2 Can Adjustment Programmes Incorporate the Interests of Women?
Frances Stewart

INTRODUCTION

The 1980s were a decade of economic crisis for many developing countries, especially in Africa and Latin America. They were also years of continuous adjustments, as governments with the support, and often following the dictates, of the International Monetary Fund (IMF) and World Bank (WB), tried to push their economies onto a more satisfactory path. Change, of course, is part of the normal process of development. Growing economies need to adjust ceaselessly to both exogenous and endogenous developments. But the acute problems faced by many countries in the 1980s – especially shortage of foreign exchange and often accelerating inflation – led to a special focus on the need for structural adjustment (SA). This chapter reviews how the policies aimed to bring about structural adjustment and the subsequent adjustments impinged on women in developing countries.2

To assess the impact of SA policies on women, it is necessary to trace the effects of the policies adopted – which are mainly macro – and see how these impinge, at a micro level, on women. The impact then depends not only on the nature of the policies but also, critically, on the role women perform in the economy and society. This chapter attempts to trace the interaction in five stages. First, there is a brief analysis of the origin of the economic crisis; second, we describe the major features of the policies followed; third, the chapter analyses relevant features of women’s role in society. The fourth stage is to bring together the earlier analyses, in order to examine the main ways in which SA has affected women in Third World economies. The concluding section considers alternative policies which might be less harsh in their impact and make more use of the productive and social potential of women.
1 ORIGIN OF THE CRISIS OF THE 1980s

In the late 1970s and early 1980s very large imbalances developed in many countries' balance of payments on current account (see Table 2.1). In 1980, non-oil developing countries as a whole faced a deficit of $86 billion. The large deficits differed from earlier ones because bank lending was not forthcoming to finance them, as it had been in the 1970s, and because the crisis was so widely shared – with at least two-thirds of the countries of Latin America and sub-Saharan Africa, and a number of Asian countries finding themselves simultaneously in a similar acute situation.

The crisis had its main origin in exogenous occurrences – in developments in the world economy, outside the control of developing countries. Policy decisions of Third World governments in the 1970s, however, allowed these developments to have such a devastating effect. One basic problem was that in the 1980s there was a sharp worsening in both the trade and capital accounts simultaneously, whereas previously a worsening in the trade account had often been offset by an improvement in the capital account.

At the end of the 1970s, a series of adverse developments in the world economy worsened the trade prospects for LDCs. The oil-price rise of 1978–9 not only affected the terms of trade of non-oil developing countries negatively, but also precipitated a slow-down in world economic growth. There was a major recession among the industrialised countries in the early 1980s; although economic recovery followed and has been sustained, on average world growth in the 1980s was about three-quarters of the 1970s rate. Commodity prices were sharply affected by the recession and when growth resumed did not rise as expected. Commodity prices, which had fallen by 1.1 per cent p.a. 1970–9, fell by a further 1.2 per cent p.a. 1980–9. Another problem was the rising protectionism among industrialised countries in the 1980s. One review concluded: 'By the early 1980s, protection was unambiguously growing with only minor offsets. . . . This was most pronounced in industrialised countries’ trade with developing countries' (Page, 1987, p. 49).

Developing countries’ trade thus suffered from the combined effects of a slower growth in world trade, deteriorating terms of trade and increasing restrictions on market access. However, it was the deterioration on the capital account which precipitated and prolonged the crisis.

During the 1970s many countries had financed big trade deficits,