THE ZARIA DECLARATION OF AFRICAN SOCIAL SCIENTISTS ON THE ADJUSTMENT OF THE AFRICAN ECONOMIES TO THE WORLD ECONOMIC CRISIS

I. – PREFACE

This Declaration is the consensus of social scientists from several African countries meeting at Ahmadu Bello University, Zaria, Nigeria. The meeting was also attended by three Latin American social scientists. The conference was jointly organized by the Centre for Social and Economic Research of that institution and the Council for the Development of Economic and Social Research in Africa (CODESRIA) on «*The Adjustment of African Economies to the World Economic Crisis*». The conference took place between the 11th and the 16th of March, 1985.

The conference was called as a result of the anxiety of the social science community in Africa in respect of the current social and economic crisis in Africa and the analysis of this crisis both by some national policy-makers and the international communities. The social science community felt that the policy prescriptions resulting from this analysis, (often made in secrecy and without any significant input by the social science community and those directly engaged in production who are most severely affected), are more likely to compound these social and economic crises rather than alleviate them in the short, medium and long-runs.

The errors made in such analysis derive from the conceptualization of the crisis and its root causes and, therefore, of the measures necessary for arresting and reversing the present stagnation and regression of african economies.

Further, such analysis is deficient in terms of historical as well as comparative perspectives.

It was to these pressing issues that the conference addressed itself, in the hope of assisting: (a) policy-makers committed to genuine social and economic transformation and development of the African continent, (b) the social science community in their efforts to understand the nature of the crisis, (c) the African population in their efforts to establish egalitarian, self-reliant and self-determined societies.

II. – THE NATURE OF THE CRISIS

Orthodox social scientists as well as international institutions such as the International Monetary Fund and the World Bank, tend to perceive the crisis as one of declining growth of GNP, balance of payments difficulties, large and persistent budgetary deficits, high rates of inflation, over-valued currencies, severe foreign debt problems and so on.

In our view, these are merely the manifestations of more severe problems relating to dependence, exploitation and underdevelopment, which inevitably lead to: rural stagnation and decay as a long-term process; decreasing food production and greater dependence on food imports; massive migration to the urban areas; growth in unemployment and under-employment; declining and distorted manufacturing sectors; hyper-expansion of the service and tertiary sectors; regressive and worsening income distribution; decline in production and productivity in relation to sectors destined to the domestic market for mass consumption goods; economic fragility and dependence (technological, financial, managerial, marketing etc...) on external sectors. All these have become accentuated in recent years. As part of this complex process there has been at the same time, an increase in the size and in the political and economic influence of social groups and ruling elites which are not directly productive and gain their wealth through exploitation, speculation and the misuse of the national coffers.

The logical corollary of this has been an increase in state and institutional repression to ensure that this process, which benefits only a small fraction of the population, continues.

III. – CAUSES OF THE CRISIS

According to the IMF, the World Bank and some social scientists, the major cause of this situation is essentially excessive governmental interference in the economy and the diminution of the role of market forces.

Other explanations propounded by this school of thought include: lack of discipline in budgetary matters; excessive domestic consumption due to high real wages and low productivity; investment policies that give undue priority to import-substitution industrialization and prestige projects to the neglect of traditional exports in which these countries are said to have «comparative advantage»; the abandonment of export-led growth as a development strategy; foreign trade and payments restrictions which discourage direct foreign private investments; price «distortions» due to excessive subsidies for mass consumer items; low domestic interest rates and easy credit availability leading to the expansion of domestic money supply and thus inflationary pressures.

Such explanations are usually supported by «statistics» and «examples», thus often making them look «genuine and scientific» even to the progressive policy-maker or social scientist.

A correct diagnosis, however, has to transcend these static appearances and manifestations and base itself on concrete historical analysis. The starting point, in our view, is the colonial heritage which imposed a particular pattern of international division of labour. In the colonies, this division of labour manifested itself in the divorce between the structure of domestic production and that of domestic consumption, with the determinants of growth, therefore, being located in the advanced industrialized countries and resulting in massive transfers of real value outside the African continent. The fact that this pattern of international division of labour led Third World countries, generally speaking, to greater dependence and underdevelopment, is a well-documented and known phenomenon. Furthermore, there was, particularly in Africa, the emergence of a small social group with substantial economic and political powers at the national level, with consumption patterns turned to external markets, with strong economic and ideological affinities to dominant social groups in the metropolitan countries both for political survival as well as for opportunities open to it to amass wealth.

These economic patterns and the nature of economic and political relationships were called into question, since the late fifties and early sixties, by some social scientists and the national liberation movements. Additionally, and even before independence, these relationships were being jeopardized by the growth of progressive forces at the world level (for example, the emergence of the socialist block) and the rising political consciousness in several countries.

To preempt this trend from becoming radicalized, limited political and economic concessions were granted to the former colonies. New political forms were also devised to disguise and perpetuate the colonial relationships through such mechanisms as the Yaounde and Lome Conventions, etc...

In this context, the process of the privatization of the state (meaning the state becoming the major instrument for private accumulation) took on an added significance, in the absence of a developed national bourgeoisie in most African countries.

By the late sixties, accentuated domestic contradictions linked to trends in the development of international progressive forces, political mobilization of workers and peasants due to limited expansion of economic activities, as well as technological transformation in the advanced capitalist countries leading to a fall in the demand for the traditional exports of the African countries, started threatening both the economic and political interests of newly emerging domestic ruling groups. It is important to correctly situate the beginning of the crisis in Africa. It was already evident in the mid to the late sixties with the drastic drop in the prices of most commodities (cocoa in 1965, tea during the decade of the sixties, coffee in 1966, rubber in 1967, bauxite in 1960–1965, etc...) and it is erroneous to attribute the crisis to the so-called successive oil price shocks of 1973 and 1979 as most conventional literature does.

The interests of the ruling elites were threatened both from above and from below. Fundamentally, the problem was, and still remains, how to maintain political stability in the face of economic stagnation and decline, sharpened internal social contradictions and increasing pressures for social, economic and political reforms. The coups and counter-coups that have characterized Africa beginning in the mid-sixties (e.g. East and West Africa) are a demonstration of the relative successes of the ruling groups in containing these pressures. Invariably these events have been accompanied by more repressive measures.

An alternative to this process and the repressive measures that normally accompany this, is moderate structural changes as have been attempted by some countries. This normally arouses vested national and international interests which immediately leads to processes such as capital flight out of the particular African country, deterioration in credit rating, the hardening of IMF bargaining stance, all of which lead to the worsening of the balance of payments position.

In sum, the causes of the crisis are structural and not due to temporary, transient phenomena or mal-administration though the latter is, of course, an important element in the crisis. By mal-administration we mean in particular, the allocation of resources to non-productive sectors, the urban bias of policies, reckless deficit financing, mis-management, inefficiency and corruption and the reckless pursuit of foreign borrowing. These are certainly not conducive to genuine independent development.

What is at stake is the very survival of the state in Africa, the legitimacy of the existing regimes and the perpetuation of imperial rule. Subregional and regional approaches to patch up the prevailing structures have so far proved inadequate as a result of the very factors that caused the crisis.

IV. – ADJUSTMENT MECHANISMS BEING PROPOSED

The adjustment measures generally proposed by the IMF are remarkable by their uniformity despite disclaimers to the contrary, and irrespective of the peculiarities of the situation. They consist of:

- Devaluation,
- Cuts in public expenditure,
- Privatization,
- Liberalization of external trade and payments,
- Contraction in domestic money supply through contraction of credit, especially to the public sector and certain factions of private enterprise,
- Policies designed to expand traditional exports,
- Wage restraints and the elimination of subsidies on mass consumption goods.

These measures follow logically from an analysis of the crisis which, as we have argued above, is incorrect.

Not surprisingly, therefore, these measures hardly ever work: Drastic cuts in public expenditure lead to marginal improvements in external balances. Lowering aggregate demand leads to general depression of economic activity, which in turn, leads to a fall in government revenue and thus compounds government deficits. Devaluation seldom results in an export boom or rise in export revenue due to over-supply and a contracting of demand for the traditional exports of African countries. The high levels of imports remain sustained due to the inelasticity of imports to price-changes as a result of structural dependence of domestic production on imported inputs. Liberalization leads to worsening balance of payments problems linked to net export of capital. Privatization leads to *de-facto* monopolies by subsidiaries of Transnational Corporations, loss of control, inefficiency, further producing stagnation in production and productivity as well as inflationary pressures. All these are in addition to an aggravation of the foreign debt problems which these measures normally lead to: overall decline in economic activity, and failure of positive net transfer of resources to take place. Increasing public discontent leads to conflicts amongst different factions of the ruling elite. Furthermore popular discontent and pressures against the austerity measures lead to greater reliance on overt use of state powers against organized labour, students, the press, the unemployed and the peasants. It is not surprising, therefore, that IMF austerity measures threaten the development of state structures, undermine the legitimacy of regimes, and further deepen endemic instability.

Acceptance of the adjustment measures as a precondition for granting so-called debt relief basically does no more than mortgage future production, limit domestic capital accumulation and the possibility of the emergence of an independent, self-reliant national economy. This means that the ability of the state to respond democratically to popular pressures is reduced to a minimum thus obliging the resort to more and more repressive measures.

V. – WHY ARE THE RULING ELITES PURSUING THE ADJUSTMENT POLICIES?

Despite the contention that these policies are necessary for stimulating a healthier and more balanced process of economic growth, the inescapable results have been to perpetuate stagnation at lower levels of economic activities, decapitalization of sectors geared to meeting domestic demand, unfair competitive edge given to transnational manufacturing and mining establishments geared to exports; in short, this is a masked attempt to perpetuate dependence and to introduce sophisticated mechanisms of external control and thereby increase the vulnerability of the ruling elites.

Even where no formal agreements have been signed with the IMF, some African governments have tried to implement IMF types of austerity measures. In some cases, this may be due to a belief on the part of the governments that there are no alternatives.

In other cases, there is a coincidence of interest between international finance capital and the dominant social groups in the African countries, especially the petty and comprador bourgeoisies. Even with states which would like to pursue alternative strategies, they often lack the popular base and the political legitimacy to oppose the adjustment measures being proposed by the IMF and the World Bank.

In short, the alternatives open to the African states are either to face the risk of popular disturbances such as the so-called «food riots» or to go beyond their own narrow interests, by more fully identifying themselves with popular and progressive forces, and relying on these forces to protect them against national and international vested interests.

VI. – ATTEMPTS AT FORGING NATIONAL CONSENSUS

Confronted with these options, their own vested interests and the IMF conditionalities, the national elites have tried to rally the public around their policies. They have tried to do so by presenting the argument that the economic crisis is caused by either, or a combination, of the following:

a) natural disasters (drought, desertification, etc...);
b) some vague, impersonal thing called «the global economic crisis» that everybody suffers from and for which noboby can be held responsible;
c) sins of omissions and commissions in the past usually ascribed to previous regimes;
d) fundamental flaws ascribed to the national ethos and culture of the people which are not conducive to development such as engaging in «conspicuous consumption» rather than hard work, savings and national accumulation. At times the people are blamed for «indiscipline» with respect to work, and their supposed expectation that development would fall as manna from the heavens, etc...

Such explanations therefore permit the governing groups to call for: belt-tightening on the part of all concerned, especially workers and peasants; lowering of the standard of living; greater work discipline; greater respect for an acceptance of authority, and a diffused and generalized call for support of the state and the political regime of the moment. In short, this translates into a demand for solidarity on the part of unionized labour and the peasantry around the programmes of the national elites coupled with a regressive movement into political passivity that reverses all the achievements of the national liberation struggles.

Such a national consensus is hard to sustain even in the short-run because the gains are wholly one-sided (i.e. for the national elites) as are the sacrifices, – emanating, as they do, mainly from the lower strata of society. The latter group constituting the majority are precisely those who have nothing to gain from such a national consensus, but whose cooperation for its success is indispensable.

There are different methods of implementing IMF adjustment programmes: some take the form of explicit agreements with the IMF and explicit performance tests, while others take the form of apparently autonomous decisions to implement austerity measures which in fact contain most, if not all, of the standard IMF adjustment measures.

Further, there are variations among countries in terms of their acceptance or rejection of specific IMF policies such as formal and open devaluation, privatization, etc... These apparent deviations from IMF measures often camouflage *de-facto* and subtle ways of complying with them such as gradual and incremental devaluations, multiple exchange rates, transformation of public enterprises into enterprises which respond exclusively to market signals and, therefore, function effectively as private firms. Furthermore, these apparent rejections of certain IMF policies are a reflection of internal contradictions amongst the ruling groups, estimates as to whether the measures will be difficult to sell to the public, and the variations in the modalities by which specific national elites can gain from a specific situation. Since IMF policies are usually negotiated on a continuing basis, these apparent deviations are tolerated because they could either be reversed at subsequent stages of the negotiations and, more importantly, because they do not threaten the logic of capital accumulation on a world scale.

VII. – ALTERNATIVES

There are three alternatives open to African governments. These are:

1) Continuation along present lines of bilateral accomodations with the IMF;
2) A shift to multilateral negotiations with the IMF in order to improve the IMF conditionalities, and
3) A radical break with the IMF and World Bank entailing a commitment to a fundamental transformation of the existing international division of labour and the genuine search for alternative models of development based on sub-regional, regional and south-south solidarity.

In public fora, attention has thus far been focused exclusively on the first two alternatives. For reasons to be developed shortly, it is our view that the first alternative can only result in nightmarish conditions. The second is likely to lead to short-term and transient gains, and should best be seen as a transitional strategy to the third alternative. Only the third alternative provides any hope for the survival of the African peoples.

(1) First Alternative: Derived Dependent Development through Bilateral Negotiations

The first alternative does not hold the promise of maintaining even the present levels of economic activities in most African countries. The reason for this is that the advanced capitalist countries, because of the current model of accumulation, and input requirements as a result of rapid technological change in industrial production, are less and less interested in Third World countries, as a whole, as sources of raw materials. What they are interested in, are specific raw materials located in a few selected Third World countries and in a disciplined and cheap labour force in other Third World areas for the production of intermediate (and the assembly of final) goods primarily for the markets of the advanced industrialized countries. This does not mean, however, that the markets of some Third World countries including those in Africa are irrelevant to international capital.

In this scheme of things, there are three categories of *Third World countries* though, of course, some countries may well combine especially the first two roles:

- those whose role is to supply cheap labour for relocated manufacturing establishments producing intermediate goods and components as well as the assembly of final goods, in decentralized production units. Here, the social role of the state in ensuring a disciplined and cheap labour force is primary;
- Second, those countries to be integrated into the World Capitalist System through the supply of selected mineral resources and cheap energy for the initial transformation and processing of these minerals. This corresponds to the strategy of redeployment and

relocation of high energy consuming, high pollution and low retained value industries which have proved unprofitable in the centre. Here the economic role of the state as the provider of infrastructure and a guarantor of the debt of the private sector, both foreign and local, is of greater significance, and;

- the third category of countries are the «new reserves». Their importance to the advanced countries is becoming less and less either as sources of raw materials, of labour, of the transfer of surplus or as markets.

While not denying the importance of certain African countries as sources for the supplies of specific strategic minerals to the world economy and granting that the «importance» of a country may also be determined by geo-political and military considerations, it is our opinion that a significant number of African countries are condemned to becomming the new international «reserves» and therefore belong to this third category. The gravity of the political, economic and social consequences of this fact and the implications for the future of Africa, difficult as it may be to conceptualize, must not be underestimated.

What this means, therefore, is that some Third World countries, by applying IMF adjustment measures have some prospects for becoming the so-called «newly industrializing» countries, although very few are likely to evolve along these lines. The second group of countries are likely to be characterized by declining levels of domestic capital accumulation, distorted and disarticulated domestic production structures, greatly increased dependence on external sources for food, and overall slowing down of the pace of economic activity, marginalization of growing portions of the labour force, drastic reduction in the production of public goods and services and, in sum, general economic backwardness. For the third category of countries, the prospects are for a rapid slide into economic decay and their emergence as the backwaters of international capitalist economy.

(2) Second Alternative: The Collective Bargaining Approach

Given the different prospects being faced by Third World countries, the insistence of the IMF on bilateral negotiations and the acceptance of this by some Third World countries become easily understandable. Further, this is the main reason for the revealed fragility of the collective approach by the Third World, as pointed out earlier.

On the face of it, the collective approach seems both obvious and promising for the Third World countries: First, it would seem to be the logical way for resolving the contradiction between the advanced countries needs for the markets in the Third World and the persistent resource transfers from the Third World which hamper the development and sustenance of these markets. A successful collective stance by the Third World, at the very least, will significantly reduce surplus transfers and would also give the impression of a determination by Third World countries to transform the existing patterns of international division of labour.

This contradiction (i.e. between resource transfers from the Third World and the need to develop these same markets) is however inherent in the very nature of the international capitalist system. It cannot be resolved by mechanical and logical means but only by a dialectic process which will take the form of a new class that questions and alters the very essence of international capitalist relations. By giving the impression of trying to fundamentally restructure the international division of labour through negotiations, the elites of the Third World lend credence to the naive assumption that changes of this nature can ever be brought about through dialogue, appeals to reason, the best and long-term interests of the developed countries and their good-will.

In our view, the collective bargaining approach should, however, not be dismissed out of hand for it makes it possible to expose the inherent irrationality of the international capitalist system, its short-sighted and egotistical nature, and the absence of any «idealistic» values in the behaviour of the centre towards the periphery of the system. Further, there is some likelihood that Third World leaders, as a result of their experience in collective bargaining would begin to see beyond the marginal issues that differentiate them and start focussing on the essential similarities in their relations with the advanced countries. At a minimum, this could provide the basis for south-south collaboration and solidarity which is a prerequisite for the adoption of the third alternative.

(3) Third Alternative: Controlled De-linking from the World Capitalist System

It would be pretentious on our part as social scientists to provide a blue-print for the third alternative, for this strategy can only come into place over a long period of time, with many forward and backward movements. At the national level, the pace and the forms of this strategy would vary considerably and would depend on the degree of the democratization of the conomic and political processes of the different countries. Finally, it would depend on the changing composition of the group of Third World countries that serve as the vanguard of the Third World movement.

What could be said at this stage about the third alternative are its political and economic prerequisites. Fundamentally, the problem is political and could only be solved through political struggle. To wage this struggle successfully, requires a new model of society. The main feature of this model should be the establishment of a correspondence between the pattern of domestic production and the needs of the vast majority of the people. The political rallying calls, at the international level, must inevitably articulate themselves around:

1) the necessity to ensure the retention of the totality of the surplus being generated within the domestic economy for the purpose of internal, social and economic transformations, and,
2) the unhindered and unfettered right to develop and design alternative economic and political models that respond to the needs and aspirations of the vast majority of our peoples.

A corollary of this, at the national level, is the radical redistribution of political and economic power to guarantee that national wealth is channelled to those that are primarily responsible for the production of this wealth in the first place. This would ensure that the producers of wealth are also in a position to determine their own political and economic destiny.

This alternative is certainly ambitious and far-reaching. Its achievement is by no means guaranteed, as any effort to strive towards it would unleash ferocious opposition from vested national and international interest. Only determined and sustained efforts supported by a solid national consensus can facilitate its pursuit, failing which, there is very little hope for the African peoples.

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