

UNITED NATIONS RESEARCH INSTITUTE FOR SOCIAL DEVELOPMENT

Discussion Paper 7

**THE CRISIS OF THE 1980s IN AFRICA,
LATIN AMERICA AND THE
CARIBBEAN:
ECONOMIC IMPACT, SOCIAL CHANGE
AND POLITICAL IMPLICATIONS**

**by
Dharam Ghai and Cynthia Hewitt de Alcántara**

UNRISD Discussion Papers are preliminary documents circulated in a limited number of copies to stimulate discussion and critical comment.

Revised version, January 1990.

The **United Nations Research Institute for Social Development** is an autonomous body which conducts research on key issues of contemporary social development. Current research themes include **Ethnic Conflict and Development, Food Policy, Refugees and Returnees, Reform and the Social Impact of Economic Crisis, Social Movements and Political Violence, Social Participation in Socialist Contexts and Sustainable Development through People's Participation.** Work also continues on evolving improved social and development indicators and low-cost methods of collecting social statistics.

A list of the Institute's free and priced publications can be obtained from the Reference Centre.

**United Nations Research Institute
for Social Development
Palais des Nations
1211 Geneva 10
Switzerland**

**Tel. (022) 798.84.00
Fax (022) 740.07.91
Telex 28 96 96**

ISSN 1012-6511

The designations employed in UNRISD publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of UNRISD concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by UNRISD of the opinions expressed in them.

Preface

The following paper was prepared for the conference on **Economic Crisis and Third World Countries: Impact and Response**, sponsored jointly by UNRISD and the Institute of Social and Economic Research of the University of the West Indies and held in Kingston, Jamaica, from 3 to 6 April 1989. The conference constituted the first phase of UNRISD work on the socio-economic and political implications of recession and adjustment, within the framework of a programme entitled *Adjustment, Livelihood and Power: The Social Impact of Economic Crisis*.

The purpose of the paper was to set the stage for dialogue among roughly 50 participants drawn from the Caribbean, Latin America, sub-Saharan Africa, Europe and North America, as well as specialists from various international organizations. Discussion was to be oriented in new directions, less around consideration of the macro-economic and welfare dimensions of adjustment than around the relationship between economic crisis and social change.

On the basis of existing information, gathered from official statistical sources, the paper first traces the economic dimensions of the crisis. It points out that real per capita GDP may have fallen by as much as 20 per cent in Africa, and 7 per cent in Latin America, between 1980 and 1985/1986. Average per capita income has undergone an even more drastic decline, approaching 30 per cent for all inhabitants of African countries, taken as a group, and 15 per cent for all residents of Latin America and the Caribbean.

Weighing the relative importance of various factors which have contributed to the economic crisis in Latin America, the Caribbean and Africa, the paper goes on to note that adverse terms of trade have inflicted particularly heavy loss in African countries, while changes in external net resource flows were of much greater consequence for Latin America. During the concomitant adjustment process, both imports and exports declined markedly in Africa, creating a situation which might be characterized as "import strangulation", while in Latin America per capita exports were in contrast able to grow. Because of the debt burden, however, even this vigorous expansion of exports was insufficient to prevent a fall in imports, and thus in the capacity of the economy to provide goods and services which are heavily dependent upon imported components.

The fall in gross domestic investment per capita between 1980 and 1985/1986 in both regions was severe, but it declined particularly sharply in Africa, where the drop is estimated to have reached some 75 per cent, compared to a figure of around 40 per cent for Latin America. The relative contraction in government expenditure was also greater in Africa than in Latin America and the Caribbean. In both cases, however, formal sector employment continued to expand slightly (by 1.0 per cent per annum in Africa and 1.9 per cent per annum in Latin America). Such

a situation was made possible only by simultaneous and substantial declines in real minimum wages, which apparently fell by approximately 20 per cent in Africa between 1980 and 1986, and by 11 per cent in Latin America between 1980 and 1985. At the same time, urban unemployment rose rapidly in both regions and urban informal sectors expanded apace.

Trends like these imply profound modification of the structure of opportunity within which individuals and households must attempt to ensure their livelihood: the closure of numerous well-established routes of survival or upward mobility and the concomitant opening of others. The paper therefore goes on to consider how various groups within African, Latin American and Caribbean societies experience the crisis and, as they do so, how social structures and politics are likely to change.

Turning first to an examination of the changing life chances of upper income groups, it is suggested that opportunity presents itself during the crisis either to the strongest and most internationally linked within the upper classes of Africa or Latin America or to the most flexible and daring of entrepreneurs emerging within the informal sector. Recession and adjustment clearly do not favour the survival of relatively more dependent and import-vulnerable entrepreneurs doing business within a structure of fixed obligations.

A process of polarization would seem to be visible not only within the upper classes of Latin America and Africa, but also within the middle classes and on a more general level within the society at large. While the crisis provides extraordinarily profitable opportunities for a few, the level of living and status formerly associated with technical, professional or bureaucratic pursuits, as well as with skilled labour, have been profoundly undermined. The bargaining power of the industrial working class has in most cases been fundamentally weakened by the shrinking job market and consequent threat of unemployment; and the position of small commercial farmers producing fundamentally for the internal market may well also have worsened.

There is a tendency for informalization to advance at virtually all levels of society, as the crisis diversifies the survival strategies of all wage earners, whether skilled or unskilled, and as the ability of most states to provide the necessary institutional framework for ensuring compliance with established regulations is weakened by fiscal retrenchment. There is simultaneously a trend in many countries toward increased physical mobility in search of income and toward the unregulated flow of capital, goods and people across international borders. Migration, remittances and capital flight are elements of the latter phenomenon, as are a host of subterranean and illegal activities, including the drug trade, which have in some cases assumed central importance in the livelihood strategies of large numbers of people.

Within this context, people react both individually and collectively to emerging opportunities and threats, to protect their standard of living as well as their way of life. In part 4 of the paper, a number of these

strategies are examined, not simply as efforts to survive the recession but also as patterns of behaviour which contribute to changing the overall structure of society.

The paper closes with a brief consideration of the implications of the crisis for politics, the state and civil society. Recession and adjustment are seriously affecting the capacity of the great majority of African, Latin American and Caribbean states to establish stable parameters for economic activity, to tax and to invest. The situation is made more difficult by the dynamics of the crisis itself: capital flight and the creation of remittance economies obstruct efforts to tax and regulate the economy, as does the decline or collapse of much formal sector economic activity and the massive turn to informal arrangements.

The bases of support for the state are in turn inevitably affected by these processes, first because the ability of governments to protect and promote the interests of major sectors of society is constantly challenged as people devise new livelihood strategies. Although some states are managing strains among support groups with relative success, there is a tendency for broader patterns of alliances to give way to narrower ones and in some cases one witnesses the virtual disintegration of national societies.

A critical issue which must be confronted then becomes that of "governability". How are the wide range of conflicting interests associated with the crisis to be channelled and expressed within a stable political environment at time when the legitimacy and efficacy of many states are being so thoroughly undermined? How can sufficient sense of co-operation and purpose be developed to permit an adequate collective response to the crisis? And what are the implications of the current situation for democracy or for repression?

Throughout the paper, questions arise concerning the adequacy with which standard analytical concepts in use within the social sciences can portray the kinds of changes occurring within African and Latin American societies and economies under the impact of the crisis. It is also increasingly clear that socio-economic change has surpassed the boundaries of many traditional categories of statistical reporting. Future UNRISD work on livelihood and crisis will be oriented toward closing these conceptual and statistical gaps.

July 1989

Dharam Ghai
Director

Note: This paper has been revised to incorporate comments received following its initial presentation. The authors would particularly like to acknowledge suggestions made by participants in the research seminar of the Rural Development Studies Programme at the Institute of Social Studies, The Hague, where the paper was discussed on 31 January 1990. It will be published in a book entitled **Social Impact of Economic Crisis and Adjustment** (Zed Books, London) available at the end of 1990.

Table of Contents

	Page
Introduction	1
1. Macro-economics of the Crisis	1
2. The Reorientation of Macro-economic Policy	13
3. Changing Structures of Opportunity	14
4. Individual and Collective Reactions to Crisis	22
5. Politics, the State and Civil Society	26
Bibliography	31

Introduction

* Hereafter referred to as Africa.

As they enter the last decade of the twentieth century, by far the majority of all countries in sub-Saharan Africa*, Latin America and the Caribbean are caught up in an economic crisis of unprecedented proportions, with far-reaching implications for the welfare of millions of people. Under the impact of recession and adjustment, patterns of survival are changing, and with them social structures and forms of political concertation.

While there is much in each national experience which is distinctive, there is also much which is common across countries and even across continents. It is the purpose of this paper to establish a certain minimum common ground for discussion of these similarities and differences. To that end, an effort will be made in the following pages to provide macro-economic background on the crisis in Africa, Latin America and the Caribbean, before putting forward some hypotheses on the way changing life chances of various groups, and consequent adoption of particular kinds of survival strategies, seem to be affecting the broad contours of society. The paper will close with a brief consideration of possible political implications of the crisis.

Let us begin with some quantitative information on the economic crisis, looking first at the magnitude of, and contributing factors to, recession in sub-Saharan Africa and Latin America and the Caribbean. This will be followed by a brief discussion of macro-economic adjustments and the manner in which the economic burden has been borne by different social groups. For ease of presentation, the situation in the two regions will be discussed separately, followed by a summary comparative picture of the macro-economics of crisis in Africa and Latin America.

An effort of this nature is beset with some serious difficulties. First, discussions at the regional level obscure important differences at the country level - so much so in fact that the average regional data may conceal more than they reveal. In sub-Saharan Africa, regional data are greatly influenced by the performance of the Nigerian economy, which accounts for nearly a quarter of the aggregate output. In Latin America, Brazil and to a lesser extent Mexico and Argentina have similar effects on regional aggregates. There are also considerable differences in the experiences of the oil importing and exporting countries in view of the sharp fluctuations in oil prices over the past 15 years and the important role oil revenues play in several countries in the two regions.

The second set of difficulties arises from the weaknesses of official data on economic indicators. The situation has been made worse by the fact that the prolonged period of crisis has generated significant changes in the structure and pattern of economic activities which are unlikely to have been captured by official statistics. These changes include the increasing importance of small-scale and informal sector activities, own production and consumption, and a host of illegal and subterranean

1. Macro-economics of the Crisis

activities which by their very nature cannot be reflected in official data. Indeed the situation in some countries is so dramatic in this respect that the official statistics may bear little resemblance to the actual evolution of the economy. While acutely aware of these difficulties, we have little option but to begin through reference to official economic data.

Economic Crisis in Africa

(i) Magnitude and contributory factors: The crisis in Africa has many dimensions and is manifested at several levels. A rough idea of its magnitude may be conveyed by a few macro-economic statistics. According to the World Bank, real per capita GDP fell by about 25 per cent between 1980 and 1988; and if account is taken of the deterioration in the terms of trade suffered by sub-Saharan Africa over the period 1980-1988, per capita incomes may have declined by about 30 per cent, or by slightly less than one third.¹ Whatever the difficulties in registering various kinds of informal or subsistence activities in national accounts, such figures indicate a staggering loss of income. Especially in the case of sub-Saharan Africa, where per capita GNP in 1986 (US\$370) was 35 times less than in industrial market economies, any sharp decline must be cause for alarm.

Of course not all countries have experienced similar declines in income. Some, such as Benin, Burkina Faso, Burundi, Malawi and Mali, have suffered a decrease in GNP per capita (1980-1987) of less than 1 per cent per annum (probably explained by relatively high net resource flows), while at the other extreme countries like Liberia, Madagascar, Mozambique, Niger, Nigeria, Rwanda, Sudan, Togo and Zambia have registered declines of more than 3 per cent per annum. However, the continental dimension of the crisis is brought out by the fact that, of 35 sub-Saharan countries for which data were available, only eight managed to prevent a decline in GNP per capita. Of these, only three - Botswana, Cameroon and Gabon - achieved substantial growth in per capita GNP.

The roots of the crisis in Africa, as in Latin America and the Caribbean, are complex. In the international sphere they must be traced to the onset of world recession in the early 1970s and to related developments in world trade and finance. The trend toward declining growth in fact appeared in the 1970s, as rates of growth of GDP fell off from 3.7 per cent per year over the period 1965-1973 to 0.7 per cent per year in 1973-1980 and about 3 per cent in the 1980s. During the 1970s, however, there was still some room for manoeuvre, as witnessed by considerable diversity in the economic performance of African countries (Ghai, 1987).²

During the 1980s, international economic forces clearly assumed decisive significance in the development of the African crisis. Were this not the case, it would be difficult to account for the simultaneous deterioration at that time of the great majority of sub-Saharan African economies, as indeed of most economies throughout the Caribbean and Latin America, North Africa and West Asia. The principal elements adversely affecting African countries were deteriorating terms of trade,

1. Unless otherwise stated, the data presented here are taken from various World Bank publications, principally the annual Development Reports. The terms of trade declined by an approximate 4 to 5 per cent per annum over 1980-1988 which translates into a loss in income of roughly 1 per cent per annum, given that exports and imports amount to about 20 per cent each of GDP.

2. Over the period 1960-1982, 11 countries achieved an annual growth in per capita GDP in excess of 2.5 per cent, while 10 experienced a decline in per capita GDP.

increasing real interest rates on external debt, reduced inflow of resources and massive (possibly accelerating) capital outflows. The first three mechanisms are reasonably well documented; but the fourth, taking many different forms, is largely unrecorded, though rough estimates point to the enormous proportions it has assumed in some countries.³ The relative importance of the first three factors has been neatly summarized in the following table.

Table I

**Consolidated Change in External Financial Position of
Sub-Saharan Africa between 1979-1981 and 1985-1987**

(billions of US \$ per annum)

Terms of trade losses	2.9
Increased interest payments	2.1
Reduced credit flow	2.4
Reduced direct investment	0.2
Total deterioration	7.6
Increased official grants	1.1
Net deterioration	6.5

Source: United Nations, 1988.

These figures, which exclude Nigeria, show that deterioration in terms of trade caused the greatest losses, followed by a reduction in resource flows and an increase in interest payments. The total figure of \$6.5 billion partly reflects the very substantial debt rescheduling that has taken place. Without it, debt service would have been some \$5 billion to \$6 billion higher per annum than it actually has been in recent years. Even so, these amounts are equivalent to roughly one third of the total annual imports of goods and services by the countries concerned in the 1980s and about 45 per cent of average annual export earnings (United Nations, 1988). Viewed in a different way, losses amount to 10-11 per cent of GDP and over 60 per cent of gross capital formation. These figures, even without taking into account some elements of capital flight, thus serve to underline the decisive role played by the international economy in the African crisis in the 1980s.⁴

To highlight the external factors in the crisis is not to overlook either their interaction with domestic institutions or policies or to ignore the role played by other elements. The prolonged droughts affecting the Sahelian, eastern and southern African countries for varying periods have been important in several countries, as have political crises and disorder, civil wars, conflicts with neighbouring states and, in the southern African context, struggles for national liberation and aggression by the régime in South Africa. To these natural and man-made disasters

3. For example, estimates of capital flight from the Sudan have been put between \$14 billion and \$60 billion for the period 1977-1978 to 1984-1985 (Umbadda, 1989).

4. Some of the capital flight, to the extent that it takes the forms of over-invoicing imports and under-invoicing exports, is presumably already reflected in the figures on deterioration of terms of trade. But capital flight also takes many other forms which constitute an additional source of loss of foreign exchange and savings for the economy.

must be added the long-run dynamics of accelerating population growth and deteriorating natural environment.

Finally, there are a variety of factors which may be classified under economic mismanagement and inefficiency. These include inappropriate pricing, trade and foreign exchange policies, discrimination against the agricultural sector, poor investment decisions, corruption and misappropriation of resources. There has been a tendency, especially by economists, to single out inappropriate policies as the main culprit in the crisis. While these policies have played roles of varying importance in different countries at different times, it stretches credulity to attribute a dominant role to them in the intensification of the crisis in the 1980s. Indeed, as shown subsequently, African countries have undertaken significant economic reforms in the 1980s; but it is often not clear that these have had a positive effect. On the contrary, they have tended to be overwhelmed by a strong negative international environment.

(ii) Macro-economic adjustments: How have sub-Saharan African economies adjusted to a decline of nearly a quarter in per capita GDP and one third in per capita incomes? This question can be considered first with reference to adjustments in the main components of expenditure, i.e. private and public consumption and investment; and second in relation to changes in the incomes of specific social groups.

Table II provides a summary of trends in some major economic aggregates in two periods, 1965-1980 and 1980-1987. Between 1980 and 1986, GDP per capita declined about 20 per cent. Assuming population growth in the 1980s of about 3 per cent per annum, general government consumption per capita declined by 24 per cent over 1980-1986, private consumption by 14 per cent and gross domestic investment by nearly 75 per cent. At the same time, while exports per capita fell by about 30 per cent, imports declined by about 65 per cent. Hence it is not too fanciful to talk of "import strangulation" of African economies.

The burden of adjustment to the crisis thus fell heavily on gross domestic investment and on general government consumption, including expenditure on social and economic services. These developments have impaired the ability of African countries to increase productive capacity and resulted in neglect and deterioration of economic and social services such as roads, power, hospitals, clinics, schools, research, extension, credit and welfare programmes.

The period between 1980 and 1986 also witnessed significant changes in the structure of African economies. The service sector increased its share of the economy while the relative importance of industry and agriculture declined quite considerably. In per capita terms, agricultural output declined by about 25 per cent, industrial production by 27 per cent and services by about 18 per cent. At the same time, a significant reduction in exports, and especially of imports, made African economies less trade- and export-oriented.

Table II

**Adjustment to Crisis: Some Macro-economic Indicators in
Sub-Saharan Africa**

(annual % change)

	1965-1980	1980-1986
GDP	5.6	-0.0
Agriculture	1.6	-1.2
Industry	9.4	-1.5
(Manufacturing)	(8.5)	(0.3)
Services	7.5	0.1
Government consumption	8.1	-1.0
Private consumption	4.9	0.7
Gross domestic investment	8.8	-9.3
Exports	6.6	-2.1
Imports	19.5	-7.7

Share in GDP: 1986

General govt. consumption	13
Private consumption	74
Gross domestic investment	14
Exports	19
Resource balance	-2

Note: Including Nigeria.

Source: World Bank, 1988.

(iii) **Adjustments in incomes of social groups:** Stagnation in total output and changes in the pattern of economic activities have significantly affected the relative economic fortunes of different groups in society. Such developments reflect a complex interplay of forces and pressures emanating from the world economy, as well as struggles among different groups to preserve incomes and living standards in an era of shrinking opportunities and scarce resources.

Data limitations make it impossible to deal adequately with this aspect of the adjustment process. There are no statistical categories concerned with the situation of a number of significant social groups; and in addition, as argued earlier, the standard economic data are increasingly unable to reflect major shifts in the pattern of economic activities. Nevertheless, it is possible through reliance on various indirect measures to indicate in broad terms the pattern of changes in income or wages for some groups in society (Ghai, 1988; Jamal and Weeks, 1988; JASPA, ILO, 1988).

In rural areas, the crisis has manifested itself in falling real incomes, deterioration of public services and shortages of producer and consumer goods. Nevertheless, the rural population has been shielded from the full impact of the crisis by the ability of most households in the countryside to engage in some self-provisioning and by relatively widespread access to land. Furthermore, in a number of countries stabilization and structural adjustment programmes and policies have tended in recent years to improve the internal terms of trade for agriculture, although such an effort has been plagued by problems to be discussed below.

Analysis of the evolution of rural-urban income differentials during the 1980s strongly suggests that the brunt of the crisis has been borne by the urban sector. The ratio of minimum wage earnings to agricultural value added per person in fact fell quite substantially in most African countries over the past decade (Jamal and Weeks, 1988; Ghai, 1988). Scattered evidence suggests that this trend was accompanied by a lessening of migration from rural to urban areas in some countries; but overall, the urban labour force is still estimated to have expanded by over 5 per cent per year in the period 1980-1985 (table III). At the same time, employment in the formal sector grew by only 1 per cent per year, leaving the bulk of the increase in the labour force to be absorbed by the informal sector, which is estimated to have grown by slightly less than 7 per cent per annum. The rate of urban unemployment apparently expanded at around 10 per cent per year between 1980 and 1985.

A major adjustment in the urban labour market took the form of a sharp decline in real wages, which fell by about 30 per cent between 1980 and 1985 (JASPA, ILO, 1988). Real minimum wages declined by a lesser amount (some 20 per cent) over the period, and there are indications that differentials in wages between skilled and unskilled workers in the formal sector decreased quite sharply. As the informal sector served to absorb excess labour, it is likely that it also has been characterized by declining wages and earnings.

Table III

**Estimates of Urban Labour Force Utilization in
Sub-Saharan Africa: 1980-1985**

(annual % change)

Labour force	5.3
Wage-employment	1.0
Unemployment	10.0
Informal sector	6.7

Source: JASPA, ILO, African Employment Report 1980,
Addis Ababa, 1988.

Economic Crisis in Latin America and the Caribbean

(i) **Magnitude and contributory factors:** The Latin American and Caribbean region suffered from deep economic crisis in the 1980s. Real per capita GDP in 1988 was about 7 per cent below the level in 1980. The decline was widespread and affected practically all the countries in the region with the exception of Barbados, Colombia, Cuba and Brazil. Chile and the Dominican Republic managed a growth in real per capita GDP of less than 2 per cent between 1980 and 1988. At the other extreme, countries suffering declines of more than 20 per cent included Bolivia, Haiti, Panama, Nicaragua and Trinidad and Tobago; those between 10 and 20 per cent comprised Argentina, El Salvador, Guatemala, Honduras, Mexico, Peru and Venezuela, with the remainder suffering a decline of less than 10 per cent. When account is taken of net resource flows out of the region and deterioration in the terms of trade, per capita income probably declined by around 16 per cent between 1980 and 1988. Overall the situation in the 1980s represents a major break with the 1960s and 1970s when real per capita GDP rose by nearly 3 per cent per annum.

Sharp deterioration in economic performance is attributable for the most part to the same unfavourable developments in the world economy already mentioned above: worsening terms of trade, increasing real interest rates, declining external resource flows and capital flight from the region. Terms of trade deteriorated by over 22 per cent between 1980 and 1988; real rates of interest (LIBOR - consumer price index of industrial countries), which were negative in the mid-1970s, rose from 1.8 in 1978-1979 to about 5 per cent in 1986-1988; and net capital inflows declined from \$27.7 billion in 1978-1979 to \$9.2 billion in 1987-1988. In consequence, the balance of net external resources, characterized by an inflow of \$15.8 billion in 1978-1979, registered an outflow of \$22.8 billion in 1987-1988. These figures were equivalent to + 22.5 and -20.5 per cent of exports of goods and services in the two periods, as shown in table IV.

In order to finance resource outflows, export volume grew by an impressive 56 per cent over 1980-1988 or by 36 per cent per capita, while import volume declined by 13 per cent or by one third on a per capita basis. Thus the regional economy became more export-oriented than before. Despite this extraordinary effort, the ratio of interest payments to exports rose from 16.7 to 28.9 per cent between 1978-1979 and 1987-1988.

Table IV

Macro-economics of Crisis: Latin America and the Caribbean

	1980-88 (cumulative %)	
GDP per capita	- 6.6	
Income per capita	-16.0	
(Loss due to terms of trade)		(-3.0)
(Loss due to resource transfers)		(-6.0)
Export volume	+56.0	
Export per capita	+36.0	
Import volume	-13.0	
Import per capita	-33.0	
	1978-1979	1987-1988
Ratio interest payments to exports		
of goods and services	16.7	28.9
Transfer of resources (\$ billion)	15.8	-22.8
Resource transfers as percentage		
of exports of goods and services	22.5	-20.5
Rate of inflation (percentage)	46.0	336.0

Source: CEPAL, 1986 and 1988.

Finally, table V provides estimates of capital flight from seven Latin American countries over the period 1980-1984. Note the especially high figures for Mexico, Argentina and Venezuela.

Table V

Capital Flight Estimates ^(a) : 1980-1984

(billions of US dollars, cumulative)

Argentina	16.51
Brazil	1.33
Chile	-0.69 ^(b)
Mexico	30.53
Peru	-0.11 ^(b)
Uruguay	1.48
Venezuela	16.39
Total	65.29

Notes: (a) Defined as net errors and omissions plus "short-term, other sectors" in balance of payments accounts.

(b) Negative sign denotes capital inflows.

Source: Lessard and Williamson, 1987: p. 87.

(ii) **Adjustment to economic crisis:** Table VI suggests how the burden of adjustment was shared among major categories of expenditure over the period 1980-1985. Gross investment declined by two fifths on a per capita basis and fixed net investment fell even more sharply - by half in per capita terms. Since the latter represents one measure of the addition to the productive capacity of the economy, it is clear that the crisis has seriously reduced the growth potential of the regional economy.

Total per capita consumption declined by less than 7 per cent, shared fairly evenly between public and private consumption. However, what is striking is the difference in the behaviour of consumption between business (owners of capital) and labour. While consumption per capita of the former group rose by 16 per cent, that of the latter declined by 25 per cent. At an aggregate level, both groups suffered declines in per capita income - the owners of capital by 12 per cent and workers by 26 per cent. As we will discuss below, this general decline in business income is nevertheless likely to be more complex, masking advantage for big business in the midst of crisis for others within the sector.

Table VI

**Macro-economic Adjustment to the Crisis in
Latin America: 1980-1985^(a)**

(cumulative % change per capita)^(b)

GDP	- 9.4
Gross National Income	14.8
Total consumption	- 6.6
- public	- 5.5
- private	- 6.8
- workers	-25.7
- business	+15.8
Total gross investment	-41.0
Fixed net investment	-51.0

Notes: (a) Based on weighted data from 10 largest countries.

(b) Assumes a rate of population growth of 2.4 per cent per annum for all groups.

Source: Derived from table 4 in García et al., 1988.

Despite a considerable slowing of the economy, urban employment expanded by 2.8 per cent per annum. Unemployment, however, grew by 6.3 per cent (table VII). It is interesting to remark that the bulk of the growth in modern sector employment came from public services and small enterprises. Thus, even in a situation of extreme crisis, the public sector continued to expand employment, at least until 1985. The crisis also generated a high rate of labour absorption in the informal sector.

Table VII

**Changes in Employment Patterns of Urban Labour Force
in Latin America: 1980-1985**

(annual % change)

Unemployment	6.3	
Employment	2.8	
Modern sector	1.9	
(Large and medium sized)		(0.3)
(Public services)		(4.0)
(Small enterprises)		(4.5)
Informal sector	4.9	

Source: Tokman, 1986.

This was accompanied by significant shifts in average incomes (table VIII). Those making a living in the informal sector would seem to have been hardest hit, although the statistics cannot cover the full range of unregistered entrepreneurial activities within the sector, some of which generate great wealth. The level of remuneration of construction workers declined markedly, and the minimum wage fell more rapidly than that of workers in manufacturing industries. At the same time, the urban-rural income gap narrowed over the period. According to one estimate, the proportion of persons below the poverty level remained unchanged in rural areas at around 54 per cent, while that in the urban areas went up from 21 to 29 per cent (García et al, 1988).

The rural sector of Latin America of course comprises an extremely heterogeneous population of large- and medium-sized commercial farmers, peasants, sharecroppers and landless wage earners far more heterogeneous than in most African countries. It also contains a growing number of people engaged in non-agricultural activities. Evidence on the differential effects of the crisis in such a situation is as vital as it is scarce (see Schejtman, 1988). For the moment, it is important to note that, although the proportion of rural people in poverty may not have grown, conditions of livelihood for some of them may well have worsened. The United Nations Food and Agriculture Organization (FAO) notes, for example, that real agricultural wages fell drastically in all Latin American countries except Colombia, Guatemala and Honduras during the first half of the 1980s (FAO, 1988: 27, citing de Janvry).

Table VIII

**Changing Levels of Urban Income and Wages
in Latin America: 1980-1985**

	(cumulative %)
Informal sector income	-27.0
Real wages	
Manufacturing	-9.4
Construction	-19.4
Minimum	-11.8

Source: Tokman, 1986.

**Some Summary Comparative Remarks on the Macro-economics
of the Crisis in Africa, Latin America and the Caribbean**

It would seem that the crisis in sub-Saharan Africa is far more severe, both in absolute and relative terms, than it is in the Latin American and Caribbean region. GDP per capita in Africa declined three times faster than in Latin America and the Caribbean (20 and 7 per cent respectively) over 1980-1985/6. The decline in per capita income in the first region was also double that in the second (30 and 15 per cent). Since average per capita GDP in sub-Saharan Africa is six times less than in Latin America and the Caribbean, it can be argued that the impact of the crisis upon already strained African economies has been especially severe. At the same time, however, it must be remembered that inequalities in wealth and income distribution are much greater in Latin America than in Africa. In a situation of greater urbanization, proletarianization and landlessness than in Africa, the working classes of Latin America may well have suffered more serious deprivation and impoverishment than the data on average per capita incomes suggests.

Turning to the question of how various elements in the international economy contributed to crisis in each region, some further differences emerge. To begin with, Africa suffered a deterioration in terms of trade of about 34 per cent compared with 22 per cent for Latin America over the period 1980-1987. Given the greater export dependence of African countries (18 per cent of GDP compared with 11 to 12 per cent in Latin America in 1986), adverse movements in terms of trade have inflicted greater losses of per capita income in African countries. On the other hand, changes in external net resource flows, while deteriorating for both regions, were of much greater consequence for Latin America than for Africa. In the former, net resource flows dropped by nearly 6 per cent of GDP between 1979-1980 and 1986-1987, so that in the latter period the region was sustaining an outflow equivalent to 4 per cent. In

Africa, net resource inflows declined from about 5 per cent of GDP in 1980 to about 2 per cent in 1986. Thus, while interest payments as a proportion of exports of goods and services amounted to over 31 per cent for Latin America in 1986-1988, the corresponding figure for Africa was in the region of 20 per cent.

Bearing in mind that GDP per capita in Africa declined three times faster and per capita incomes twice as fast as in Latin America, it is not surprising that gross domestic investment per capita declined by 75 per cent in Africa, compared to 40 per cent in Latin America. Overall per capita consumption declined by about 7 per cent in Latin America over the period 1980-1985, divided roughly equally between government and private consumption; in Africa, government consumption declined by 24 per cent and private consumption by 14 per cent over the period 1980-1986. Thus the relative contraction in government current expenditure was greater in Africa.

A major contrast in the adjustment pattern emerges from the trade sector. While imports per capita declined in Africa by 65 per cent over 1980-1986, they fell by 33 per cent in Latin America over 1980-1988; and while exports per capita declined 30 per cent in Africa, they rose 36 per cent in Latin America. The vigorous expansion of exports accounted in part for the relatively stronger growth of overall output in Latin America. Given the massive burden imposed by debt servicing, however, even such a significant development of the export sector did not prevent a decline in per capita incomes in the latter region.

Turning to patterns of adjustment in labour markets, it seems that in both regions formal sector employment has continued to expand (1.0 per cent per annum in Africa, 1.8 per cent per annum in Latin America), despite stagnation or very low growth in output. This has been made possible in both cases by substantial declines in real wages. In other words, the choice between maintenance of wage levels and employment has been decided in favour of the latter. Real minimum wages fell by 11 per cent in Latin America (1980-1985) and 20 per cent in Africa (1980-1986). At the same time, urban unemployment rose markedly in both regions (approximately 10 per cent per annum in Africa and 6 per cent in Latin America) and urban informal sectors expanded rapidly as well (by 4.9 per cent per annum in Latin America and 6.7 per cent in Africa).

Although very little is known about changes in income distribution in Africa, it is likely that the gap in rural-urban incomes has been reduced more sharply in Africa than in Latin America. At the same time, the share of GDP attributable to capital grew 4 per cent in Latin America, while that of labour declined by an equal amount. It would be interesting to know if there has been a counterpart to this in Africa. In most countries there are not enough data to make a judgement in this regard.

2. The Reorientation of Macro-economic Policy

The specific policy measures which have been taken in each country as part of the effort to deal with the crisis have of course necessarily depended upon the local balance of political forces and the nature of particular economies. It is important to note, however, that in varying degrees and with varying success, most governments of Latin America and Africa have attempted to carry out structural adjustment programmes recommended by the international financial community and that the effects of these programmes have ultimately formed part of the dynamics of the crisis itself.

Structural adjustment "packages" were originally designed to deal with short-term balance of payments problems, not to correct problems of the magnitude confronted by most countries during a period of generalized stagnation in world trade and decline of commodity prices. Adjustment measures are in essence designed to reduce aggregate demand and improve trade balances within a context which strengthens market forces and widens the scope for private enterprise. Thus they comprise reduction of government expenditure, especially on social services and economic infrastructure, removal or reduction of subsidies, an increase in tax revenue, restriction of money supply and of bank credit, and an increase in real interest rates.

Liberalization of trade and encouragement of exports are important goals of structural adjustment "packages" and are brought about by such measures as devaluation, reduction or elimination of export taxes, removal of import licences, quotas and quantitative restrictions, and introduction of a uniform external tariff rate. Other elements include increased producer prices and reduced wage bills, wage freezes, declines in real wages and salaries, and reducing or eliminating fringe benefits and labour welfare and protection measures. Finally, the insistence on privatization of economic activities has involved closure or sale of state enterprises in directly productive and financial sectors, reduction or elimination of state marketing agencies, and a series of incentives for foreign investment.

Rescheduling of debt and debt service, as well as the granting of new loans, foreign aid and trade credits, have been made contingent upon acceptance of such policy packages (or selected elements within them), thereby paving the way for a degree of external intervention in national policy-making unprecedented in the post-war period. The strong insistence upon eliminating barriers to free trade and reducing the role of the state in the economy also runs directly counter to efforts by many Latin American and African governments to foster greater national economic integration within a framework of protection for local industry.

3. Changing Structures of Opportunity

The trends just outlined suggest profound modification of the structure of opportunity within which individuals and households must attempt to ensure their livelihood: the closure of numerous well-established routes of survival or upward mobility and the concomitant opening of others. Various groups within each country of Africa and Latin America thus experience the current recession differently. The structure and vital interests of the élite may be altered or reinforced, the size and composition of the working class may change, entirely new social forces may be created which alter the balance of power and provide new bases of support for or opposition to the state.

Therefore although it is customary in much of the literature on the "social impact of adjustment" (and economic crisis) to view the process of adaptation as a temporary phenomenon - interrupting a single, lineal process of modernization which should resume its normal course once current difficulties are overcome - such an assumption should be subject to considerable scrutiny. Certainly earlier episodes of depression and economic reorganization in this century proved to have far greater social and political significance than what is usually implied in the contemporary analysis of "adjustment". If one stops for a moment to consider how the social structures, economies and politics of European or Latin American nations were altered by the opportunities and constraints associated with the Great Depression, the importance of examining what may be happening to present-day societies in the crisis becomes obvious.

Patterns of Differentiation within the Upper Class

It is perhaps useful to begin with a brief discussion of the changing structure of opportunity confronting the upper classes of Latin America and Africa as an outgrowth of almost two decades of recession and adjustment. Approaching the subject of changing life chances from the top down, rather than from the bottom up, is here done deliberately; for, while it is common for students of the crisis to consider changing survival strategies of the poor, there is sometimes a tendency to overlook the fact that the crisis also has profound implications for the life chances of the rich. And the latter in turn form a central element in the economic environment within which all members of society must attempt to make a living.

At the same time, there is often a tendency in the general literature on adjustment and crisis to talk of both rich and poor as if they were internally rather homogeneous groupings. In fact, of course, they are not; and one of the more important questions to be asked when attempting to understand macro-structural shifts is how life chances are changing for particular categories of people **within** various social classes, as the fortunes of some may rise while those of others fall and the overall balance of power and interests may in consequence be significantly altered, even within the confines of a single, general class.

Within the upper class of most countries in Africa and Latin America, it would seem that recession and adjustment are promoting considerable internal differentiation. Some factions of the élite are being presented with extraordinary opportunities, while others are being harshly treated by the crisis. In Latin America, this has a great deal to do with the dynamics of devaluation, inflation and capital flight. In Africa, such elements seem less important in determining the ability of some members of the élite to preserve or enhance their position (while others are unable to do so) than location in the political-administrative hierarchy, involvement in foreign trade, and/or association with transnational capital.

Turning first to the situation of countries which have experienced significant capital flight, there is no doubt that lines of differentiation within the upper class, and particularly within business groups, have been increasingly drawn in relation to access - or lack of access - to funds held outside the country. As devaluation of the local currency relentlessly increases the value of foreign-held wealth, the income of families with large foreign bank accounts increases spectacularly. New markets for luxury goods and services thus appear incongruously as the crisis advances, and there are startling manifestations (on the streets, in commercial districts) of advancing polarization.

The fact that significant segments of the upper class in some Latin American countries base their consumption not only on nationally held assets but also on their ability to finance expenditures from foreign accounts may explain in part the trend, captured in national accounts statistics and noted above, for the consumption of upper income groups to have increased during the course of the crisis, while the registered (national) income of that group seems to have declined. **The parameters of livelihood for this segment of the élite are no longer national, but international,** and their situation is not captured by standard national accounting mechanisms.

At the same time, the dynamics of inflation and devaluation which accompany the crisis and which assume particular importance in Latin America have a tendency to make the very rich richer, even in the absence of complications introduced by capital flight. It should be remembered that in the effort to protect local savings and to stem capital flight, governments are encouraged to raise internal interest rates - often to extremely high levels. Although this is harmful for those who borrow, it can produce windfall gains for large savers. Those who maintain high levels of bank deposits eventually receive such large returns that they are once again likely to engage in enormously conspicuous consumption.

This skewing of opportunity within the upper class towards groups which have access to foreign currency and/or live primarily from speculation or from the receipt of interest obviously has implications not only for individuals but also for businesses, and thus for the evolution of the structure of the economy. In a situation of local capital scarcity and high interest rates, transnational enterprise in principle enjoys an increasing advantage over domestic firms unable to obtain adequate financing and

5. For discussion of this point in the context of Mexico, see L. Mertens, 1986.

to overcome the problems posed by shrinking domestic and/or export markets.⁵ The point is not that transnational enterprises are necessarily expanding in Africa or Latin America as a result of the crisis: in some cases they may be doing so, while in others they are clearly retrenching in reaction to unfavourable economic trends. What is important to note is that international companies are often better able to withstand the crisis than are their national counterparts and this constitutes another likely internationalizing effect of the crisis.

In a paper prepared for a conference organized by the Economic Commission for Africa, Sawyerr makes clear reference to the centrality of association with foreign interests for those within African élites best able to weather the crisis successfully. Among the factions that he feels have gained from adjustment are top executives in private businesses, linked with foreign capital, local agents of foreign concerns, and those importers and exporters able to obtain special access to foreign exchange in a situation of scarcity. Thus in a time of marked economic recession, areas of business linked with outside interests seem to have become more privileged, in relation to those without such links, even when overall levels of foreign investment are shrinking. And in a period of privatization, those able "to buy up or buy into state-owned enterprises, usually at concessional prices", are also to be counted among the privileged (Sawyerr, 1988: 22).

Concomitantly, both in Africa and in Latin America, the dynamics of recession and adjustment present an increasingly serious challenge to formal sector entrepreneurial groups not at least partially protected by association with international capital. The extreme uncertainty introduced by inflation, devaluation and irregular access to credit undermines the very bases of predictability on which productive investment must rest. When imported components are required for manufacturing or farming, which is most often the case, uncertainty is likely to increase. And the fact that economic activity must ultimately depend upon public infrastructure, which is often badly maintained as a result of restrictions on government spending, constitutes a further negative complication. Opportunity presents itself, under the circumstances, either to the strongest and most internationally linked among the capitalist class or to the most flexible and daring of entrepreneurs emerging within the informal sector. It does not favour the survival of relatively more dependent and import-vulnerable entrepreneurs doing business within a structure of fixed economic obligations.

If this picture of changing life chances within upper income groups is relatively adequate, then we are witnessing the demise or serious weakening of the pattern of indigenous capitalist growth associated over the past half-century in Latin America - and more recently and incompletely in Africa - with import-substituting industrialization. At the same time, we observe a tendency towards increasing polarization within society, as some of the upper class becomes even wealthier, while others within that category are not able to maintain their positions, thus reducing the number and variety of people still forming a national élite.

Relative Impoverishment and Political Engagement of the Salaried Middle Class

A diagnosis of polarization is further indicated by consideration of the plight of the salaried middle class during the past decade of recession and adjustment. Although a part of the indigenous business élite may be falling into the middle class, a considerable segment of the latter is in turn being relatively impoverished. One can infer from figures on employment and services analysed above that, given the great dependence of middle class families upon salaried employment and upon the public goods provided to urban dwellers over the past few decades of imitative development in the Third World, the level of living of that group has been extraordinarily undermined by the crisis.

There are, of course, many sectors and interests within the broad category called "middle class", some of which are likely to be favoured by such adjustment measures as opening the internal market to foreign products. This is particularly the case in Latin America, where domestically produced goods have represented an important part of all middle-class consumption and where there is a long frustrated desire within middle-class circles to have access to foreign goods. The upper middle class in Latin America may also have foreign bank accounts and thus be protected from or even advantaged by continuous devaluation.

For a great many middle income families, however, it is probably not an exaggeration to say that, just as in the case of households within the popular sector, "the crisis represents, in the last analysis, a total restructuring of everything one has learned", of everything one was taught to expect (Feijoo, 1988). Specific paths to advancement, clearly laid out within the culture of modernizing African and Latin American states - the value of education, the importance of obtaining government employment - have been closed or severely restricted. The status associated with technical, professional or bureaucratic pursuits is challenged not only by falling real income, but also by declining ability to fulfil one's professional obligations. As the infrastructure of hospitals, schools and other public institutions is weakened by lack of funds, doctors, nurses, teachers and other public servants cannot adequately provide the services expected from them; and their frustration, expressed in work stoppages, strikes and other forms of protest, assumes increasing (and often novel) political significance.

While a minority within the middle class thus may have a stake in the kind of society being forged during years of recession and adjustment, most middle-income people clearly do not constitute a support group within any alliance favouring continuation of adjustment programmes. Like established formal sector businessmen without international ties (by whom many in the Latin American middle class are in fact employed), they are hurt by the current conjuncture. And the way they interpret the roots of their misfortune and devise a remedial strategy is likely to be a crucial element in the political arrangements which will be characteristic of particular Latin American and African societies in the 1990s.

Informalization and the Working Class

When added to the downward movement of incomes among middle-class sectors, the inordinately steep drop in income suffered by formal sector workers over the past decade would seem sharply to reinforce the long existing tendency for differences between life chances of the very rich and the average income family in African and Latin American countries to widen. In Africa, the bargaining power of a relatively small industrial working class has been fundamentally weakened by the shrinking job market and consequent threat of unemployment, as well as by repressive measures which close off avenues of collective action in defense of wages. In Latin America, the underlying dynamics restricting formal sector efforts to protect wage levels are similar, although the greater strength of the labour movement in a number of Latin American countries has permitted some of the more skilled workers, in larger industries, to defend themselves better. Thus, while statistics presented earlier show wage differentials within the African working class to be narrowing under the impact of the crisis, as the relatively more skilled are hit hardest by recession, this is less the case for Latin America, where minimum wage earners seem to be harder hit than workers with incomes above the minimum.

Although commentary of this kind could be utilized to reinforce the old argument that there is indeed a "labour aristocracy" in Latin America, it is important to stress the fact that the level of real wages now in effect, even for favoured strata, is hardly high enough to lend credence to the concept of an aristocracy within the working class of the late 1980s. There is in fact little evidence supporting the contention that skilled workers currently define their interests differently from the majority of the working class, although they may bargain in Latin America within industry-specific institutions which give them somewhat greater negotiating strengths.

On the contrary, recession and adjustment seem to be homogenizing working-class interests, precisely because the crisis further diversifies the survival strategies of all wage earners, whether skilled or unskilled, and whether in formal or informal sectors. It has of course always been the case that households containing industrial workers of various kinds are likely also to include members engaging in other kinds of work, often in the so-called "informal sector", and therefore to have very diverse interests. In Africa, the picture is made more complex by the frequency with which urban families maintain ties with rural communities and retain rights to land. This lack of total dependence by most industrial working-class families on industrial employment, and at times lack of complete dependence upon wages, has often affected the nature of their bargaining behaviour and of their political participation, as many studies of Third World trade unions have noted.

At the present time, however, there is a massive tendency for the working class to be informalized (and also for the lower middle class to

find sources of income in the informal sector). Lines between lower middle and working classes are further blurred, just as the concept of the "working class" itself becomes extraordinarily imprecise. One finds a mass of lower income families engaged in a very wide range of activities, frequently including an option of international migration which links household livelihood to remittances from abroad in a pattern of internationalization running parallel to processes of capital flight already discussed above, but in a reverse direction.

As figures cited earlier make clear, the ill-defined "informal sector" now constitutes the most significant locus of indigenous entrepreneurial activity in many crisis-ridden Third World cities. There is a certain apparent promise for urban lower-income strata in this situation, to the extent that declining incomes throughout most of the salaried and wage earning population encourage less consumption of the products of modern industry and a reversion to dealing with tradesmen and artisans. Thus the same forces which eliminate jobs for the relatively more skilled within the formal industrial sector simultaneously create them, at a lower level of technological sophistication and productivity, in the informal sector. Small industries are growing faster than any others. Nevertheless, the latter frequently have some difficulty in taking full advantage of demand for their goods and services, for they themselves may be dependent upon access to goods produced in the modern capitalist sector and thus be unable to isolate themselves successfully from the crisis.

The growing "informal sector" of course represents far more than an exclusively low-income survival strategy. It provides opportunities for survival and/or profit to capitalist industry, whether national or international, which is also shifting out of the formal labour market into domestic piecework arrangements to eliminate the payment of fixed overhead and legal labour benefits. It shelters large, vertically integrated commercial operations, frequently employing an army of street vendors. It contains an important financial sector. In a process which is paralleled in the developed industrial world, the informal sector has become a kind of catch-all unregulated market, merging into a subterranean economy, through which workers are linked to many other segments of society without obligatory reference to the laws or norms that have been publicly established and legally sanctioned to regulate economic relations among parties.

Repeasantization?

As unemployment and declining real wages make urban survival more difficult, many governments (and donors) would like to encourage the return of considerable numbers of people to the countryside, on the assumption that it is impossible to continue generating sufficient sources of sustenance in the cities, or to continue subsidizing survival there, and that means of subsistence are easier to obtain in rural areas. There is some indication that this kind of return migration is in fact occurring. In Mexico, for example, the number of those employed in the construction

industry (always a principal source of employment for migrants from peasant villages) has declined markedly during the past five years, while the number of people registered as economically active in agriculture has risen. In Ghana, many urban dwellers seem to be returning to their villages to take up rights to cultivate the land, or simply to live with extended families. Surely other cases of such return migration could be mentioned.

One should ask, however, whether a significant reversion to rural life is really an answer to the urban dilemma of the 1990s in many parts of Latin America and Africa. Individuals and groups of kin may be moving from city to countryside in many areas, but there is still a simultaneous tendency for others to migrate in the opposite direction. Resources in the countryside are often simply not sufficient to provide a livelihood for significant return flow of population; and particularly in Latin America, the structure of land tenure, resting on private title, leaves no opening for the urban poor to engage in agriculture, except as wage labourers.

The survival of communal land tenure and traditional structures of kinship in Africa of course provides an extraordinary mechanism through which urban dwellers can in principle be reabsorbed in the countryside. The experience of over a million Ghanaian migrants, expelled from neighbouring countries, who returned to their villages without need for any special programme of resettlement, is a dramatic case in point. But communal lands are not always as fertile or community structures as resilient as in the West African tropics. In many parts of the continent over-population, erosion and the scourge of warfare constitute significant limitations on the repeasantization of low-income city dwellers in the 1990s.

Advantage and Disadvantage in Rural Areas

International financial institutions and donors involved in setting the agenda of policy reform for indebted Third World governments attempt to orient the adjustment process toward support of agriculture, and particularly of peasant agriculture (although in practice there is a good deal of determination to promote larger commercial farming as well). In country after country, pricing and marketing policies have been altered in favour of agricultural producers, on the assumption that the crisis can be attributed to a considerable extent to previous official insistence on extracting cheap products from the countryside. Declining food production and falling volumes of export crops are seen to be related to the inability of agricultural producers to make a living at farming and to their consequent abandonment of production or withdrawal from the market. Because such an explanation has been elaborated by observers of African rural life, there is a tendency to emphasize the exploitative role of state marketing agencies, which have been especially important in the African context, and to insist upon the utility of encouraging private enterprise in the field of rural marketing.

The adjustment process of the 1980s is therefore associated, in Africa, with the stimulation of new forms of rural entrepreneurship, particularly in the food marketing sector. In a number of cases, this constitutes little more than formal recognition of private commercial activities which were carried out previously in what has been called the "parallel market" - disallowed by official marketing policy but thriving in fact in many parts of the country or in areas of commerce beyond the power of the state to control. In other cases, however, it represents a new departure and creates new economic opportunities. The same can hardly be said for Latin American rural areas, in which private trade has long been dominant and tends to operate through the association of petty commerce with highly oligopolistic centres of private merchant capital.

Is agricultural production and/or productivity responding to pricing and other policy incentives in a way which suggests a positive impact of adjustment on small farmers? In some cases, it is. Nevertheless devaluation, foreign exchange crises and the deterioration of physical infrastructure have made it extraordinarily difficult for most small cultivators to grow or market more, despite the nominal incentive held out by higher producer prices. Fertilizer has been scarce and inordinately costly; tractors and trucks break down and roads or railroads become more difficult to utilize. In one illustrative case, the lack of foreign exchange with which to purchase jute sacks was instrumental in the loss of over a million tons of grain, which could not be collected after harvest and therefore became not a credit but a debit against the account of the small farmers who had invested to produce it. Under such circumstances, higher producer prices lose significance (see Good, 1986).

In addition, within Latin America and some regions of Africa, rural moneylenders and merchants form a solid wedge between the higher prices encouraged by government policy and prices actually paid the small producer in the field. Peasant families who live on credit extended them by patrons do not have the opportunity to question the price they receive for crops ultimately delivered to the latter.

As the current crisis alters the parameters of economic relations in Latin American and African societies, agricultural producers most likely to benefit (or least likely to suffer) would seem to be among the large and medium-sized capitalist farmers who are well enough organized to ensure control over their supply of inputs and who can offset the rapidly rising cost of such inputs by taking advantage of sinking levels of wages for agricultural labour; or small peasant producers for the market who need virtually no credit or manufactured inputs and who also can produce most of the food they need locally. In certain countries, transnational corporations once again emerge as prime examples of the first kind of enterprise, and some governments are predictably interested in encouraging the expansion of foreign investment in agriculture. National entrepreneurs must be very well organized and receive strong support from the government in order to protect themselves from the financial uncertainties of investment in agriculture under the present circumstances.

4. Individual and Collective Reactions to Crisis

The kinds of peasant communities which fall within the second category - enjoying good land and requiring few inputs, while producing adequate basic staples for family consumption without much need to rely on purchased foods - benefit from rising prices for what they sell and do not feel the impact of rising food prices on their own consumption (see e.g. Posnansky, 1980). But most villages in Latin America and many in Africa do not fit this pattern. In the extensive areas of Latin America where much of the rural population is landless and lives by offering wage labour, rising grain prices - an inevitable concomitant of inflation and input bottlenecks even without specific state attempts to push prices upward - cause great hardship.

In sum, then, while the crisis is clearly reducing the gap which formerly existed between the monetary income of poorer strata in urban and rural areas - narrowing the advantage of the urban poor and, when non-monetary subsistence income of some kinds of rural people is added into the calculation, perhaps sometimes eliminating or reversing urban advantage altogether - it is important to remember that by far the largest number of rural households are also being impoverished by recession and adjustment, and that (with greater frequency in Latin America than in Africa) low-income rural families cannot as successfully attempt to remedy their situation through engaging in petty services and trade, unless they migrate.

Macro-economic trends thus seem to be redefining the parameters of livelihood in Latin American and African societies in various ways: reinforcing a tendency for international interests to be favoured over national ones and for financial speculation to take priority over productive investment; encouraging entrepreneurship within the informal, rather than the formal, sector; decreasing the importance of national capitalist and working-class groups; enormously increasing the pool of labour engaged in petty services, trade and domestic manufacturing; challenging the ability of small farmers and peasants to engage in commercial agriculture.

Within this context, people react both individually and collectively to emerging opportunities and threats, to protect their standard of living as well as their way of life. They may also protest against existing situations and engage in organized efforts to bring about change. It is important to examine these individual and collective strategies, not simply as efforts to survive the recession, but as patterns of behaviour which contribute to changing the overall structure of society and which furthermore have important political implications.

The macro-economic environment associated with recession and adjustment imposes upon various kinds of people, located at different points within the overall economy of any country, certain necessary and inevitable kinds of economic behaviour, and although the latter may

seem highly personal and defensive (strategies restricted to the most individualistic kinds of calculations made within the confines of each household) they in fact come to have broad social and political significance.

Thus the attempt to obtain foreign income through migration or remittances is an individualistic strategy, but its effect on local economies and societies is profound. The migration of professionals should perhaps especially be mentioned here, since their decision to move to more developed countries deprives less developed countries of a particularly scarce form of human capital (see Logan, 1987). Similarly, the upper- and middle-class practice of holding large foreign accounts (particularly in Latin America) eventually alters the parameters of economic opportunity in a way which affects the longer term evolution of structures of opportunity, since it is likely seriously to restrict the local availability of capital for investment and to limit the tax base of the state. Even the attempt by middle-class families in Latin America to stave off impoverishment in times of rising inflation through liquidating assets and placing the proceeds in interest-earning bank accounts has important socio-political, as well as economic, implications. The fate of a large number of savers becomes tied to high interest rates, and lowering the latter then becomes a significant political problem.

There are, in other words, a number of defensive strategies, made virtually mandatory by the form of the crisis itself, which constantly reinforce the international links and speculative elements inherent in the crisis and which may also alter the bases of political support for existing régimes. Other attempts by households to cope with the crisis have, when viewed from the perspective of the nation as a whole, a similar tendency to act against resolution of the crisis within the boundaries of present policy. From the point of view of a family faced with falling real income, for example, it is essential to send more members, including women and the very young, into the labour force; but from the vantage point of working people as a whole, that may well be a disastrous development.

The same might be said of engaging in corrupt practices or crime as ways in which individuals can react to falling income and attempt to recuperate some lost ground. The rising crime rate in African and Latin American cities testifies to the importance of this option, as does the particularly virulent growth of activities associated with narcotic drugs. These are the only avenues of advancement or survival available to many people, but they are provided within a context of violence and illegality which undermines the most basic principles of civil society. In so doing, they too reinforce, rather than counteract, the disintegrative dynamics of the crisis (Bagley, 1988; Morales, 1986).

Corrupt and/or criminal activities are of course likely to be carried on not only by single individuals, engaged in fashioning a personal survival strategy, but also to be woven into social networks which form increasingly important institutions within the broader society. Thus while public institutions, charged with supporting the normal activities of

state and private sectors, may be weakened, others, often based upon kinship, ethnic ties or varied forms of religious brotherhood, are simultaneously being reinforced (see Doornbos, 1989). Their growing importance may well have negative implications for national integration, particularly in situations of ethnic or religious conflict (Cohen, 1989).

At the same time, there is of course a potential for the crisis to encourage changes in social organization and political practice which contribute to the creation of a more participatory society in nations where exclusion for many groups has long been the rule. For example, the strengthening of ethnic or regional solidarity may in some cases be extremely salutary, if this protects vulnerable families and permits them a voice in politics. Similarly, the challenges posed by recession and adjustment lend momentum to other kinds of family and neighbourhood co-operation which go beyond simple "survival strategies" and create centres of dialogue and mutual assistance within an inchoate civil society (see e.g. Kowarick, 1988). Some, like neighbourhood soup-kitchens in urban areas, draw families together in co-operative efforts to reduce the cost of subsistence; others grow out of broader urban grass-roots organizations in which the neighbourhood not only presents collective demands to local authorities but may be further integrated into a hierarchy of federations or confederations with the capacity to make itself heard at the national or international level.⁶

6. The growth of popular organizations in Chile is discussed in Leiva and Petras, 1986. For Mexico, see Carr, 1986.

Three characteristics of this growing tendency for local-level co-operation in African and Latin American cities should perhaps be underlined. Neighbourhood associations tend above all to be concerned with questions of consumption, whether collective or individual; members are drawn together to protest unacceptable living conditions, the elimination of subsidies on such public goods as utilities or transport, the lack of credit for housing, the sudden rise in food prices or environmental problems. Their demands are not generally framed around issues of employment and remuneration, that is around conditions of production; and since this is the case, these organizations (growing remarkably in numbers over the course of the 1980s) are fundamentally involved in a dialogue with the state, not with private enterprise. The political implications of this dialogue are significant (see Calderón and Dos Santos, 1987).

Simultaneously, the kinds of civic organizations springing up in many urban areas of Latin America and Africa as a result of the crisis tend to involve a large number of women, for the obvious reason that women are most likely to be concerned with difficulties arising in the sphere of consumption. Particularly in Latin America, where women have traditionally been far more restricted to the sphere of the "home" than in Africa, neighbourhood organizations are drawing women out of isolation and into organizations which must deal with the state, not necessarily because women have been originally concerned with politics but because they have been preoccupied with guaranteeing the future of their families. As one collection of essays on Latin American women put it, "if the market and the state create ever more intolerable conditions

within the private sphere, the domain of women, women will rightly emerge in the public sphere to denounce the situation and demand a solution"; and this implies significant new forms of political practice (Arizpe, 1987).⁷

Finally, it is important to note that, although some civic associations of this kind become affiliated with political parties, the majority seem to prefer political independence and to exhibit noteworthy scepticism toward the established political structure. Neighbourhood organizations thus tend to fall outside the framework of traditional state and party channels, and to present a challenge to political systems set up along corporate lines.

Unwillingness to continue to operate within the framework of earlier political pacts is also reflected in the activities of many working class and peasant or farmers' organizations attempting to deal with the uncertainties of the 1980s. In fact, trade union confederations in a number of countries have mobilized massively to protest the imposition of austerity programmes by unpopular governments, and have won concessions ranging from retraction of policies to a change of régime. In such activities, trade unions have been joined by a broad array of popular groups, at times including middle- as well as low-income urban organizations and peasant unions.⁸

On the question of protecting more specific interests of their members in the workplace, however, it would seem that trade unions in Africa and Latin America have generally not been very successful over the course of the past decade, in large part because the threat of unemployment hangs over the heads of all workers. There have been sporadic outbreaks of strike activity among industrial and transport workers, and workers in the service of state bureaucracies, as well as among professionals, in most Latin American and African countries; and in some cases these strikes have threatened to cripple the adjustment effort. But on the whole, unionized workers have bargained with management and have been willing to accept serious cuts in welfare without taking measures which might place their employment at risk.⁹

In agriculture, the equivalent of a strike is a retreat into subsistence, or reduction in the amount of marketed output. This may come as a result of a conscious decision to leave the market or as a consequence of insufficient opportunity to continue producing and marketing crops. There has in fact been a tendency over the past decade or more for the marketed agricultural surplus to decline in many rural areas of Africa, Latin America and the Caribbean, sometimes under the impact of drought or war, and sometimes as an outgrowth of the direct or indirect impact of recession (including changing patterns of household economic activity).

In the meantime, one finds significant efforts among rural people to come together in defense of their livelihood. New co-operative institutions have developed in rural Africa, Latin America and the Caribbean, concerned not only with facilitating production but with

7. The Mothers of the Plaza de Mayo constitute an important example of such practices. See Feijoo and Gogna, 1987.

8. For a good discussion of "co-ordinating committees" which have organized a series of massive general protests in Mexico, see Carr, 1986.

9. On anti-government protest by teachers in Côte d'Ivoire, leading to widespread industrial action in 1987, see *New African*, March 1989: 35. For Nigeria, militancy among professional unions is discussed in Isamah, 1986.

10. The experience of independent peasant organizations in Mexico is discussed in Gordillo, 1987.

11. For a discussion of the Sendero Luminoso movement in Peru, see Morales, 1986.

5. Politics, the State and Civil Society

protecting consumption and restructuring exchange. With increasing frequency, these efforts seem to be specifically oriented toward permitting a freer exchange of goods and information among members at the local and regional level, thus reinforcing local self-sufficiency and reducing the untrammelled impact of the market. They are, in other words, often primarily structured in a horizontal rather than a vertical fashion.

As in the case of urban neighbourhood associations, women play an important role in such new rural institutions - in Africa because women have traditionally had independent responsibility for certain kinds of food production and consumption, as well as other money-making activities like trade, and in Latin America because women are increasingly called upon to assume the responsibilities of migrating men, while also being drawn into new kinds of non-farm activity.

At the regional and national levels, new forms of independent peasant organizations have appeared over the past decade or more in a number of Latin American countries, bargaining with the state and private enterprise and often opting against affiliation with any political party.¹⁰ Such a development strengthens civil society. There are, however, simultaneous signs of turmoil and disintegration within rural areas of many nations. Deteriorating livelihood in some parts of the Latin American countryside has led to the growth of guerilla movements as well as the definition of territories under the control of drug traffickers. In these areas, the state has lost virtually all authority.¹¹ In other regions of Latin America and Africa, wracked by war, just the opposite occurs: military contingents impose state control with an equal loss of options for local participation.

It is obvious that recession and adjustment are seriously affecting the capacity of the great majority of African, Latin American and Caribbean states to establish stable parameters for economic activity and to invest. Faced with sharply declining public revenue, frequent balance of payments crises and the enormous burden of servicing the debt, many governments have over the past decade or more been unable to fulfill either their international or their internal commitments. Public services have declined in quality or simply disappeared; public works and infrastructure have deteriorated; public regulatory and administrative functions have been abandoned or sharply curtailed.

The trends toward internationalization and informalization which have characterized patterns of social change over the past several decades form part of the dynamics of state retrenchment, both contributing to and growing out of the declining capacity of public institutions. Governments that can no longer ensure a stable currency see even their efforts to adjust and reform the national economy falter in the face of massive speculative activities and capital flight. In a similar vein, the flow of migrants across borders in search of a better livelihood implies the

creation of remittance economies which (like flight capital) cannot be taxed or even adequately quantified. The decline or collapse of much formal sector economic activity, and the massive turn to informal arrangements among both wealthy and poor, further weakens the tax base and the structure of public regulation and services.

In addition, the urgent need to maintain an inflow of foreign capital (in the form of grants, loans or foreign investment) and to renegotiate the terms of debt repayment, makes most African, Latin American and Caribbean governments particularly open to influence from lending institutions or donors - so much so in fact that the study of economic policy-making was often framed in the decade of the 1980s in terms of the "politics of conditionality". The policy initiative, in this context, is likely to arise outside national boundaries, although the ramifications of policy (including the reactions of internal groups) are managed by and directed toward the state.

The bases of support for the state are in turn inevitably affected by these processes, first because the ability of governments to protect and promote the interests of major sectors of society is constantly challenged and second because those interests are themselves changing as people devise new livelihood strategies. In countries ruled by extremely narrow cliques or by networks of territorially based strongmen, where a predatory style of governance prevails, political practice may be little altered. But in nations where the governing coalition includes workers, public sector employees, elements of the urban poor, perhaps a national agricultural and/or industrial élite - as well as those engaged in internal and external trade and finance - the existing structure of interest aggregation and compromise may well be shaken.

As employers, both of civil servants and workers in state-owned industries, most Latin American, Caribbean and African states have attempted, as we have seen, to avoid laying off employees even at the cost of drastically lowering per capita remuneration. At the same time, although deep cuts have been made in subsidies on basic foodstuffs and transport, which provide a relatively diffuse form of remuneration to a large urban clientele, an effort has also been made not to eliminate such subsidies completely. Nevertheless the drop in revenue associated with recession and adjustment implies such a clear decline in the ability of the state to provide for its support groups among urban lower- and middle-income strata that disaffection and protest are virtually inevitable. Sporadic but violent riots in a number of countries over the past few years bear witness to this problem.

Strains may also appear in relations with industrialists oriented toward the national market. In the course of adjustment, the capacity of the state to protect local, formal sector entrepreneurs producing goods for internal consumption is threatened: to the extent that it must open the internal economy to foreign imports, devalue and greatly restrict credit, a state dependent upon alliances with those entrepreneurs faces serious internal struggles. In such cases, either the local industrial sector

is strong enough to force the government to resist international pressure, or it becomes disaffected and the government loses an additional element of political support.

Strains of this kind, implying an erosion of support for many states and a threat to the continuation of post-colonial or postwar patterns of alliances, are being managed in some countries with relative success. It is precisely the precarious nature of the balance which must be struck between all interests which makes much of the adjustment effort in such circumstances seem so contradictory and internally inconsistent. In other cases, however, a broader pattern of alliances seems to have given way to far narrower arrangements, in which states increasingly return to prototypical "neo-colonial" patterns characterized by the clear dominance of a foreign trade-oriented or financial élite. And in still others, we witness the virtual disintegration of some national societies, as regional and ethnic conflict is spurred by delining levels of living and the weakening of already very fragile political pacts.

A critical issue which arises at this point concerns what is increasingly referred to as the conundrum of "governability". How are the wide range of conflicting interests associated with crisis and adjustment to be channelled and expressed within a stable political environment at a time when the legitimacy and efficacy of many states are being so thoroughly undermined? How can sufficient sense of co-operation and purpose be developed to permit an adequate collective response to the crisis?

The question can be answered in part by referring to the encouraging tendency, just noted, for new forms of co-operation to emerge among many groups affected by the crisis and for these groups to remain outside what often have been rather clientelistic and corporate channels of interest representation in Latin American, African and Caribbean states. This is a development which can in principle contribute to the formation of a more democratic political practice, in which the interests of various groups are expressed in an open political arena.

This arena must, however, exist; and it must function well enough to process demands, aggregate interests and convert decisions into policy. In other words, there must be a functioning state, with capacity for dialogue and sufficient control over the economy to be able to allocate resources. With some frequency, however, one now finds situations in which states are either too narrowly based and restrictive to accommodate grass-roots demands or too weak to process them. In such conjunctures, innovative local level response to the crisis is short-circuited. It may be supported by international donors or non-governmental organizations, but it cannot serve to strengthen a national project.

Faced with urgent and conflicting demands for assistance during hard times, and with a fundamentally weakened state, governments attempting to avoid a total collapse of public authority can opt for an authoritarian and repressive solution (Stepan, 1985; Kaufman, 1985; Anyang, 1987). This was a pattern characteristic of much of Latin

America during the first decade of economic crisis (as it was among a number of states confronted with depression in interior Europe) and it may become so again.¹²

It would seem, however, that the extent of reorganization of society during the recession may in fact make the imposition of discipline by force - discipline of a kind required to maintain a functioning national economy - increasingly difficult. The informalization of many societies, the tendency for much economic activity to go on without reference to governmental controls, the appearance of new kinds of solidarity which lie outside the traditional corporate structure, imply blockage of major avenues of social control.

Alternatively, the demands of various groups can be put forward, and strategies for change developed, within a framework of democracy. The advance of informalization and internationalization of the economy and the society, in company with extensive hardship imposed on most people by the crisis, nevertheless also implies enormous difficulties for transitions to more democratic models of relations between state and society (Cardoso, 1988; Hansen, 1987; Kaufman, 1985). Excessive fragmentation of interests, made worse by the crisis, may create virtually unmanageable pressure on the government, while institutions capable of deciding upon the distribution of gains and losses in public fora accountable to the majority of the voters are yet to be developed. History suggests that increasingly polarized societies, in which growing numbers are pauperized, are enormously handicapped in the search for democracy.

12. Concern for such a development in Africa has recently been expressed by Timothy Shaw, who concludes that many countries on the continent are "ripe for repression" (Shaw, 1988: 319).

Bibliography

Anyang, Peter (ed.)

Popular Struggles for Democracy in Africa, United Nations University-Zed Books, London and New Jersey, 1987.

Arizpe, Lourdes

"Prólogo" in Elizabeth Jelin (ed.), **Ciudadanía e identidad: Las mujeres en los movimientos sociales latinoamericanos**, pp. ix-xix, UNRISD, Geneva, 1987.

Bagley, Bruce

"Colombia and the War on Drugs", **Foreign Affairs**, 67(1): 70-92, 1988.

Calderón, Fernando and Mario Dos Santos

Latinoamérica: Lo político y lo social en la crisis, Consejo Latinoamericano de Ciencias Sociales, Buenos Aires, 1987.

Cardoso, Fernando Henrique

"Olas chocando contra los arrecifes. El estado ante la perplejidad social", **David and Goliath**, Revista del Consejo Latinoamericano de Ciencias Sociales, 18(53): 16-24, 1988.

Carr, Barry (ed.)

The Mexican Left, the Popular Movements and the Politics of Austerity, Center for U.S.-Mexican Studies, San Diego, California, 1986.

CEPAL

Notas sobre la economía y el desarrollo, No.438-439, 1986.

CEPAL

Notas sobre la economía y el desarrollo, No. 470-471, 1988.

Cohen, R.

"Cocaine Rebellion", **Wall Street Journal** (Europe), 25 January 1989.

Doornbos, Martin

"The African State in Academic Debate", Dies Natalis Address delivered at the Institute of Social Studies, 10 October 1989, The Hague.

FAO

Potentials for Agricultural and Rural Development in Latin America and the Caribbean, Annex II: Rural Poverty, Latin American Regional Conference, Rome, 1988.

- Feijoo, María del Carmen
¿Y ahora qué? La crisis como ruptura de la lógica cotidiana de los sectores populares, Documento de Trabajo No. 4, INDEC, Buenos Aires, 1988.
- Feijoo, María del Carmen and Mónica Gogna
 "Las mujeres en la transición a la democracia", in Elizabeth Jelin, **Ciudadanía e identidad: Las mujeres en los movimientos sociales latinoamericanos**, pp. 129-188, UNRISD, Geneva, 1987.
- García, A., R. Infante and V. Tokman
 "Meeting the Social Debt", paper presented at the Roundtable on Human Development: Goals and Strategies for the Year 2000, 3-5 September 1988, Amman, Jordan.
- Ghai, Dharam
 "Successes and Failures in Growth in Sub-Saharan Africa: 1960-82", in L. Emmerij (ed.), **Development Policies and the Crisis of the Eighties**, pp. 120-146, OECD, Paris, 1987.
- Ghai, Dharam
 "Economic Growth, Structural Change and Labour Absorption in Africa: 1960-85", UNRISD Discussion Paper 1, Geneva, 1988.
- Good, Kenneth
 "The Reproduction of Weakness in the State and Agriculture: The Zambian Experience", **African Affairs**, 85(337): 239-265, 1986.
- Gordillo, Gustavo
Campesinos al asalto del cielo, Siglo XXI, Mexico City, 1987.
- Hansen, Emmanuel
 "The State and Popular Struggles in Ghana" in Peter Anyang (ed.) **Popular Struggles for Democracy in Africa**, pp. 170-202, United Nations University - Zed Books, London and New Jersey, 1987.
- Isamah, Austin
 "Professional Unionism in Nigeria", **Indian Journal of Industrial Relations**, 21(4): 413-425, 1986.
- Jamal, Vali and John Weeks
 "The Vanishing Rural-Urban Gap in Sub-Saharan Africa", **International Labour Review**, 127(3): 271-292, 1988.
- JASPA
African Employment Report, 1980, International Labour Organisation, Addis Ababa, 1988.

- Jelin, Elizabeth (ed.)
Ciudadanía e identidad: Las mujeres en los movimientos sociales latinoamericanos, UNRISD, Geneva, 1987.
- Kaufman, Robert
 "Democratic and Authoritarian Responses to the Debt Issue: Argentina, Brazil, Mexico", **International Organization**, 39(3): 473-503, 1985.
- Kowarick, Lucio (ed.)
As lutas sociais e a cidade, Paz e Terra-UNRISD-CEDEC, São Paulo, 1988.
- Lessard, Donald and John Williamson
Capital Flight and Third World Debt, Institute for International Economics, Washington, D.C., 1987.
- Leiva, Fernando Ignacio and James Petras
Latin American Perspectives, 13(4): 5-25, 1986.
- Logan, Bernard
 "The Reverse Transfer of Technology from Sub-Saharan Africa to the United States", **Journal of Modern African Studies**, 25(4): 597-612, 1987.
- Mertens, L.
Employment and Stabilisation in Mexico, International Labour Organisation, WEP Working Paper 10, Geneva, 1986.
- Morales, Edmundo
 "Coca, Cocaine Economy and Social Change in the Andes of Peru", **Economic Development and Cultural Change**, 35(1): 143-62, 1986.
- Posnansky, Merrick
 "How Ghana's Crisis Affects a Village", **West Africa**, No. 3306, 1 December 1980: 2418-2420.
- Sawyerr, Akilagpa
 "The Politics of Adjustment Policies", paper presented at the International Conference on the Human Dimension of Africa's Economic Recovery and Development, Economic Commission for Africa, 5-8 March 1988, Khartoum, Sudan. Document ECA/ICHHD/88/29.
- Schejtman, Alexander
 "La seguridad alimentaria: Tendencias e impacto de la crisis", **Revista de la CEPAL** No. 36: 141-162, 1988.

Shaw, Timothy

"State of Crisis: International Constraints, Contradictions and Capitalism", in Donald Rothschild and Naomi Chazan (eds.), **The Precarious Balance**, pp. 307-322, Westview Press, Boulder, Colorado, 1988.

Stepan, Alfred

"State Power and the Strength of Civil Society in the Southern Cone of Latin America", in Peter Evans et al.(eds.), **Bringing the State Back In**, pp.317-346, Cambridge University Press, Cambridge, 1985.

Tokman, Victor

"Adjustment and Employment in Latin America: The Current Challenge", **International Labour Review** 125(5): 533-44, 1986.

Umbadda, S.

"Economic Crisis in the Sudan: Impact and Response", paper presented to the Conference on Economic Crisis and Third World Countries: Impact and Response, UNRISD-SER University of the West Indies, 3-6 April 1989, Kingston, Jamaica.

United Nations

Financing Africa's Recovery, United Nations, New York, 1988.

World Bank

World Development Report, World Bank, Washington, D.C., 1988.

LIST OF AVAILABLE DISCUSSION PAPERS

UNRISD Discussions papers are available free of charge on request.

-
- . DP 1 **Economic Growth, Structural Change and Labour Absorption in Africa: 1960:85**
Dharam Ghai, December 1987
 - . DP 2 **The Peasant Question and Development Policy in Nicaragua**
Peter Utting, February 1988
 - . DP 3 **Promoting Youth Employment: Policies and Programmes**
Dharam Ghai, May 1988
 - . DP 4 Not available yet
 - . DP 5 **Participatory Development: Some Perspectives from Grass-roots Experiences**
Dharam Ghai, June 1988
 - . DP 6 **Some Reflections on Human and Social Indicators for Development**
Dharam Ghai, Michael Hopkins and Donald McGranahan,
October 1988
 - . DP 7 **The Crisis of the 1980s in Africa, Latin America and the Caribbean: Economic Impact, Social Change and Political Implications**
Dharam Ghai and Cynthia Hewitt de Alcantara, July 1989
 - . DP 8 **From "Orthodoxy" to "Reform": Experiences of Dependent Transitional Economies**
Peter Utting, July 1989
 - . DP 9 **Self-Sufficiency and Exile in Mexico,**
Finn Steputtat, August 1989
-