. What is more, if pursued adequately, these foreign policy initiatives will work as much to the benefit of the U.S common good as to the Africans. Aside from the increase in trade and economic benefits to the U.S. business in the long-run a major benefit of stabilizing the African economies will be the corresponding increase in the stability of the global economy. Uncontrolled financial flows have already made the interdependent global economy quite unstable. It is foolish to pretend that instability in an entire continent (albeit the least developed one) will not have repercussions for the global economy. One of the key findings of recent research on complexities and non-linearities in economic theory is precisely the possibility of “small” initial disturbances resulting in large and prolonged systemic instability.[53] In an uncertain world, it is better to insure against the possibility of such as global catastrophe by sending timely and reasonable help to Africa. The alternative is to increase the chances of such global financial, economic and environmental crisis.

It may help to concentrate our minds if we try to imagine what a total economic and environmental collapse of Africa will mean for the rest of the world. Such a collapse will immediately swell the ranks of economic refugees many of whom will undertake journeys to the affluent countries against all odds. The financial collapse, as alluded to before, will lead to near-panic situations in the world financial market. The consequences are incalculable—but it is safe to assume that they will not be pleasant for the developed economies either.

Perhaps, the greatest threat to the world from a possible catastrophe in Africa is to ecology of the planet as a whole. Although precise estimates are hard to come by, ultimately deforestation and other environmental disasters in Africa will definitely constitute to global warming, global atmospheric conditions, and other global ecological problems.

Helping Africa is, therefore, not merely a humanitarian concern. It is dictated by a deep realism in international economic relations based on enlightened, long-term national interests of developed nations such as the U.S..

Need for Specificity

If the general rhetoric from official Washington is modestly encouraging, the action so far has been less so. As George Shepherd has pointed out;

> what is missing..is..the extent of the new commitment to the African region which must be on a priority par with other major regions in the world such as the European Community and the Asian and Pacific Economic Community (APEC) in Asia.[54]

Addressing the economic issues concretely, based upon the requirements of sustainable human development for Africa, will mean a number of significant departures and new initiatives on the part of the U.S.. These initiatives must range from debt-relief to aid for improving human well-being and the environment in Africa. Without unnecessarily repeating the previous discussion, a set of specific economic policies for the U.S. consistent with the analysis so far can be outlined.

Some Specific Recommendations: A New Economic Partnership with Africa

1. The U.S. should immediately endorse and help African nations implement the 20:20 plan of action. The Sub-Saharan countries have already accepted the 20:20 plan. The U.S. can help by both material assistance and by playing a leading role that will motivate other donors (in particular Japan) to follow.
2. The independence and integrity of U.S. economic assistance programs can be

maintained only if there is an independent agency staffed by dedicated professionals who can formulate and help implement the necessary programs working with their African counterparts.

3. In this context, the role of people-to-people contact through the NGO's needs to be made an integral part of the U.S. aid policy for Africa. The recent proposal advanced by NGO groups such as the Development Gap and Friends of the Earth-U.S., among others, calls for an independent agency to be created. Furthermore, according to this proposal, this "Agency for International Cooperation" will have room for a Development Assistance Board. The structure and governance of this board should be such that NGOs based among the people can get funding for development without political or bureaucratic interference from above. Special emphasis must be given the role of these indigenous NGO's. Cooperation among domestic and foreign NGO's for specific and appropriate projects in Africa could considerably brighten the prospects for genuine development there. A related policy issue here is the possibility of bypassing the existing rigid hierarchy of both aid operatives and domestic bureaucracy. To the extent indigenous traditional sectors will maintain viable organizational capacities NGO's can encourage and foster local self-reliant development by working with the people (particularly in the rural area) directly.

This should also help counter the Afro-pessimism popular among some policy circles.

4. For promotion of Foreign Direct Investment (FDI) an FDI board for Africa may be set up to work with ECA, ADB and individual African countries to promote qualitatively and quantitatively the right kinds of investment in Africa. Simply asking African countries to give tax-incentives to the multi-national corporations will not be adequate. Regional integration in Africa will also help to attract FDI in the long run.
5. New aid and investment policies must be connected to a new trade policy towards Africa. Liberalizing the Generalized System of Preferences (GSP) under which the industrialized countries would exempt imports from Africa while maintaining tariffs on imports from other countries, is an urgent task. The U.S. can take a bold step by unilaterally liberalizing its GSP towards indebted African countries. This will generate not only the moral pressure for the other G-7 countries to follow but will in the meantime confer an advantage to U.S. firms trading and investing in Africa. Even a gradual liberalizing would help enormously, although progress will be slower than in the case of immediate liberalization. Right now, only about 10% of the dutiable imports from Africa receive such preference. Increasing this to 20% could be a great stride in

redressing partially the trade problems of many African countries. On the trade front, facilitating moves towards regional integration will be helpful for increasing trade within the African countries. The Africans will have to take the major initiative here, but the U.S. can help through providing expertise and some resources for carrying on analytical studies and institution building. ASEAN may be studies as an initial model for the African regional economic integration.

6. On the environmental front, the U.S. can mobilize funding and international support for creating EDFA. A joint U.S.-Japan initiative with adequate funding for sustainable development in Africa is likely to generate further support among the G-7 nations. Here, too, the NGOs need to be brought in as equal partners right from the beginning of the process.

7. U.S. economic assistance policy needs also to be geared towards helping the small producers through providing funds and expertise (where such expertise cannot be provided domestically by the African countries themselves) to foster and sustain rural credit unions of the Grameen Bank variety.

8. On the technological front, the U.S. can help by financing and arranging for granting African NGOs access to the global communications networks.

As George Shepherd has pointed out accurately:

> "Rather than retreat from Africa, the United States should form an international partnership with African states in their determined struggle against underdevelopment and to enhance the dignity of all peoples on this troubled continent. African advancement assures our own. By helping them to strengthen their human rights conditions we reaffirm our commitment to these values at home."[55]

The eight concrete policy initiatives outlines above are some of the most important and immediately feasible steps that the U.S. can take. The list is not meant to be exhaustive. It is my hope that by focusing on the most urgent tasks, it will be possible to persuade the U.S. policymakers to move quickly in the desired direction. At the same time, this monograph can serve as a basis for further discussion and refinements of specific policies. The economic problems of Africa are not just African problems. They are global in their origin and scope. They also will require global cooperation for their solution. This is the basic message of this monograph.

Appendix. IMF and World Bank Adjustment Approaches: Stylized Descriptions

Since both the IMF and the World Bank have been so influential in designing many aspects of the structural adjustments in both LDCs and transitional economies, it is useful to present in a stylized way the formal structures of their approaches. Needless to say the equations described below cannot capture all or even most of the details of SAPs. What they can do is to bring out the formal logic of the conventional thinking which is often implicit in the arguments and the policy advice given by these international bodies. The hope here is to generate a rigorous discussion about the issues by clarifying the basic logical structure of the standard SAPs.

The Theoretical Basis of Adjustment Programs

Why the IMF does what it does

The theoretic basis of IMF adjustment programs rests on financial programming, the analytical foundations of which are drawn from Polak[56] and Robichek.[57] The modeling process is referred to as financial programming, an integration of monetary and credit elements in BOP analysis, which derives a linkage between the domestic part of the money stock (credit) and international reserve changes. This approach begins from the simple accounting identity showing change in the money stock as the result of changes in its domestic and international components.

In the approach the BOP is shown as the difference between the change in money supply and that in domestic credit. The absorption approach is adopted to include income and expenditure relationships as well as the impact of capital movements in an open economy. In this approach the current account (CA) deficit is equal to the difference between income (Y) and absorption (A). The current account is matched by changes in the net foreign assets of domestic banks (ΔR) and in the net foreign indebtedness of nonbank residents (ΔFI). Hence:

$$CA = \Delta R - \Delta FI \qquad (1)$$

Combining the current account identity with equation (1) yields

$$CA + \Delta FI = \Delta M - \Delta D \qquad (2)$$

where ΔM is the change in the money supply and ΔD is the change in net domestic assets of banks (credit). This equation can be written in terms of the difference between nominal income and absorption, as

$$Y - A + \Delta FI = \Delta M - \Delta D \qquad (3)$$

Assuming that the change in nominal money balances are independent of ΔD, the conclusion is that a ceiling for ΔD will determine the balance of payments (ΔR).

To specify where the improvements in the balance of payments will take place, the BOP is decomposed into its different parts and the demand for imports added as a second behavioral relationship. The simplified framework shows imports as a constant function of only real income.

The BOP identity is

$$\Delta R = X - IM + \Delta FI \qquad (4)$$

where X and IM are exports and imports, respectively, in domestic currency. Based on projections of the values for exports and capital flows, the targeted value of imports is derived as a residual of the preceding equation

$$IM^{*} = \Delta R^{*} - (\overline{X} + \overline{\Delta F} I) \qquad (5)$$

where IM^{*} is the targeted value of imports, ΔR^{*} the targeted BOP in the program period, X and Δ FI are the projected values of exports and capital flows, respectively.

To include elements of fiscal policy, three ex-post identities are specified. Initially, the change in net foreign indebtedness of a country is taken as the sum of changes in the public sector (ΔFI_g) and private sector (ΔFI_p) net foreign debt position:

$$\Delta FI = \Delta FI_p + \Delta FI_g \qquad (6)$$

Next the public and private sector credit changes are decomposed as

$$\Delta D = \Delta D_g + \Delta D_p \qquad (7)$$

where ΔD_g and ΔD_p are changes in credit to the public and private sectors, respectively.

Third, the government budget constraint is shown through deficit financing by either net borrowing from abroad or net borrowing from domestic banks:

$$G - T = \Delta D_g + \Delta FI_g \qquad (8)$$

where G is total government expenditure and T is total revenue, with the difference representing the government deficit.

The three equations provide the rationale for restricting government spending, specifically through ceilings on domestic and foreign borrowing. This policy is directed toward two consequences of government spending: fiscal deficits and crowding out.

In the financial programming framework, the exchange rate plays a role through the effects on money demand. Depreciation of a fixed exchange rate results in a decline in real absorption by creating excess demand for real cash balances. At the same time, by affecting the incentives to domestic supplier of exports and import substitutes and spending on exportables and imports, it affects the composition of domestic expenditure on domestic and foreign goods.

The World Bank's Model

Unlike the Fund's concern with temporary BOP imbalances, the World Bank focuses on the real economy and growth in the medium term. Through the Revised Minimum Standard Model (RMSM), it emphasizes savings, capital inflows, and investment. According to Khan,[58] the RMSM posits four additional relationships to those in the IMF model.

Assuming that an incremental capital-output ratio (ICOR) is given historically or technologically, output is specified as a function of the level of investment:

$$\Delta y^* = \boldsymbol{r}^{-1} \Delta k \qquad (9)$$

where Δy^* is the output target, $\boldsymbol{r}$ is ICOR, and Δk is total domestic investment.

In the model, exports are exogenously determined, although this is later relaxed, and there is a stable relationship between GDP and imports. The savings rate is also stable and historically given, yielding a consumption function such as

$$C_p = (1 - s)(y^* - \hat{T}) \qquad (10)$$

where C_p is private sector consumption, s is the ratio of private savings to disposable income, and $\hat{T}$ is taxes.

For output determination the national income identity is written as

$$\Delta K = s(y - \hat{T} - C_p) + (\hat{T} - \hat{C}_G) + (Z - X) \qquad (11)$$

where C_G is public sector consumption, Z is foreign sector revenues in the form of imports by the domestic economy, and X is foreign sector spending on domestic exports. More importantly, the national income identity may be formulated as

$$\Delta K = s(y^* - \hat{T}) + (\hat{T} - \hat{C}_G) + (ay^* - \overline{X}) \qquad (12)$$

which establishes a positive relationship between income and investment through the aggregate demand curve. A rise in output increases both domestic savings according to given rate, s, and the inflow of foreign saving according to the marginal propensity to import, a. Investment increases in respect to saving on a one-for-one basis.

The positive relationship between investment and output can also be obtained by rewriting equation (9) as

$$\Delta K = y^* - y_{-1}, \qquad (13)$$

where y_{-1} is last period's real GDP. In this model, output and BOP targets can be reconciled either through control over net capital inflows or though perfect elasticity of foreign capital. In this way change in net foreign assets (Δ F), as a policy variable, can be chose as

$$\Delta \hat{F} = \overline{X} - ay^* - \Delta R^*, \qquad (14)$$

where ΔR^* is a BOP target. The values of Δy^* and ΔR^* can be attained through C_G, $\hat{T}$, and $\Delta \hat{F}$, given an exogenously derived export projection.

The World Bank model provides for exchange rate adjustment too. Including the effects of the exchange rate on imports and exports, equation (14) can now be written as

$$\Delta \hat{F} = -ay^* + (b + c)\,\hat{e} - \Delta R^*, \qquad (15)$$

where b is a parameter that measures the responsiveness of the volume of imports to the relative price of importables, c is the coefficient of responsiveness of exports to relative prices, and e (with the assumption of constant prices) is the real exchange rate. With three independent exogenous variables and eqations to solve three endogenous variables, the model is fully determined now, even with a foreign exchange constraint.

Critical Voices Against Adjustment Models

The criticisms against the IMF and World Bank approaches are numerous and come from several directions, from different strands of economists and political scientists. Therefore, we can attempt only a summary here by concentrating on the economic and political economy components of the debate. However, even these are impossible to present in their entirety. The structuralist challenge is particularly interesting. Structuralists draw attention to institutional and technological factors that affect changes in the economy at any particular time. The neo-structuralists argue that developing countries may respond to standard economic policies unexpectedly. Therefore, a devaluation may cause output contraction, tight money may cause price rises due to higher interest costs, inflation may become "inertial," and public investment may crowd in, instead of out, private investment. In the long run, they observe that income distribution may condition growth and market liberalization, and unfettered foreign capital flows may not be beneficial.

In Taylor's[59] theoretical analysis, the trade-liberalizing aspects of the IMF and World Bank models are questioned. It is shown that export subsidies unambiguously increase capacity utilization, and with appropriate multiplier values and intermediate import content of output, the trade balance improves as well, without unpleasant side effects on interest rates and inflation. In the short run, liberalization can be self-defeating by liquidating wealth and inducing recession. The long-run consequences can be counterproductive too. His general conclusion is that "at least in the short to medium run, directed policy makes sense. Maneuvers such as quotas and subsidies (or multiple exchange rates) and price controls, instead of changes in the exchange rate, monetary and fiscal policy, avoid unfavourable economy-wide side-effects."

On the Left the attack is launched by Onimode.[60] His criticism evolves around the theme that the IMF and World Bank address what he refers to as "at best subsidiary or auxiliary structures" (prices, trade, money, and foreign exchange). The relevant "fundamental structures" that demand adjustment are those of the capitalist international division of labour, of production, consumption, accumulation, technology, and dependency in the poor countries. Hence IMF and World Bank programs operate to aggravate, rather than ameliorate, the crisis-generating structures in Africa and other poor countries. In sum, he argues that BOP disequilibria are inevitable in low-income countries because of the combined effects of devaluation, liberalized imports, and the withdrawal of exchange controls.

Several aspects of programs have become controversial even by centrist standards. The most often discussed aspect relates to the social impact of adjustment on the poor and vulnerable. This concern has pushed its way to the forefront of the debate, since the publication by the United Nations Children's Fund of the (UNICEF) twin volumes, Adjustment with a Human Face.[61] The volumes draw attention to the disproportionate share of the poor and vulnerable, particularly women and children, in the adjustment burden. Since then a strong "pro-poor" theme has developed in the literature. Publications such as Susan George's A Fate Worse than Debt have strengthened this theme. According to the United Nations Economic Commission for Africa (ECA) the standard models "not only ignore the human dimension, but also tend to worsen the well-being of large categories of the population, especially the poor and vulnerable." The major cause of this is public sector budget retrenchment, which has also strained governments' institutional capacity to the limit.

Similarly, the models have been criticized for ignoring the impact of reduced real wages on productivity and living standards. In fact, in many low-income countries the centrality given to the BOP is itself wrong, since the most important problem is that of falling or inadequate real incomes. Therefore, if poverty is perceived as the main problem, cutting wages of ordinary, low-paid employees to achieve profitability and economic growth is unacceptable.

Critics have also pointed out a problem of economic logic and deflationary bias. The logical issue has its origins in John Stuart Mill's concept of reciprocal demand, elaborated in his Principles of Political Economy. The idea is that the exports of one country are the imports of another; hence the deficits and debts of one are the surpluses and credits of another country. Failure to recognize this is what creates the deflationary bias of the standard adjustment modes. This has also clear Keynesian implications of global deflation under conditions of reciprocal lowering of demand.

Finally, a note on devaluation, which apart from distributional issues has received the heaviest barrage of criticism: There is a long tradition in the literature on the contractionary effects of devaluation and its failure to improve the BOP. The rationale for devaluation is that there are excessive imports and inadequate exports. The two shortcomings of this approach are that it may ignore the share of debt-service payments in the BOP deficit and does not distinguish between essential imports and luxury imports. Inflation may be caused directly by higher import costs and/or a nominal rise in food prices, unleashing demands for higher wages in the industrial sector, which, if granted, would lead to higher industrial prices and the need for another devaluation. Even if the inflationary pressures can be controlled, the implicit assumption that the demand and supply of tradables is elastic has been widely questioned.

All this is not to deny the need for adjustment in the countries that need it. The real question has to do with the type and purpose of the necessary adjustment. The criteria for ASAP discussed in the main body of the monograph tried to address precisely these questions.

[1] See for example, UNDP, Human Development Report, New York: Oxford University Press, 1996. For a discussion of the African situation from the perspective of global justice, see Karamo Sonko and George W. Shepherd, Jr. (eds.), Economic Justice in Africa: Adjustment and Sustainable Development, Westport, CT: Greenwood Press, 1994.
[2] Of course, it is not being claimed that structural adjustments are not necessary. Later, in Chapter III, an alternative structural adjustment program suitable for the particular economic and human conditions in Africa is presented. See also, H.A. Khan, "Economic Modelling of Structural Adjustment Programs: Impact on Human Conditions," Africa Today, 37, No.4 (4th Quarter, 1990), 29-38.
[3] See for example, A.K. Sen, Inequality Reexamined, Cambridge, MA: Harvard University Press, 1992, 1992; Martha Nussbaum and A.K. Sen (eds.), The Quality of Life, Osford: Clarendon Press, 1992.
[4] See Martha Nussbaum and Jonathan Glover (eds.), Women, Culture and Development, Oxford: Clarendon Press, 1995. See also, H.A. Khan, "Resources, Capability and Regional Development," in A. Kumssa and H.A. Khan (eds.), Transitional Economies and Regional Economic Development Strategies, Nagoya: United Nations Centre for Regional Development, 1996. And UNECA, African Alternative Framework to Structural Adjustment: Programmes for Socio-Economic Recovery and Transfomation, Addis Ababa: Africa House, 1989.
[5] John Williamson, ed., Latin American Adjustment: How Much Has Happened? (Washington, DC: IIE, 1990).
[6] John Williamson ed., The Political Economy of Policy Reform (Washington, DC: Institute for International Economics, 1994), p. 17.
[7] ibid., p. 27. The debate on financial liberalization has been quite extensive. For an extensive survey see Maxwell Fry, Money, Interest and Banking in Economic Development (Baltimore, MA; London: The Johns Hopkins University Press, 1988), chapter 1-8. Karamo Sonko, Debt, Development and Equity in Africa (Lanham University Press of America, 1994) and; Haider A. Khan, and Karamo Sonko, "A Multidimensional Approach to Designing Effective Adjustment Programmes" in George Shepherd and Karamo Sonko, eds., Economic Justice in Africa (Westport, CN: Greenwood Press, 1994); Khan and Sonko, "A Further Extension of Adjustment Models: The Environment and Equity" in George Shepherd and Karamo Sonko, eds., Economic Justice in Africa (Westport, CN: Greenwood Press, 1994) discuss the issues relevant to structural adjustment programs.
[8] Williamson, ed., The Political Economy of Policy Reform, p. 27.
[9] In Khan, "Economic Modeling of Structural Adjustment Programmes: Impact on Human Conditions," Africa Today 37 (4: 1990): 29-38 , I have explored the effects of a budgetary retrenchment on a developing economy. See also Erik Thorbecke et. al., Adjustment and Equity in Indonesia (Paris: OECD, 1992), for an analysis of the impact of fiscal retrenchment.
[10] Williamson, ed., The Political Economy of Policy Reform, p. 26.
[11] From Africa: UN-NADAF NGO Statement, circulated online electoronically, apic@igc.apc.org., 21 September, 1996.
[12] This apt term has been coined by Rene Lemarchand. See R. Lemarchand, "African Transitions to Democracy: An Interim (and Mostly Pessimistic) Assessment," Africa Insight, 22, NO.3 (1992), pp.178-85.
[13] H.A. Khan and K. Sonko, "A Further Extension of Adjustment Models: The Environment and Equality," in Sonko and Shepherd, op.cit., pp.189-201.
[14] Ibid., pp.197-99. See also A.S. Bhalla, Environment, Employment and Development, Geneva: International Labour Office, 1992. Also, World Bank, Sub-Saharan Africa: From Crisis to Sustainable Growth, Washington DC, 1989.
[15] Sylvain Bayalama, "Environmental Degradation, World Bank Projects, and the Right to a Clean Environment," in Sonko and Shepherd, op.cit., pp.63-78.
[16] For a survey of the technical issues that arise in the construction of social and economic index numbers see S. Chakravarty, Ethical Social Index Numbers (Berlin: Springer-Verlay, 1990). Various Human Development Reports including the most recent one (1995) discuss the use of the Atkinson and other approaches to adjusting income. These reports also address other issues such as how to correct for gender bias.
[17] Amartya Sen, Population Policy: Authoritarianism vs. Cooperation (London: London School of Economics, 1995); Sen, Inequality Reexamined (Cambridge: Harvard University Press, 1992); Sen, "Welfare, Preference and Freedom" mimeographed, Harvard University (1991); Sen, "On Indexing Primary Goods" mimeographed, Harvard University (1991); Sen, Commodities and Capabilities (Amsterdam: North-Holland, 1985); and Sen, "The Moral Standing of Markets." Social Philosophy and Policy 2 (1985): 1-19.

[18] Martha Nussbaum, "Human Capabilities, Female Human Beings" in M. C. Nussbaum and J. Glover, eds., Women, Culture, and Development (Oxford: Clarendon Press, 1995); Nussbaum, "Aristotelian Social Democracy" in R. B. Douglass, G. R. Mara and H. S. Richardson, eds., Liberalism and the Good (New York and London: Routledge, 1990), Nussbaum, Love's Knowledge: Essays on Philosophy and Literature (New York and Oxford: Oxford University Press, 1990), Nussbaum, "Nature, Function, and Capability: Aristotle on Political Distribution," Oxford Studies in Ancient Philosophy suppl. volume (1988): 145-84; Nussbaum, "Non-Relative Virtues: An Aristotelian Approach," Midwest Studies in Philosophy 13(1988): 32-53.

[19] Nussbaum, "Human Capabilities, Female Human Beings," p. 361.

[20] Khan, "Economic Justice in the Age of Postmodernism" (Unpublished manuscript, GSIS, University of Denver, March 1995); Khan, ""Economic Justice and Democracy" (Unpublished manuscript, GSIS, University of Denver, March 1994); and Khan, "Markets, Structural Adjustment and Democracy," Relatciones Internationales 45 (1993).

[21] That the capabilities are social does not mean that they are arbitrary. They are to be socially determined in a manner that will allow the individual maximum amount of autonomy. In any existing social arrangement the capability of the individual may fall short, not because of individual decisions but because the social arrangements do not allow the maximum to be achieved. This normative dimension of objective thought about freedom in society is, in a sense, Hegelian. See for example Hegel's Philosophy of Right, G.W.F. Hegel (Oxford: Clarendon Press, 1942). See also, David Levine, Needs, Rights and the Market (Boulder, CO: Lynne Rienner, 1988); and Levine Wealth and Freedom: An Introduction to Political Economy (New York: Cambridge University Press, 1995).

[22] David Crocker, "Functioning and Capability: The Foundations of Sen's and Nussbaum's Development Ethic" in Martha Nussbaum and Jonathon Glover, eds., Women, Culture and Development (New York: Oxford University Press, 1995), p. 162.

[23] Nussbaum, "Aristotelian Social Democracy," p. 225.

[24] Ibid.

[25] See Sen, "The Concept of Development" in H. Chenery and T. N. Srinivasan, eds., Handbook of Development Economics vol I (Amsterdam: North-Holland, 1988), p. 13.

[26] See Nussbaum, Love's Knowledge: Essays on Philosophy and Literature, pp. 374, 378.

[27] See Sen, "The Moral Standing of Markets," p. 197.

[28] Ibid.

[29] See Sen, "Equality of What?" in S. M. McMurrin, ed., Tanner Lectures on Human Values i (Salt Lake City: University of Utah Press, 1980), p. 218.

[30] See Sen, "Equality of What?," p. 218; Sen, and Bernard Williams, Utilitarianism and Beyond (New York: Cambridge University Press, 1982), p. 20; Sen, "Rights and Agency," Philosophy and Public Affairs 11 (1982): 200; Sen, "The Moral Standing of Markets," p. 119; and Sen, On Ethics and Economics (Oxford: Basil Blackwell, 1987), p. 64.

[31] See Sen, "The Moral Standing of Markets," p. 195-6; and Sen, On Ethics and Economics, p. 64.

[32] Sen, "The Moral Standing of Markets," p. 199; see Nussbaum, "Human Capabilities, Female Human Beings," p. 24.

[33] See Sen and Williams, Utilitarianism and Beyond, p. 13.

[34] Ibid.

[35] Sen, "The Moral Standing of Markets," p. 218; and Sen, "The Moral Standing of Markets," p. 41.

[36] See Sen, "The Moral Standing of Markets," p. 218.

[37] Nussbaum, "Human Capabilities, Female Human Beings," p. 24.

[38] Sen, "The Moral Standing of Markets," p. 199.

[39] Ibid.

[40] Nussbaum, "Aristotelian Social Democracy," p. 233.

[41] Nussbaum, "Nature, Function, and Capability: Aristotle on Political Distribution," p. 161.

[42] Sen and Williams, Utilitarianism and Beyond, p. 20.

[43] Sen, "The Moral Standing of Markets," p. 199.

[44] Nussbaum, "Aristotelian Social Democracy," p. 217.

[45] Sen, "The Moral Standing of Markets," p. 200.

[46] Nussbaum, "Aristotelian Social Democracy," p. 217; see Nussbaum, The Fragility of Goodness: Luck and Ethics in Greek Tragedy and

Philosophy (Cambridge: Cambridge University Press, 1986), p. 69; and Nassbaum, Love's Knowledge: Essays on Philosophy and Literature.
[47] Crocker, "Functioning and Capability: The Foundations of Sen's and Nussbaum's Development Ethic," pp. 176-77.
[48] See Sen, Inequality Reexamined; "Economic Justice and Democracy" (Paper presented at the Conference on Democracy, GSIS, Denver, April 1995); Khan, "Economic Justice in the Age of Postmodernism"
[49] Khan, "Economic Modeling of Structural Adjustment Programs: Impact on Human Conditions,"; Khan, "Democracy, Markets and the New Social Movements" (Paper presented at the Conference on Democracy, GSIS, Denver, April 1993); Khan, "Markets, Structural Adjustment and Democracy,"; Khan and Sonko, "A Multidimensional Approach to Designing Effective Adjustment Programs"; Khan and Sonko, "A Further Extension of Adjustment Models: The Environment and Equity"; and Khan, Haider A. and Hitoshi Sogabe, "Macroeconomic Effects of IMF Adjustment Policies" in George Shepherd and Karamo Sonko, eds., Economic Justice in Africa (Westport, CN: Greenwood Press, 1994).
[50] In Khan and Sogabe, "Macroeconomic Effects of IMF Adjustment Policies" we have attempted a statistical evaluation of the impacts of the IMF programs for a large number of LDCs.
[51] Thus one of the recommendations for future monographs in this series could be the carrying out of such studies and publishing the reports as monographs in this series. Alternatively, a new series focusing particularly on the effects of SAPs could be started. Some relevant existing studies are: "Africa: Multilateral Debt," Washington DC: Bread for the World, Feb. 5, 1996; Sigun I. Skoly, "Structural Adjustment and Development: Human Rights—An Agenda for Change," Human Rights Quarterly, No.4, 1993; The Brundland Report, World Commission on Environment and Development: Our Common Future, Oxford: Oxford University Press. For debt reduction for Africa, "Multilateral Debt Reduction: A Proposed Framework," a position paper of the Canadian Inter-Church Coalition for Africa, January 1996 is an important recent contribution. On debt and aid, see, Christina Katsouris and Nil K. Bentsi-Enchill, "Africa under Pressure from Falling Aid, Rising Debt," African Recovery, United Nations, Vol.9, No.1, June 1995. Finally, groups such as the Development Gap and American Committee on Africa are also producing reports that are timely and relevant.
[52] George W. Shepherd, Partnership with Africa: A New American Policy, Phelps-Stokes Fund Africa Papers, July 1996, p.20.
[53] See for instance, Brian Arthur, Increasing Returns and Path Dependence in the Economy, Ann Arbor: The University of Michigan Press, 1994. Also, H.A. Khan, The Limits of National Innovation Systems: Technology, Development and Democracy in the Postmodern World, Aldershot, U.K.: Edward Elgar, forthcoming.
[54] George W. Shepherd, op.cit., p.1. In the area of U.S.-Africa trade in particular, Robert Browne has also emphasized the idea of a partnership. See Robert Browne, The U.S. and Africa's Trade: Prospects for Partnership, Amsterdam: The Trans Africa Policy Institute, 1995
[55] **Ibid., p.1.**
[56] J. Polak, "Monetary Analysis of Income Formation and Payments Problems," IMF Staff Papers (Washington, DC, November 1957).
[57] W. Robichek, "Financial Programming Exercises of the International Monetary Fund in Latin America" (Address to a Seminar of Brazilian Professors of Economics in Rio de Janeiro, September 1967).
[58] H. A. Khan, "Economic Modeling of Structural Adjustment Programmes: Impact on Human Conditions," Africa Today 37 (4: 1990): 29-38.
[59] L. Taylor, Stabilization and Growth in Developing Countries (U.K.: Harwood Academic Publishers, 1989).
[60] B. Onimode, A Political Economy of the African Crisis (London: Zed Books, 1988).
[61] UNICEF (G. A. Cornia, R. Jolly and F. Stewart, eds.), Adjustment with a Human Face: Protecting the Vulnerable and Promoting Growth (Oxford: Clarendon Press, 1987).