

Book Review

Giles Mohan, Ed Brown, Bob Milward and Alfred B. Zack-Williams, *Structural Adjustment, Theory, practice and impacts*, Routledge, London and New York, 2000, 215 pps, Price not mentioned.

This book touches on almost each and every aspect of the extremely topical subject of structural adjustment, delving into the whys and wherefores, the rights and wrongs of the issue. Despite the somewhat technical nature of the subject, it reads more like a narrative. Yet because to my mind it is virtually a masterpiece and one of its kind, it should in fact be read in bits and pieces rather than in one go.

It is in essence a critique of global capital, a need of the hour as it were. The authors, spokesmen for the Third World in the main, theorise and analyse Structural Adjustment Programmes (SAPs) from all angles of the spectrum. The punch line is that unlike orthodox analysis, the authors sharing common concerns, analyse the ways in which developing countries have been consistently tied into the world economy on unequal terms. Not simply do they critique the neo-liberal policy package, but offer alternatives to the dilemmas of underdevelopment keeping in view the spatial specificity of SAPs. There is a dire need in other words of a counter-hegemonic project to globalising capitalism.

The book has three parts, the first of which examines the history of the world economy to highlight how developing countries were 'stifled' or 'hemmed in' and further more, within this matrix, swallowing the neo-liberal medicine was an inevitability. It also goes in depth into the neo-liberal model that underlies the adjustment process. The next part looks at the impacts of SAPs and is sub-divided into economic, social, political and environmental considerations. The final part scrutinises the alternatives on hold to adjustment.

In interpreting the rise of neo-liberalism, the authors state that with the collapse of the socialist alternative and the crisis within the more interventionist Keynesian approaches, a form of consensus emerged (known usually as the Washington consensus) within mainstream economics that market-led strategies of neo-liberalism are the most viable and suitable form of economic management. And to some, this is but a global imperialistic strategy to shackle developing countries.

Discussing the nuts and bolts of what structural adjustment actually is, to quote: 'Essentially, structural adjustment is the process by which the

IMF and the World Bank base their lending to underdeveloped economies on certain conditions, pre-determined by these institutions....More specifically, it refers to the process whereby the economies of the Third World are being reshaped to be more market oriented.' (p 25).

A technical section on the neo-classical paradigm is presented and the policy measures that go cheek by jowl with this model. As the authors quite aptly point out, advocating free markets, free trade and minimal government intervention does not by any yardstick necessarily lead to economic growth or development, because the economy is far more complex than this simplistic solution warrants.

The following part discusses all angles of neo-liberal theory, including monetary policy, trade policy, prices and market deregulation, the labour market, the financial market and privatisation. But perhaps the most profound and meaningful part of the book is the section on the social consequences of structural adjustment. As the author says, there are invariably differential impacts on various sectors of society, with there being winners and losers at the end of the day. 'The first victims of adjustment policies are usually daily-wage workers, who are structured out of employment and rendered as sacrificial lambs at the altar of SAPs'. (p. 60).

How the question of poverty alleviation was not a major concern to the 'first wave' of adjusters, and that the social dimension to adjustment only took central place in the adjustment agenda until after the publication of UNICEF's report, *Adjustment with a Human Face* in 1987, is talked about. The author categorically states that the net result of these policies is an enormous rise in the cost of living. The 'new poor' are created by virtue of the fact that there are sacrifices and considerable suffering in the short run particularly for those who are dependent on public sector employment or on fixed incomes. The UNICEF report that virtually revolutionised donor thinking and policies, called for certain measures to protect vulnerable groups. These include more expansionary and less deflationary macro-economic policies, prioritising policies in favour of the poor and monitoring the human situation, especially living standards, health and nutrition of the poor.

The political impacts of adjustment are then tackled, and the state market debate touched upon, stating that state intervention has been attacked by neo-liberals who see it as an impediment to efficient markets. 'They take a zero-sum, either/or view of political economy which is simplistic and short-sighted', says the author. In the chapter on alternatives to adjustment, the concern is in the main with alternatives *within*

adjustment, rather than alternatives *to* adjustment. One plausible suggestion is for adjusting countries to group together in order to gain more favourable terms with international financial institutions. The idea behind this is to get assistance with fewer conditions attached. Much is required to make the policies more sensitive to individual needs and regional diversity. Taking one somewhat by surprise, the author states that while there has been a shift in emphasis in the Banks' rhetoric and a modicum of recognition of the complex and troubling social impacts of SAPs, poverty is even then not a central issue in the overall rationale for adjustment in the Bank's approach.

Then come more radical alternatives to the neo-liberal model that view fundamental transformations within the functioning of the international economy and alternative ideas on national economic management. The *Weltanschauung* of the left today is glossed over and how their current thinking is more or less opposed to traditional state-led strategies. The book concludes on certain prescriptions to extricate developing countries from the entanglements of structural adjustment and the problems that go with them. For instance, there is a need, it says, for 'the re-emergence of a more fully independent group of 'organic intellectuals' much more closely linked to popular majorities and their struggles'. Couldn't be better put!

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