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Book Reviews

Africa's Adjustment and Growth in the 1980s, World Bank/UNDP, Washington DC 1989 (38pp, US$4,95), and **The Challenge of Hunger in Africa. A Call to Action**, World Bank/IBRD, Washington DC, 1988 (18pp, US$4,95).

Any doubts a reader might have about whether economics could be an exact science are likely to be strengthened by reading the former of these documents. Published by the World Bank, it is, not surprisingly, an apologia for the policies of economic 'structural adjustment' currently favoured by the Bank. It sets out to outline economic trends in sub-Saharan Africa 1985-7, with some reference to the figures that were available for 1988 at the date of publication, and to some of the broader context. Within this context it then tries to draw some conclusions about the effects of adjustment.

However, the fluctuations in the export prices of primary products, on which these countries largely depend, and in exchange rates, make aggregating figures for a group of countries a dubious process. The authors admit that taking Nigeria's figures at 1980 or 1987 exchange rates would give two very different aggregate pictures for the whole of sub-Saharan Africa. Both, we may conclude, would be, in different ways, misrepresentations of how people are affected, even in Nigeria. The fluctuations in prices of primary products, with oil as a special but not unique case, severely limit the value of any comparison of figures fron only two or three successive years.

The authors recognise this point and make some reference to trends since 1970, arguing that the fluctuations in oil prices since then obscure underlying trends. Thus export volumes, export income, and terms of trade aggregated across the region all show a decline in the period 1980-87, but an improvement compared to 1970. Even here the dangers of aggregating are apparent, since terms of trade for the group of poorest countries dropped 40% in the 1970s and remained at that low level since 1980. The report, naturally, concentrates on where it can detect growth in terms that interest its sponsors.

The report notes that, despite the prices having dropped less than those of other underdeveloped countries since 1975, Africa's share of the world market in non-oil primary product exports has dropped since 1970. If this is meant as an argument for adjustment, the authors have clearer ideas about what adjustment will do for national economies than for people. For example, while they report that real producer prices of agricultural products have risen with adjustment, they note with less emphasis that this increase has favoured non-food crops. While agricultural exports increased quite rapidly in the era of adjustment, 1985-7, per capita food production merely ceased to decline over this period, a drop in 1987 cancelling gains in the previous two years.

As for financial concerns, they report that aid flows have increased to those countries with strong adjustment programmes - but does this mean any more than that those who pay the piper are more generous when their tune is played? Debt service burdens were reduced on aggregate over 1986-7, but not for the poorest countries.

Terms of trade have improved for the countries without adjustment programmes, while they have continued to deteriorate for those with adjustment. It is worth examining not only what is presented, but how it is presented. For example, a little reading between the lines, and use of a pocket calculator, show that, from the figures given, poorest countries have suffered the greatest loss in unit price for their exports and in bulk of exports - so one of the prime prescriptions, reducing export prices, does not work for them. A table compares how several economic indicators have been affected by adjustment programmes, and divides countries which have not suffered strong shocks such as famine, drought or war from 'all countries'. Comparing those which suffered such shocks with those which did not may not give rigorously exact results, but it is clear that adjustment programmes reduce the ability to weather the effect of shocks on GDP and gross domestic investment. While countries suffering such shocks show the least decline in per capita consumption over the period 1980-7, and better GDP growth than those with reform programmes and shocks, or with no adjustment and no shocks, and possibly even better than those with adjustment and no shocks. They also seem to have done better in terms of export volume than those with strong shocks and strong adjustment programmes, or than those without such adjustment which suffered no shocks.

The second document, **The Challenge of Hunger in Africa**, although it is subtitled **A Call to Action**, does not offer a clear course of action to ensure food security at all. It lists a wide range of possible actions, without detailed guidance on which might work in which circumstances, and comes down to admitting that food relief programmes may well be necessary during periods of 'structural adjustment'. For proof that 'adjustment' offers long term solutions, we must look elsewhere, perhaps to Africa's adjustment and growth, but we would search there in vain. On the contrary, figures now available for the OECD countries (quoted in Westlake, 1989), where there is long experience of 'adjustment', shows that those which have 'adjusted' have done less well in terms of employment, output and consumer prices.

A worrying implication of this publication is that food relief may be offered to countries in difficulties on condition that 'structural adjustment' is accepted. But if the adjustment results, as seems likely, in increasing acreage and investment given over to export crops, rapidly dropping export prices and export volumes either decreasing or not increasing to match decrease in unit prices, will the apostles of 'adjustment' continue to give food relief to these basket cases?

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Reference

Westlake Melvyn (1989) "Economic Eye" in **South** magazine, July 1989, p 17.

Planning for Basic Needs: A Soft Option or a Solid Policy. A Basic Needs Simulation Model Applied in Kenya, Rolph van der Hoeven, Gower, Aldershot, 1988 (380pp, £25 hbk).

This book by Rolph van der Hoeven is yet another piece of important research to be published under the International Labour Organisations's (ILO) World Employment Programme (WEP) since its pathbreaking conference in 1976. The ILO Mission to Kenya had, in 1972, stated that:

> "We identify the main problem as one of employment rather than unemployment. By this we mean that in addition to people who are not earning incomes at all, there is another - and in Kenya more numerous - group of people, who we call the 'working poor'".

However, at the 1976 WEP Conference, it was realised that just the employment strategy by itself was not enough, but that (p31):

> "employment issues are intimately connected to the wider issues of poverty and inequality, and it is in this context that they need to be examined".

Van der Hoeven's intention is not to provide a defence of the BNA, but rather to show how it can be used as a basis for planning the development of a particular developing economy: Kenya. He, therefore develops a Basic Needs Simulation Model and applies it to Kenya. In order to sell the model, he has to convince people that BNA is a viable option. He therefore considers the various criticisms