In the 1970s the so-called developing countries, or the South, asked the Northern industrialised countries for an agreement on a New International Economic Order (NIEO) which would constitute an adjustment of the world economy along more equitable grounds. In other words, the South wanted specific changes to the operation of the world economy which would rectify the inequities of the existing order, and enable them to achieve higher levels of economic growth. This effort did not go far, despite years of negotiation. The debt crisis of the 1980s ushered in a fundamentally different era. Instead of engaging in discussions to restructure the global economy to better suit the South, in the 1980s the Northern governments began to pressure the South to adjust to the existing world economy. Many in the North were convinced that the present system was already fair and equitable, especially for those who liberalised their economies and repaid their debts. Pressure was exerted on the South to undertake economic reforms under the auspices of the IMF and the World Bank. This era of structural adjustment has dominated the development debate in Africa in particular for the past 15 years.¹

As agriculture is key to most African economies – accounting for some 35 per cent of African GDPs, 40 per cent of the continent’s exports, and providing livelihoods for about 70 per cent of Africans² – it is extremely important to assess the adjustment record not only for the macro-economies of African countries, but also more specifically by examining the performance of the agricultural sector. This chapter traces the origins of the African economic and agricultural crises and the roots of the World Bank’s thinking on adjustment lending. It also assesses the performance of the World Bank’s adjustment and agricultural strategies in Sub-Saharan Africa as a whole. It shows that the Bank’s structural adjustment strategies, originally narrowly focused on reform of price, trade and exchange rate policies, have not been as successful as originally hoped. Both critics of the Bank as well as the Bank itself have been aware of this failure. But the Bank has tried over this period to save the
market-based adjustment strategy nonetheless through the addition of non-market factors to its discussions and policy on adjustment in Africa. Although it began to add new elements, it did not drop its original stance that adjustment reforms were necessary and that they were, where implemented properly, bringing positive results. Moreover, the Bank’s commitment to these other, non-market factors over the long run is not at all clear.

I THE AFRICAN CRISIS AND THE WORLD BANK

The agricultural crisis in Sub-Saharan African countries became starkly evident in the early 1980s, when growth in food production began to lag behind population growth, and exports of agricultural commodities were at much lower levels than those achieved in the 1950s and 1960s. At this time a broad consensus emerged that development in the rural areas, especially improvements in the productivity of smallholder agriculture, was the key determinant of recovery and economic growth in Sub-Saharan Africa. This point was taken up by the World Bank in its development strategies for SSA countries in the 1980s. The debate which emerged was not so much over the need for agricultural improvement, but rather over the causes of its recent decline how best to reverse the negative growth trend in that sector.

The crisis in the agricultural sector was exacerbated by, and at the same time contributed to, the broader economic crisis facing African countries. Although economic growth prospects were bright in the early 1960s when there was high international demand and buoyant prices for the primary commodities which comprised much of Africa’s exports, this promising economic situation did not last long. Between 1973 and 1980, overall GNP growth south of the Sahara stagnated and in some cases declined. By the late 1980s per capita income in most countries on the continent was not much higher than it was at independence. At the same time, the burden of external debt owed by African countries increased dramatically. When compared to Latin American or Asian countries, the absolute amount of debt owed by Sub-Saharan African countries appears small. But it is the ability of these countries to service their debts which is the crucial factor. In the late 1980s and early 1990s total African debt service obligations were a serious financial strain on African economies, averaging 47 per cent of annual export