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Economic Growth and Adjustment in Central Africa

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Abstract

The persistent economic crisis in Africa is having particularly severe consequences on the countries in the Central Africa region. Traditional adjustment policies based on inward-looking programs of stabilization have placed enormous stress on local political and economic institutions. Given the dramatic changes in the world economy in recent years propelled by rapid industrialization in East Asia, accelerating unification of the twelve member countries of the European Economic Community into a unified market, and the political and economic liberalization of Eastern Europe, African countries need to fashion new strategies to stimulate economic growth and development.

Structural adjustment programs undertaken with the World Bank and the International Monetary Fund, while necessary to restore economic efficiency, must be fashioned so as to limit the near-term risks of stagnation and recession. To succeed, they must take into account three key elements for maximizing economic growth in Central Africa: greater emphasis on regional economic cooperation and integration, decentralization of economic decisions, and strong promotion of human and material resources in the informal sector. Structural adjustment thus needs to be defined and applied within a regional context rather than on a country-by-country basis.

Economic Growth and Adjustment in Central Africa

Since the beginning of the 1980's relations between developing countries and international lenders have changed considerably as a result of the recent economic crises. Occurring at different times, these crises have profoundly affected both economic and political relations in all areas of the world.

In fact, the much-touted world economic crisis corresponds to a sort of "tectonic friction" between different political, social, ethnic or religious strata, which are not all evolving at the same pace or according to the same standards. From time to time these frictions lead to ruptures of varying degrees of severity, accompanied by misunderstanding, conflict and suffering. Each crisis brings tremendous disappointment and hardships to individual countries, particularly with respect to the developing nations' growth expectations and standards of living. To meet this challenge many national stabilization and recovery plans have been developed.

1. - An Era of Declining Growth.

These plans, developed jointly by I.M.F., and I.B.R.D. experts and the countries concerned, have involved Asia and Latin America as well as Africa. However, in the case of the African countries, one has to acknowledge that, in the absence of capable or sufficiently well-prepared advocates to make technically appropriate counter-proposals, it has, in fact, been the experts in Washington who have implanted their ideas in the various Structural Adjustment Programs.

The different five-year plans which most African states have used since Independence have been periodically revised, often while the original was still at the printers! Only rarely have these plans succeeded in mastering key parameters such as the dynamics of the production sector, producer and consumer behavior and the duration of trends. One should also point out that during the seventies, a period of relative affluence for many African countries, their leaders and top managers acquired expensive tastes and habits, while the countries themselves remained very poor. For these people, in the early eighties, as with their countries, it was particularly difficult, in the short term, to accept giving up these habits, although the economic stagnation affecting all African countries at the time seemed to demand it. As a result, these attitudes persisted, affecting not only the public realm of national policies and budgets, but also the private realm, where certain individuals became extremely rich through financial dishonesty and all types of "gravy-skimming", much of which was funnelled abroad.

Although it is now standard practice to wax indignant at this situation, those of us who, in the past, have been its helpless witnesses, should also resist the temptation to continually refer to it or to criticize it too harshly. Instead, for the World Bank, as for the other international experts involved, the implementation of the extremely rigorous policies of the last few years must be accompanied by a pragmatic attitude, devoid of all recrimination.

The foregoing remarks underscore how closely the readjustment difficulties of both private consumption and public expenditure are related to a complex of behavior patterns having economic (wealth utilization), sociological (income distribution) and political (civic sense) aspects. Thus the various drastic adjustments required do not simply depend on training and education, and even less on the size and scale of capital flows. For a given country can find itself in an underdeveloped state, not because it does not have a sufficient number of trained managers and officials but also because it does not use all those that it has. In addition, it is rare that the managers which are being used are in the fields for which they have undergone lengthy and costly training. For example, legal experts are given economic positions and doctors become bureaucrats. In the same way, a country can find itself in an underdeveloped state, not only because of insufficient capital resources, but also because it does not use them in the most judicious and productive manner, (no thoroughgoing analysis of projects, nepotistic influences in the attribution of public contracts, and embezzlement by certain high officials responsible for allocating public contracts).

2. - A New Awareness.

After 1980 a new orientation became necessary for all African governments, particularly concerning the economic policies of most countries south of the Sahara. From 1987 onwards, when the franc-zone African countries regularly had current-account deficits with the French treasury, it became clear that the black African countries were facing extremely serious economic problems. Without compromising the fundamental and sacrosanct principle of national sovereignty strict new measures of expenditure reduction and discipline were advocated by the international lenders on whom the economies of these improverished countries depended. The area of public expenditure was particularly targeted by the reduction recommendations, and all the Central African countries were concerned.

At this point the IMF, the World Bank, France and many other involved international lenders became simultaneously aware that the unhealthy economic situations which they had ignored for so long had become particularly serious. Different speeches given by both European and World Bank experts reiterated the need for their African friends and partners to adopt realistic and rigorous new attitudes. The abstract respect for a nation's "internal affairs" had, in fact, led the international lenders to tolerate extremely unhealthy situations in terms of both overall macro-economic policy and the economic conduct of certain individuals. Everyone now accepts the idea of overall support to these suffering economies, provided, however, that things change; that is to say, the countries concerned will have to accept new discipline and directions. In concrete terms, every country requiring aid from France or the World Bank will have to agree to adopt coherent economic policies which are less wasteful and more structured. Such propositions are in line with those made to the other developing countries in the world.

3. - Franco-African Continuity

For many years relations between France and Africa have been characterized by the quest for a certain continuity in their official relations. Although the overall economic, political and social picture was certainly never considered perfect, France preferred to maintain a relative stability in its now-independent former colonies, even though it meant supporting not particularly competent or popular regimes.

- From the beginning of the nineteen-sixties on, under the benevolent gaze of General de Gaulle (1958-1969), many African states were formed with French economic, technical and financial help. For these countries it was convenient to set themselves up in relatively stable circumstances, and to continue to look to France for advice and guidance.

- The presidency of Georges Pompidou (1969-1974) represented a turning-point in the first decade of independence as the world economic situation improved considerably. With its affluence and its enormous demand for raw materials, the West invited Africa to participate, as a counterpart, in the new era of rapid growth and development. For their part, the African countries also had great needs driven by a desire for the same type of growth. It was during this period of relative wealth and affluence that the first economically unsound measures were taken, as all parties concerned tried to take maximum, albeit inequal, advantage of the situation. At the time, no one was especially worried, as the excesses, wastage and confusion were not yet particularly serious.

- During the Valery Giscard d'Estaing presidency (1974-1981) the overall situation became much more difficult, as the oil crisis greatly increased transportation costs to and from all parts of the world. The non-oil-producing nations of the sub-Sahara were particularly badly hit by the series of sharp oil-price increases. Although France inceased its level of development aid correspondingly, it still continued to cling to the sacrosanct principle of political non-interference and respect for national sovereignty. Thus it still continued to withhold judgement on the economic and political decisions of her African friends, even if these were sometimes extremely risky and irrational.Many regimes became notoriously corrupt, characterized by nepotism, extravagant displays of wealth, and a lack of even the most elementary sence of appropriate proportion. For example, the coronation of Jean-Bedel Bokassa as "emperor for life" was considered by France as a purely internal affair. Closing its eyes to this and to other similar excesses, France continued to assure the "empire" of its support. Respect for sovereignty, as it were, took precedence over efficiency.

- The arrival of François Mitterand in 1981 did not greatly modify France's basic African policy. From a cynical viewpoint, the maintenance of the existing regimes at least, guaranteed her a few more sure allies in U.N. General Assembly votes. Also, economically, the situation remained acceptable, so long as the African economies remained viable, and particularly so long as East-West relations remained tense.

- However, the 1990's are beginning with quite a different outlook: the African economies are collapsing; East-West rivalry has virtually disappeared; the economic burden of development aid has greatly increased, and African countries have become less important politically. At the same time, there is a growing dissatisfaction among the African masses that they have been overlooked in the growth and development process. Democracy has become an overriding popular demand, much to the discomfort of the existing regimes, who are not used to sharing their power and who are now being advised by the West to face up to inevitable historical change.

So far as the nation-states of Central Africa specifically are concerned, the fact that the UDEAC-countries[1] belong to the franc-zone while the others (those of CEPGL[2]) have independent, non-convertible currencies means that the structural adjustment programs are unable to propose consistent, overall solutions for all countries concerned, even though together they make up a single, unified region. On the other hand, the overall effect of the strictures of franc-zone membership and structural adjustment programs is generally considered to be positive.

Participation in the franc-zone requires very definite monetary discipline from member countries and avoids the type of confusion and difficulties experienced by most other African non-convertible currencies. At the same time, according to some observers, the fixed parity established between the French franc and the two CFA francs plus the Comorian one[3] does entail certain disadvantages, and for most of the CFA countries, the overevaluation of their currencies relative to the French franc poses certain dangers to their economies. Although it is certain that the value of these currencies guaranteed and underwritten by France does not realistically reflect the economic potential of the different economies of Central Africa, the direct and indirect benefits of zone-franc membership are undeniable. For the future one can envisage the extension of the franc-zone to other countries, either through modifications of its rules or through re-evaluation of the currencies concerned relative to the ECU[4]. It is thus incorrect to claim, as some observers do, that the I.M.F. and the franc-zone sometimes pull in different directions. The nations of Central Africa represent a population of some 77 million people, and the recovery of their economies must be the concern of all those who see the deepening poverty there as a threat to peace and stability in Africa.

4. - The I.M.F. Recommendations.

The IMF's primary focus has been on reducing the cumulative structural deficits which are found throughout the balance sheets of these struggling countries. New

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[1] UDEAC: Union Douanière et Economique d'Afrique Centrale (Tariff and Economic Union of Central Africa)

[2] CEPGL: Communauté Economique des Pays des Grands Lacs" (Economic Community of the Great Lakes Countries)

[3] CFA Communauté Financière Africaine (African financial community) with CFA Franc of West Africa, CFA Franc of Central Africa, and Comorian franc.

[4] ECU European Currency Unity (currency fo the European Economic Community).

stabilization policies were implemented, designed to bring down overall demand both at consumer and governement levels. At the same time new structural relashionships will be established between the sectors considered to be the main driving forces of the economies concerned. This will involve providing appropriate, integrated sectorial policies for each economy. The definition of these will also lead to new restructuration policies for the economy as a whole. Thus, as coined by Patrick Guillaumont[5], it is now accurate to speak of an "adjusted Africa", one in which there should no longer be any conflict between structural adjustment and economic growth and where the primary emphasis will be on improving export-sector productivity.

Since for most of these countries during the seventies and eighties their balance of payments situation was in profound imbalance, priority has to be given to restoring balance in the key areas. Thus, a "structural adjustment program" can be seen as a body of economic and political measures designed to restore equilibrium to the balance of payments. Indirectly these measures involve both redefining the interaction between key components of national economies and the pursuit of improved growth through optimum use of the human, financial and material resources available.

A structural adjustment program represents a far more fundamental overhaul of the economy than simple "stabilization plans". It aims mainly at restoring a country's monetary and financial health rather than simply fostering economic growth. In principle, structural adjustment programs and stabilization plans are strictly complementary, although the former can overlap several of the latter. For example, some countries, now on their ninth stabilization plan since 1981, are only on their third structural adjustment program.

[5] Presentation on "The African Crisis", First International Economic Conference of the University of Bangui, March 12-14, 1990. For Patrick Guillaumont, Professor at the University of Clermont-Ferrand and Director of the C.E.R.D.I., structural adjustment is both "inevitable and undefinable". So far, as the different structural adjustment programs are concerned, he feels it is important to make the distinction between the growth rates observed and those which one might expect considering different geographic, social, political and economic factors such as debt, finances, climate, population, etc. In the final analysis, P.Guillaumont believes that the informal sector is much better adapted to dealing with the crisis than the formal sector.

Table 1

PRINCIPAL FINANCIAL INDICATORS OF THE NATION-STATES OF CENTRAL AFRICA[6]

Countries:	CAB mns$	RWR mns$	NDI mns$	GIR mns$	ODA mns$	EPuD mns$	TED mns$	EDO mns$	Int mns$	Ser $Y
Cameroun	-1112	3	31	78	213	2785	4028	3306	177	4,8
Chad	-83	-324	-26	4	57	270	318	270	3	0,7
C.A.R.	-96	-24	20	102	173	520	585	520	9	2,1
Gabon	-210	-143	121	18	82	1605	2071	1605	57	2,3
Congo	-245	-39	-40	9	152	3679	4636	3679	45	10,3
U.D.E.A.C.	-1746	-527	106	2311	677	8859	11638	9380	291	
Zaïre	-705	-81	10	417	621	7334	8630	7334	119	4,7
Rwanda	-131	-15	23	164	243	513	659	544	7	0,5
Burundi	-132	-15	2	69	192	718	755	718	15	3,6
C.E.E.A.C.	-2714	-638	141	861	1733	17424	21682	17976	432	

CAB:	Current account balance
RWR:	Receipts of Worker Remittances
NDI:	Net Direct Private Investment
GIR:	Gross International Reserves
ODA:	Official Development Assistance
EPuD:	External Public Debt
TED:	Total External Debt
EDO:	External Public Debt Outstanding and Disbursed
INT:	Interest Payments on External Public Debt
SER:	Debt Service Ratio

Since a primary objective of structural adjustment is to redress a balance of payments imbalance, it does not make sense for the sub-Saharan countries to balance their economies by continually having recourse to external capital sources. In fact, it is not unusual for developing countries to run deficits: it can be considered as necessary. The only question is whether these deficits are "sustainable" or not, and if they are supported by private capital inflows or by donors.

This explains why many of the countries concerned feel that the World Bank is far more concerned with a country's solvency and ability to repay its debts rather than pursuing a growth and development program as such. Naturally, the two objectives are closely linked, but for each certain priorities can be defined very differently.

[6] For 1987, figures in million of dollars or percentages of GDP (World Development Report 1989, tables 15 to 20).

Since 1981 the adjustment programs have generally been matched with "structural adjustment loans". Here again, one can recognize that the bank's primary thrust has been to rectify the deficits in the principal national accounts, with development efforts receiving only a secondary emphasis.

At $ 1.400 billion the total external debt of the Third World countries is 50% greater than their GDPs, and this debt load is the major concern of the World Bank and the I.M.F. Another disturbing fact is net capital transfers which since 1989 show a $ 45 billion deficit. This situation explains the various regional and national programs developed by the World Bank, and the need to impose them in somewhat authoritarian fashion, even though this means provisionally tempering strict notions of national sovereignty.

Since Bretton Woods the International Monetary Fund has seen itself as the "grand ordainer" of international liquidity and guarantor of the smooth functioning of the International Monetary System. In this context balance of payments is taken to be the principal indicator of economic health. While not connoting specific economic policies, the loans which the banks make to countries in difficulty have the implicit motive of defending or restoring the balance of payments situation of the countries concerned.

5. - Results from Ten Years of Structural Adjustment Programs

For countries which have benefited from several years of a program one can try and compare their economic situation with that of countries which have not been helped. In the same way, for a given country, one can also compare its present situation with that prevailing before implementation of structural adjustment programs. However, such analyses are often inconclusive, reflecting more their authors' ideological viewpoint than anything else. In addition, one should not expect the results to be consistent all over the world - the reponse of the Philippines cannot be the same as that of Niger or Zaïre. Thus, on the African continent, and more specifically in the Central African zone which concerns us, structural adjustment programs cannot be carried out identically in Gabon, Zaïre, the Central African Republic or Cameroon.

a) African Economies: 1990

Some initial pointers:

1. The basic economic issues address by structural adjustment programs were themselves fundamentally different with certain countries being in particularly dire straits.

2. Although the World Bank may not agree, the political affinities between the recipient countries and the United States unquestionably played a major role in the movement of money and experts. The USA and other bilateral donors did not disburse their aid impartially, and were more likely to help countries in their zones of influence.

3. The same assistance methodology, geared towards restoring a sound balance of payments, could not be applied indiscriminately to Asian countries such as China or Thailand or to Latin American countries such as Chile or Mexico, and even less to the African countries with their extremely varied demographic, sociological, ethnic, political and economic characteristics.

In Africa, Nigeria with its population of over 108 million and Gabon with its annual per capita GDP of over $3,500 represent respective extremes on a continent where per capita income is extremely low. All these countries are markedly different from each other in many important areas such as culture, political ideology, sense of nationhood and degree of resource distribution. Thus, the same SAPs cannot be applied willy-nilly to each of them.

The nation-states of Central Africa themselves are characterized by significant differences in terms of population (Zaïre 33 million; Gabon 1 million), GDP (Cameroon 4,500 billion CFA; Equatorial Guinea 34 billion CFA), and annual per capita income (Gabon $3,350; Chad $180).

Table 2

THE REGIONS OF AFRICA

(population, area and GDP of the different regions)

	Population in millions	Area sq.km.	GDP $1,000	GNP per Capita
Africa	599,5	30.099.283	$388.52	$648
North Africa	57,5	4.754.891	$109	$1,896
West Africa: CEDEAO	185,4	6.181.909	$81.09	$437
Central Africa: CEEAC*	77,1	6.677.380	$42.40	$550
East Africa	114,5	3.645.630	$22.23	$194
Nile Valley	74	3.507.259	$44.99	$608
Southern Africa	77,8	4.738.159	$82.76	$1064
Indian Ocean Islands	13,2	594.055	$6.06	$459
Central Africa				
Angola	77,1	6.677.380	$42.40	$550
Burundi	9,4	1.246.700	$8.10	$862
Cameroon	11,2	475.44	$11.74	$1049
Congo	2,3	342	$2.59	$1124
Gabon	1,2	267.67	$4.00	$3337
Equatorial Guinea	0,4	28.05	$60	$150
Central African Republic	2,9	622.98	$904	$312
Rwanda	6,8	26.34	$1.39	$204
São Tomé & Principe	0,12	960	$36	$300
Chad	5,4	1.294.000	$971	$180
Zaïre	32,7	2.345.310	$11.54	$353

*includes Angola

Note : Figures are presented in the French system, i.e., commas and dedimals are reversed. Data are based on the 1989 World Bank's Development Report, with per capita GNP estimated for 1987 at current prices and official exchange rates.

Certainly, in the beginning, the balance of payments deficits of these countries had a common origin. However, the types of national differences referred to above made it necessary to formulate and implement different programs on an individual case basis. On the other hand, the idea of regional structural adjustment programs", announced for the UDEAC countries at the end of 1989, does seem to have the advantage of being in line with the longed-for policy of integration. Nonetheless, at this stage it is difficult to see how a single regional plan can put into practice overall measures valid for all UDEAC or CEEAC member-states, and which could eliminate the balance of payments deficits of countries as markedly different as Equatorial Guinea, Cameroon, Zaïre and Gabon.

In addition, one has to recognize that the various structural adjustment programs, coming on the heels of often a considerable number of stabilization programs, contained a certain degree of trial and error. In the case of the Central African Republic, now on its third structural adjustment program, there have been eight stabilization programs since 1980. Thus, for this country, as for the ten others of the Central African zone, one may very well ask what the benefits of ten years of I.M.F. intervention have been.

Given the economic difficulties experienced by all these countries, some critics have gone so far as to question the value of the structural adjustment programs themselves. However, a certain number of considerations tend to counteract this view:

1) urgent changes were absolutely necessary;
2) the countries concerned were unable, by themselves, totransform their enfeebled economies;
3) the results of such programs are invariably mixed;
4) it is not realistically possible to compare these countries' economic situations in 1990 with what they hypothetically might have been if structural adjustment had not taken place;
5) compared to countries which did not have structural adjustment programs, those which did are relatively better off.

b) Improved Economic Management.

Throughout the seventies and eighties the nations of Central Africa ran up huge budget deficits, without apparently worrying too much about the long-term effects on their economies, and this negligence by the national authorities concerned is at least partly responsible for the present crisis.

Between 1960 and 1985 the natural population growth rate of the Central African region was extremely high, at between 20 and 25 per thousand. At the same time their real GDPs were only growing, at best, at 1.4% per year. For the ten-year period ending in 1989 total investments resulted in a level of capital formation barely one-third of what it had been twenty years previously. In sum, the budget deficits which occured were thus the result of a long series of disappointing economic results, unquestionably due in part to poor judgement by the governments concerned.

For certain countries one can identify the causes of these erratic results. Both the I.M.F. and the World Bank, like most other Western lenders, attribute primary blame to the disproportionate increase in public sector expenditures relative to the gross domestic product. On the other hand, the countries concerned feel that the problem was not so much excessively high expenditures, but rather disappointingly low revenues. Certainly the declines in commodity prices were directly reflected in lower revenues, but this is not the whole story. For, in the final analysis, not only were the price decreases not particularly sudden or sharp, they were also foreseeable. Thus, part of the problem was due to lack of foresight. Further poor management was also evidenced by the governments' failure to bring their expenditures in line with revenues despite several consecutive years of lower income.

The response of the I.M.F. in this situation was to insist "gently but firmly" that money supply be controlled, or, to be more specific, that credit availability be curtailed, even though such measures could very well lead to recession and economic paralysis. Such therapies are notoriously double-edged, but the I.M.F. was right to bemoan the excessive share occupied by the public sector in Central African economies and to criticize the mismanagement, waste, loss and disorganisation involved.

Table 3

THE SOCIO-ECONOMIC CONTEXT OF STRUCTURAL ADJUSTMENT PROGRAMS

1. Public sector fiscal imbalances leading to rising external debt
2. Unsustainability of public sector employment
3. Improper signals to stimulate private sector expansion
4. Chronic unemployment
5. Persistent inflation, leading to declines in rates of savings and consumption
6. Stagnating production due to weaknesses in domestic and international markets

On the other hand, perhaps it was too optimistic to assume that, in exchange for various incentives, the private sector could take up the slack. Generally speaking, for various psychological, sociological and economic reasons, the private sector in Central Africa is not capable of taking over from a flabby and ineffective public sector. Thus, it is all very well to advise governments to freeze public sector hiring, but private industry is equally unable to absorb the surplus manpower. How could it be otherwise in a region where the banking system is totally disorganized, where small-business loans are virtually non-existent, and where the banks themselves often have to suspend withdrawals?

Such a grid-locked situation could have been avoided by earlier, more categoric diagnosis. However, between 1960 and 1980 the nations of Central Africa worked out their development policies, irrespective of their budgetary incomes: the former were based on the increasingly costly requirements of development, while the latter declined with the fall in commodity production and prices. Thus, budgetary deficits occured with arithmetic inevitability.

For a long time the I.M.F. and the World Bank, like most other international lenders, were mindful, above all, of the principle of national sovereignty, and deferred to the judgement and decisions of the various national governments.

c) Justified but Belated Measures.

The hardening of the I.M.F.'s attitude at the beginning of the 1980's was justified but too late. Although its analyses were coherent and primarily based on monetary and financial criteria, they turned out to be extremely harsh in their application to a steadily worsening situation. The World Bank was thus generally too late in reducing budgetary deficits or in re-establishing a semblance of balance of payments equilibrium. At the same time the Bank did not claim that its stabilization plans and adjustment programs represented genuine development models, or, if so, only secondarily and indirectly. The rectification of monetary imbalances stem from quite a different set of national economic priorities than those unesquivocally directed towards economic growth and development.

There is no denying that the measures proposed by the I.M.F. and the World Bank are brutal, corrresponding to the extreme urgency of the situation as it is perceived in Washington; "active" curtailing of public sector jobs by such means as early retirement, new-hiring freezes and encouragement of voluntary resignations; in general, salary reductions and elimination of bonuses for the civil sevice as a whole, and so far as private industry is concerned, salary reductions, elimination of bonuses, suspension of private sector grants and other assistance, closing of unprofitable public and para-public companies, liberalization of the economy, and privatization of inefficient production units. Nevertheless, as Philippe Hugon[7] points out, it is important to respect a certain coherence in the implementation of those programs, even if this means introducing some

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[7] Philippe Hugon, Professor at Paris-Nanterre University, Vice-Director of the LAREA, "First International Economic Conference at the University of Bangui, C.A.R., noted above. Also pertinent is "The different forms of regional integration in sub-Saharan Africa and their relation to the structural adjustment programs", typewritten paper by Philippe Hugon, LAREA, December 1989.

temporary adaptive measures. As he says, implementation of the "policy package" can certainly benefit from "optimal sequences".

If such measures are applied in too short a time-frame they run the risk of totally upsetting the economies concerned even before any recovery is possible. On the other hand, one is entitled to wonder how certain government and para-public operations could have been mismanaged for so long in a climate of virtually universal governmental indifference. It would not be too difficult to surmise that the national directors involved were themselves taking advantage of the situation, and were thereby not particularly worried. The authorities should have realized much sooner the inevitably negative consequences of particularly incompetent and wasteful management of certain key services such as water, electricity, telephone, post and telecomunications, agricultural stabilization boards, fuel supply, banks and so on.

Criticisms of existing programs should be more specific and not too generalized. Thus, one World Bank expert was able to make the following random observations in one major Central African city:

- virtually total absenteeism for long periods in the sorting section of the main post-office;
- long line-ups to pay electrical bills with one cashier working and several others standing or sitting around, doing nothing;
- huge crowds gathered uselessly, camping, eating or sleeping on old bags outside the Public Treasury, having left their work or other obligations to come, sometimes great distances, to collect the meagre sums owed them, sometimes for ages, by the state;
- complaints by traffic police as they tried to justify their extortionate attitude by claiming that they had not been paid for months;
- complaints by students that they had not received their grants for months;
- and in general, the potentially explosive political and social dimension of the current economic crisis in Africa.

Naturally, such personal experiences would deeply influence the pessimistic tone and urgent character of the expert's recommandations when he returned to Washington. One must bear in mind that between one extreme of a highly critical situation and the other extreme of the dangers of too hasty reform there is still considerable room for socio-economic manoeuvre. One must particularly ensure that the subsequent political, economic and domestic changes do not set in motion population unrest which would paralyze rather than dynamize the country's institutions[8].

The social consequences of adjustment explain the mixed, and even doubtful results, achieved to date by the various stabilization plans and structural adjustement programs in the countries of Central Africa, as they now embark on their second or third SAP and their umpteenth stabilization plan. It is certainly more useful to analyse on a case by case basis the effects of the various structural adjustment programs in the countries concerned. On the whole, it can legitimately be claimed that the structural adjustment programs have gone a long way towards offsetting the permissive policies and wasteful actions of many countries. Without interfering in the countries' internal affairs, the I.M.F. is no longer reluctant to confront certain leaders who still seem unaware of the rigorous measures their countries must adopt.

In general, the effect of stabilization plans and structural adjustment programs in Africa has been to engender more rational economic decisions. Thus the I.M.F. has been successful in bringing about lower levels of public spending. On the other hand, substantial portions of national budgets continue to be assigned to luxury or non-productive areas, such as the armed forces, diplomacy, business trips and so forth, to the detriment of essential social programs in the fields of education, health and nutrition among others. That is to say, the productive components of national economies are not yet being used most effectively. On the positive side, wastage has declined, many deficits areas have been reduced and corruption has been denounced although not necessarly punished. On the other hand, the stabilization plans and structural adjustment programs have not really solved the region's fundamental economic problem, in spite of bringing a certain coherence to the overall economic apparatus. One can only hope that in the future

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[8] In this connection I have developed in my book "Stormy Times in China" (L'Harmattan Publishers, Paris June 1989) a "theory of social unrest", admittedly in quite a different national context. There I outlined the risks run by countries whose development is too hasty, not to mention disorganized.

the national agencies concerned will continue to adapt themselves better to the overriding economic imperatives of the decades ahead.

6. - Structural Adjustment Programs and Integration of the Nation-States of Central Africa.

Table 4

What Can be Expected from Structural Adjustment Programs?

- Africa is currently facing its most serious crisis since the end of the colonial area and is looking for solutions.
- Too much has been expected of the structural adjustment programs. Perhaps their real character and aims have not really been understood.
- The International Monetary Fund is the "grand ordainer" of international liquidity and the "supreme regulator" of the international monetary system.
- The I.M.F.'s main objective, in proposing to finance structural adjustment programs for struggling African economies (as in the rest of the world) is to restore basic equilibrium to the world's monetary system, primarily through restoring balance to the international payments of all countries concerned.
- However, the national policies leading African economies to a balanced international payments situation are not necessarily the same as those promoting growth and development.
- In fact, debt repayment and development do not necessarily involve the same economic priorities. The former gives precedence to diminishing expenses and curtailing credit, while the latter involves developing production in a favorable credit climate for private business.
- The reduction of government expenditures by curtailing the number of civil service jobs has lowered budgetary deficits. At the same time, it has caused unemployment and recession inasmuch as the private sector has been unable to take on the workers not required by the public sector.
- In sum, ten years of structural adjustment programs have improved the repayment ability of the countries concerned, but not their development capacity.
- Structural adjustment programs and economic growth policies are not inherently contradictory. However, with development the main emphasis has to be on improving the productivity of the export sector.
- The implementation of a regional structural program, designed by the I.B.R.D. for a given area, should promote the economic development of the countries councerned.

The need for stabilization and structural adjustment has emerged in the context of the deepening economic crisis affecting Africa as a whole. The integrative process envisioned by U.D.E.A.C. (and in the longer term by C.E.E.A.C.) is completely in accordance with the new spirit of the "Lagos Plan of Action". In this respect, the SAPs can be seen as essential intermediary steps towards implementation of the "New Economic and Social Integration Strategy" developed by the U.D.E.A.C. general secretariat, but which, as it happens, has not received a timely response from the member countries themselves.

Presently the various international lenders work together in the following way:

> The World Bank defines the requirements of economic recovery and supplies the necessary funds once these conditions have been met; and since Lomé IV, the European Economic Comunity has been following the SAPs closely, providing general support.
>
> IMF gives balance of payments supports, while IBRD gives long term loans for projects and sectoral programs. IBRD resources are much larger than IMF ones in most African countries[9].

With respect to the various stages of economic integration, structural adjustment programs are still far removed from the "New Strategy" inasmuch as they involve preferential international trading relations within a basic overall "free trade" context. They are only minimally concerned with encouraging the production of goods capable of being traded within Africa. This short-term view has led both the I.M.F. and I.B.R.D. to limit themselves only to promoting the production of goods capable of being exported to the West. Even in the case of a regional SAP, U.D.E.A.C. has had to draw the World Bank's attention to the almost total lack of measures designed to encourage this type of production. As such, the SAPs are not sufficiently supra-national to presage full-scale economic union, not to mention a customs union or a common market. Structural adjustment programs, at present, consist of specifically national proposals, but they will have to be broadened to embrace a regional framework; otherwise, the states concerned will turn in on themselves in a too narrow and self-centered manner, and stray further away from their common economic future.

Some of the U.D.E.A.C.'s economic measures have not worked well, and a regional SAP could play a role in bringing about needed improvement. Specifically, the Common External Tariff (C.E.T.) has never really been applied; the Complementary Tax (C.T.),

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[9] For example, in Central African Republic, World Bank credits totaled $ 162 million to the end of 1989. IMF, whereas drawings only totaled $ 35 million or so.

which should only have been temporary, has not yet been abandoned, inasmuch it has become a regular and reliable revenue source; the fact that the rate of this tax varies from one country to the next has totally undermined any notion of Common External Tariff; and finally the Single Tax (S.T.), poorly understood by both the private sector and governments, has caused major inequalities between production units and has compromised slowly emerging conditions of free and fair competition within the U.D.E.A.C. area[10].

Having no other financial resources, the institution of U.D.E.A.C. itself is often paralyzed by the failure of its six member states to pay their dues, and in this connection I have suggested, like other economists, that it also be financed by a systematically applied 0,5% tax on all imports of U.D.E.A.C. member countries. Such financing would avoid the periodic paralysis the institution has experienced in the past (salary delays of three months and more in 1989-1990!), and would give its general secretariat a steady and stable source of revenue. In such a scenario, a regional SAP could be seen as a more rational application of U.D.E.A.C. guidelines leading to more effective accomplishment of its economic and social objectives.

7.- Structural Adjustment Programs and the Informal Sector.

In Africa the informal sector represents a major component of national economies, and its integration into the rest of the economy although problematic, is absolutely necessary, if governments are to generate sufficient tax revenues.

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[10] The U.D.E.A.C. tax system is based on a "Common External Tariff", a "Complementary Tax" (CT), and a "Single Tax" (ST).

The "Common External Tariff" (CET) should, in principle, be applied by all member-states vis-à-vis non-member countries. It is made up of a common external customs duty, a common entry fee and a common turnover tax of 10%.

The "Complementary Tax" (CT) on imports is added to the CET. It is intended to compensate for losses incurred due to application of the CET. Theoretically temporary, it has nevertheless lasted over 25 years since the inception of U.D.E.A.C., as members are naturally reluctant to lose a major source of steady income.

The "Single Tax" (ST) is a preferential taxation system granted by the U.D.E.A.C. managerial committee to private companies on application. It is justified by the member-states' desire to promote the manufacturing sector as well as intra-regional trade. It particularly encourages investment by providing a lighter tax burden then the CET plus the complementary tax. However, the rate of the single tax varies from country to country, undermining both the CET and the principle of fair competition.

a) The scope of the informal sector.

Among various new potentially productive forces, the informal sector has a major role to play in the economies of Central Africa. It has a specific dynamic which government accountants have so far pretended to ignore. Little studied by economic theorists in Central Africa, it has also been inadequately defined by field surveys[11]. Nevertheless, it represents a major and undeniable socio-historic development. Given the complementary nature of its activites with those of the formal sector, its inclusion in the regular legal framework is now absolutely essential. I am also convinced that it now plays a major role in World Bank thinking, as it develops structural adjustment proposals for Africa.

With its own wholesale, retail and distribution networks the informal sector in Central Africa is so well organized that it represents a genuinely parallel economy. The perspective thus emerges that the gradual integration of this sector into the overall economy constitutes a major economic resource for Africa in the future. Naturally, the integration of the informal sector into the modern "official" one would have to be facilitated by a series of supple, flexible and gradual linking measures. Broadly speaking, these would be implemented in several stages- firstly, more open recognition of the complementary nature of the informal sector; secondly, direct and officially recognized sub-contracting and thirdly, progressive official recognition by means of legal statutes acceptable to the parties concerned. As a final step, the integration of the informal sector

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[11] The informal economies in Africa have not, on the whole, been adequately studied. One should, however note, the following sources:

- Philippe Hugon's analyses, "The non-structured sector in Third World economies", Problèmes Economiques, issue 1703, Paris, December 1980.
- field studies by Meiner Pieter Van Dijk on the informal sector of Dakar and Ouagadougou: "Senegal: the informal sector of Dakar", L'Harmattan Publishers, Paris 1986.
- Michèle Odeye-Finzi, "Social groupings in African cities, Dakar-Brazzaville", L'Harmattan Publishers, Paris 1985.
- Studies on the "Tontines" , flourishing pseudo-banking practices in certain Western and central African countries: "Informal savings and lending practices: the Senegalese model", by Claude Dupuy and Michel Server, Economics and Humanism Review, number 294, March-April 1987, and "Informal savings and economic development in Africa", by Chicot Eboue, World in Development Review, volume 16, number 62-63, 1988.
- "Census of Bangui economic enterprises; Survey of the Informal Sector", Ministry of the Economy, Finances, Planning and International Cooperation, Bangui, March 1990. For better or worse this survey defined the informal sector as all those enterprises not maintaining a modern accounting system (in this case the U.D.E.A.C.one) (p.2).

would be ranked as a priority objective of the regional economic integration process envisaged by the U.D.E.A.C. and the C.E.E.A.C.

Table 5

SURVEY OF THE INFORMAL SECTOR IN THE BANGUI ECONOMIC AREA

(Number of jobs in the private sector broken down by economic category)

	Total Jobs	Modern Sector	Informal Sector	Percent
Agriculture	552	435	117	21.20%
Manufacturing	3.4OO	975	2.425	71.32%
Public Works	912	709	204	22.34%
Wholesale	782	548	234	94.04%
Restaurants, Hotels	4.849	146	4.703	99.90%
Miscellaneous	2.128	982	1.146	53.85%
Total	35.313	5.147	30.166	85.42%

Sample Characteristics

Number of Enterprises	19,570
Number of Jobs	30,442
Jobs per 100 Enterprises	156

Age of Entrprises :

Less than 6 months	33%
Less than 5 years	67%

Types of Enterprise:

Owner-Operated	98.40%
Fixed Premises physical plant	8.00%
Enterprises with less than 2 employees	90.70%
Operators with age less than 30	50.00%
Central African Nationality	86.60%

(*) Ministry of the Economy, Finances, Planning and International Cooperation, *Annual Statistical Review* 1988, Bangui, November 1989.
(**) Table prepared from a survey made by the Statistical and Economic Survey Division, "Census of Bangui Economic Enterprises; Survey of the Informal Sector", Ministry of Economy, Finances, Planning and International Cooperation, Bangui, March 1990.

If structural adjustment programs are going to succeed, they are going to have to take into account all the economic resources of the individual countries and of the region as a whole. Strictly speaking, there is no rigid, impermeable barrier between the informal and the official economies. Unlike in the West, the informal sector in Africa is not manned by economic "rejects", -that is to say, the unemployed, the retired, juvenile delinquents and other criminal elements. Rather, it is made up of individuals whom the existing social and economic structures have been unable to identify, classify and integrate into the regular economy. Thus, in general, their economic activity is not directly related to temporary periods of overproduction or poor sales during which the economy cannot make full use of all its trained manpower.

In order to have a clear grasp of the character of the informal sector, it is necessary to take into account the way in which traditional social roles and practices have been maintained in modern times. Within a given social group economic tasks are traditionally assigned on the basis of sex or age or on the basis of natural or historical rythms such as seasons and religions, holidays, and the group itself constitutes a dynamic, independent "economic microcosm".

The foregoing remarks indicate the extent to which the informal sector exists both "upstream" and "downstream" of the modern one:

- "upstream" in the sense that it includes the traditional activities existing long before the development of the modern sector;
- "downstream", in the sense that the official economy has been unable to meet all the needs of that part of the population, existing to a great extent outside the modern marketplace. This situation has given rise to a new informal sector linked to the official economy in a complementary and supporting relashionship.

It is easy to understand how, in the face of the inadequacies of the modern sector, the informal one has been able to take over part of the role of meeting the needs of that part of the population little involved in overly ambitions and often unmanageable large-scale projects. In fact, the rapid development of secondary and tertiary sectors has not taken grassroot needs sufficiently into account. In some cases it has even disrupted the supply chain by breaking up or wiping out existing production and distribution operations. In others slowly-evolving small-scale operations have been demolished to make way for large, centralized plants and outlets which have never functioned; and in other instances, agricultural needs have been subordinated to the petroleum industry or rural development has been neglected even when urban food needs remain unmet[12].

By the same token, policymakers have been well aware that the informal sector has developed directly in response to the failure of the modern sector and its industrialization programs of the last thirty years. In many cases projects have been overly ambitions from a cost standpoint and unsustainable in terms of "operating costs", which, generally speaking, have either been poorly calculated or simply left out. In many large-scale projects, such as luxury hotels, model farms, automobile assembly plants, and so on, management has been unable subsequently to pay the excessively high cost of foreign-based expertise and has had to call in local informal sector workers, particularly for mechanical and electrical jobs involving equipment such as elevators and air-conditioning. Apparently, in these specific cases, the informal sector plays an "intermediary" role, more or less with the knowledge of local authorities.

[12] In this repect the case of Nigeria during the seventies is typical.

Thanks to its own dynamics, the informal sector has, so far, always been able to make up for the shortfalls of the modern secondary and tertiary sectors. In the long run, the modern sector has proved to be not sufficiently effective or inexpensive to meet the need of the large sections of the population, more or less excluded from the new economic patterns fostered by development. In sum, the "modern informal sector" has ended up with a diverse and heterogeneous manpower pool. However, in the case of the economies of Central Africa it is not at all realistic to apply the traditional economic laws which supposedly govern and regulate the job market, the production and distribution of goods and services, and monetary circulation. For, in the African context, the factors of production (capital, labor, land) are not at all homogeneous and are virtually inexchangeable apart from the small fraction of economic activity which is adequately recorded and calculated.

Untill now, in the Central African region, as in other black African countries, it has not been possible to calculate with any degree of precision the size of the informal sector. At best, the number of workers or operations can be identified and counted, but it is virtually impossible to estimate the financial turnover involved. Also, so long as official studies and statistics systematically ignore this sector, it is extremely difficult to make an accurate evaluation of both urban and rural domestic production. What economic research there has been, has only concerned the official economy with its distinctly legal identity and mode of operation.

In Africa today, village-level production is very much complementary to the formal economic sector. The wages earned there are generally supplemented by other "on the side" activities of other members of usually large extended families. For a long time government economists and accountants have tended to claim that, since these activities had no legal standing, they should not be assigned economic value. As opposed to western households, African households play a much more important social and economic role.

Whereas the western household, as a basic consumption unit, generally consists of between four and five people (two adults and two or three children), living off one or two salaries, in Central Africa, and particularly in the rain-forest countries, the concept of the basic family unit is much more communal with many family members gathered together around the relative lucky enough to be a regular wage-earner. The breadwinner thus finds himself surrounded by numerous "relatives" who expect, in the most natural way possible, to be supported by "the one who can pay". Mutual aid and family assistance are among the most complex elements of grassroots life in Africa. Inasmuch as official welfare services have not yet functioned effectively, they provide an alternative "safety net" for those dependent on the informal sector.

When all is said and done, one finds in the field, that it is no longer possible to apply normal legal, economic and political criteria to distinguish between the two sectors. Not only do traditional job roles and complex family relationships make these criteria irrelevant, there is also the factor of the new social hierarchies in which top officials and politicians enjoy extremely influential decision-making power. Instead of studying classic cost-price relationships with a view to describing or stimulating the informal sector in these countries, it is, in fact, more appropriate to interpret economic activity in terms of reciprocal services or equivalent-value commodity exchanges.

In the final analysis, the informal sector has been much more succesful than the formal one in weathering the economic crisis. With its greater flexibility, it has been able to absorb and even out much of the hardship involved. Nonetheless, the countries heading towards greater economic integration should be careful not to let the informal sector play too dominant a role, since the "informalization" of economies by relaxing normal fiscal, accounting, customs and budgetary practices would undermine government's traditional responsibility for society and the economy as a whole.

b) Policy Choices for Informal Sector Integration.

In thirty years of independence the nation-states of Central Africa have not succeeded in ensuring steady economic growth and development. In view of the glaring inadequacies of the formal sector, the governments involved should take all possible measures to facilitate the intelligent integration of the informal sector into their national economies. As has been shown, the two sectors are clearly complementary, and the governments of these countries should be encouraged to recognize this and then integrate the two sectors in a wider, harmonized legal framework, which would be the same in all countries of the U.D.E.A.C.

Such perspectives have already been outlined by various economists in the area concerned, and it is not too fanciful to hope that they could find concrete expression in the various economic and political institutions created since the inception of U.D.E.A.C. and later C.E.E.A.C. It has not been sufficiently emphazised that the free circulation of labor, capital and goods (the primary objective of every economic community and political grouping) has to take place, first of all, within the domestic economy before it can be extended on a more regional basis. One cannot accurately identify and describe markets, trade flows and monetary exchanges in Central Africa without taking the informal sector into account. In this respect overall legislation could be drawn up with the aim of harmonizing the various national attemps to co-opt the informal sector. If the invaluable professional experience, craftmanship and trading knowledge of the informal sector could be combined with the training potential and facilities of the official one, this could create a much sounder and more needs-oriented socio-economic environement.

In this respect, the Non-Governmental Organizations, which are numerous and effective in Central Africa, could play a major supporting role. On the basis of existing field research in Africa (regrettably limited to only a few major urban zones such as Dakar, Ouagadougou, Bangui and Brazzaville), several experts have attempted to evaluate the economic flows of these zones. For example, Van Dijk has tried to develop a theory relative to the "dynamics of the informal sector"[13] in which the twin aspects of competition and complementarity between the two sectors are analyzed on the basis of relatively recent data. Although this work does not deal directly with Central Africa, his conclusions are still extremely relevant. In particular, his description of the cause-effect relationship between legislation and the growth of the informal sector should be enlightening and instructive for the lawmakers and experts involved in U.D.E.A.C. and C.E.E.A.C.[14] but also in the development of regional structural adjustment programs.

So far as Central Africa specifically is concerned, a detailed survey of the Bangui economic zone was undertaken at the beginning of 1990 by the statistics section of the Planning Ministry. This survey has greatly improved our knowledge of the productive resources of the area, and it is to be hoped that similar studies will be undertaken in other major urban zones of the region. It is expected that, on the basis of this information, new national and regional legislation will be passed in order to take these other economic resources into account, which, without necessarily being modern or accurately recorded, are still not, strictly speaking, "informal". In this connection both the World Bank (by means of its structural adjustment programs) and France (by means of its technical

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[13] a) Meine Pieter Van Dijk: "Sénégal: Le secteur informel de Dakar", Editions L'Harmattan, Paris 1986, p. 118. and suiv.
b) Michèle Odeye-Finzi: "Les associations en villes afri caines, Dakar-Brazzaville", Collection "Villes et Entreprises", Editions "L'Harmattan", Paris 1985.

[14] Among other observations Meine Pieter Van Dijk points out that "legal requirements force a lot of informal sector businessmen to operate outside of the law. ("Sénégal: The informal sector in Dakar", op.cit. page 118).

cooperation program) have a role to play in persuading the governments concerned to evaluate their informal sectors accurately.

In fact, how can we persist in ignoring this sector which results from the various shortcomings and inadequacies of the formal sector, and which is based on the natural mutual aid activities of the African extended family with its major components of auto-production and auto-consumption? It seems essential to build on it and to integrate it into the overall offical economy, which must now be open to all wealth-creating resources.

From National to Regional Structural Adjustment Programs

We knew that the crisis was serious, and we were consequently willing to accept the painful solutions which were necessary. However, now that the solutions themselves have failed virtually everywhere, the situation is getting out of hand. From 1980 onwards a number of stabilization plans and structural adjustment programs were implemented in the Central African region. For these the first priority was to rectify serious monetary imbalances caused by excessive growth in money supply, gross mismanagement and ill-considered public expenditures. The nation-states of Central Africa were helped by the I.M.F., by the World Bank, and, in several cases, by the French Ministry of Cooperation, to define and finance new economic policies. These policies reflected the very liberal thinking of the countries and international institutions which proposed them: strict budgetary policy, deficit reduction through lowering of public expenses, shrinking of the civil service, economic liberalization and elimination of price controls, tight credit, privatization of money-losing state companies and so on.

Unfortunately, these Structural Adjustment Programs were not as succesful as expected. Perhaps they were too ambiguous and not totally trusted. Certainly there is no doubt that, in the mind of I.M.F. experts, balance of payments objectives took priority over those of economic growth. However, by cutting down government employment without ensuring that the private sector take up the slack, structural adjustment programs were directly responsible for lowering national purchasing power, and consumption, business activity, production and budgetary revenues thereby suffered.

In reality, structural adjustment programs were applied in the nation-states of Central Africa without the readiness of their populations to take on a larger share of economic responsibility. In addition, credit restrictions during a time of serious banking difficulty hindered small and medium-sized business from playing a major supporting role. Instead of expected growth the countries experienced the recession they feared. In Central Africa, as in other parts of Africa, these programs have not fulfilled their "contract". That is not to say that they themselves were useless or mistaken. It is just that the programs lacked adequate supporting measures, and, more significantly, were simply too late.

The most conspicuous deficiency, in terms of supporting measures, was the failure to prepare the civil servants who chose early retirement to make wise use of their severance pay- in the case of the Central African Republic 40 months' salary. Needless to say, business sense is not acquired from one day to the next in countries where, in the minds of students and the young elite, wealth, well-being and luxury are prerogatives of only top government officials and national political figures. In this situation the banking system itself was also not in sufficiently good shape to encourage small business development.

Structural adjustment programs came too late in Central Africa for the simple reason that the national economies were already too run-down. In many respects the overall situation was just too bleak. African Development Banks were hardly operating, and virtually all long-term financing networks had collapsed. For its part, the commercial banking system, which had already shown itself not up to the demands of the affluent years, no longer attracted significant amounts of savings. Throughout the eighties export revenues had dropped steadily; corruption had spread further and further and the unemployment of young university graduates had become systemic.

On the whole, in Central Africa the results of the different structural adjustment programs are considered to be "mixed". While they only rarely attained their fixed objectives, they nevertheless, in most cases, slowed down the decaying of the economic structure. Realistically speaking, was there, in fact, any alternative? For, after all, if it had not been for structural adjustment programs, the situation could have become in certain countries of Central Africa economically and politically explosive. Structural adjustment programs did succed in orienting economic policies in more rational directions and made countries realize that the public sector could not continue indefinitely to take on all the state's productive activities.

In most of the countries analyzed, the crisis persists and is getting worse. For some, structural adjustment programs have been a "partial success", and for others a "partial failure". In the negative camp, certain African economists feel that the measures proposed by the I.M.F. and the World Bank have not been suitable, and are unable to handle the crisis. However, the question is not so much whether, without the SAPs, the situation would have been worse, but rather whether the SAPs have, in fact, articulated the norms of an authentic development policy. The same African experts have criticized the economic, political and theoretical aspects of the programs. From a specifically economic standpoint, they have particularly targeted the recession and unemployment resulting from the budget cutbacks imposed by structural adjustment programs.

a) These observations lead them to doubt the balance of payments "absorption approach" underlying all I.M.F. and World Bank thinking. Simply put, since the net balance of payments is equal to the difference between a country's income and the value of its "absorption"[15] components, the Washington experts feel that the contry's expenses should be reduced in order to restore its major financial balances. However, such a view appears to be too limited inasmuch as the fundamental causes of the crisis in Central Africa (as in the rest of the continent) stem just as much from reduced income as from increased expenses.

- The first cause, lower income, is very much a current problem, which is getting worse because of structural adjustment program-induced unemployment and the decline in price and production.
- The second, excessive expenditures, is more related to previous decades. It has considerably slowed down in recent times, even though corruption and "capital flight" has generally continued.

The calculation used by the I.M.F. to determine balance of payments deficits, in fact, overlaps two disparate phenomena which, no longer operating within the same time-frame, seem to have changed their nature and scope since the end of the nineteen-eighties.

b) On the other hand, African economists are not prepared to view the situation only from the standpoint of markets and international specializtion. They are afraid that in the present system of international wealth distribution African countries will end up losers. For the rules governing the world economy militate against the poor countries. Third world exporters have distanced themselves from unfavorable world markets without at the same time cultivating their local ones. As a result, they are failing to develop in both contexts.

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[15] "Absorption" can be defined as the total value of domestic expenditures corresponding to overall demand (private consumption, government purchases and domestic investment).

c) It is possible that structural adjustment programs would have more of a grip on the local economies, if the governments concerned were able to give a new focus to social policy, and if, through new democrate processes, there was better communication and linkage between the various social classes affected by the crisis. This would truly oblige both U.D.E.A.C. and C.E.E.A.C. member countries to thoroughly debate their political future. For, at the moment, their peoples have the unfortunate impression that the regional, integrative institutions are not being adequately supported by the member governments, and that, in the final analysis, nothing has really changed in the twenty-five years since U.D.E.A.C. was created.

d) It has been standard practice to evaluate structural adjustment programs only from an economic standpoint, ignoring, in most cases, their social effects. So far as Central Africa is concerned, very little work has been done in this respect, and the findings made elsewhere in Africa and in other parts of the world are not generally applicable.

In its recent report on sub-Saharan Africa, entitled "From Crisis to Sustainable Growth"[16], the World Bank advised the African nations to double their outlays earmaked for improving the quality of their human resources. It also emphasized the need for involvment of all parties concerned in the implementation of development programs. The first recommendation particularly concerned better use of the informal sector, and female labor, while the second referred to the inevitable democratization taking place throughout Africa. Finally, the Bank directly proposed to the U.D.E.A.C. member states that it would finance the development of infrastructures necessary for the economic regionalization of its six members countries.

Following I.M.F. recommendations governments have reduced their involvement in the economy and have cut back on manpower in the hope that this would stimulate development of the private sector. Naturally, this has also reduced the amount of money they have been infusing into national economies. Unfortunately, through lack of capital, technical means, and, above all, of "entrepreneurial spirit", the private sector has been unable to absorb the workers released from government service, and this has greatly accentuated unemployment levels in the countries of Central Africa.

As a result, the effect of the Structural Adjustment Programs in most cases has been to reduce the total amount of salaries and wages paid in the formal sector, and thus to

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[16] "Sub-Saharan Africa: from crisis to sustainable growth" , IRBD World Bank, Washington November 1989.

lower overall consumption levels. The standard of living of the poorer classes has gone down further, especially in the urban areas. In such a context it is to be hoped, that this aspect will be analyzed in greater detail, before implementation of the third series of structural adjustment programs in the nation-states of Central Africa.

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