

---

**EXAMINING THE EMPLOYMENT EFFECTS OF TWO DECADES OF  
STRUCTURAL REFORMS IN AFRICAN COUNTRIES**

**Fidel Ezeala-Harrison**

Department of Economics and Business Administration

Jackson State University

PO Box 17760, Jackson, MS 39217

USA

Tel: 601-979-2604

Fax: 601-979-2690

**Abstract**

This paper examines the employment and labor market impacts of structural adjustment reforms that had been implemented in the economies of many African countries during the past several decades. As the ultimate success or failure of any economic restructuring must be judged by the extent to which it improves or fails to improve income distribution and standard of economic well-being of the labor force, it is important to have a complete understanding of the full effects of such reforms on such key labor market parameters as employment, productivity, and earnings. Many African countries (ACs) adopted and implemented massive structural economic adjustment reforms during the decades of the 1980s, and well into the early periods of the new millennium. The reforms involved the task of adjusting their economies for greater use of, and reliance on, the free market mechanism in resource allocation and distribution of income and wealth in their societies; and were believed to be necessary as a general recourse for enabling the ACs to achieve greater economic growth. This study finds that greater commitment toward more economic reforms would have significant positive employment impacts in the long run, albeit with some negative dis-employment effects during the immediate short-term periods of the implementation of the structural adjustment programs.

**Keywords:** Structural Adjustment; Unemployment; Labor market; Restructuring economies; Productivity; Sectoral reforms

**1. INTRODUCTION**

This paper is a re-evaluation of at least two preceding studies on the potential labor market impacts of structural adjustment programs (SAP) in African countries (Aniram, 2008; Rono, 2002; Dollar, 2000; Baffoe-Bonnie, 1999; Ezeala-Harrison, 1998). Upon gaining political independence from their colonial rulers during the 1960s and thereafter, most African countries (ACs) began to operate their economies on the basis of heavy government intervention rather than free market forces. However, by the early 1980s most of these ACs had descended into very dismal economic performances. Over the period 1975 to 1995, ACs on the average, suffered a 15 percent decline in per capita GDP, together with huge declines in exports, investment, and general economic infrastructure. During these times, though, other non-African developing countries (especially in Asia) that had effected less economic controls and had their economies function upon free market forces, were experiencing remarkable economic performance.

Therefore, and following from this, the need for structural economic reforms in African economies became apparent. These reforms, which were generally labelled as *Structural Adjustment Programs* (SAP) by the World Bank and IMF, often involved the package of measures designed to direct an economy away from central planning and control toward a well-functioning free market system based on competition, liberalization, deregulation and enhanced private sector-driven economic system. Aniram (2008) as well as Hodd (1992) provides a concise list of the African countries that adopted the SAP; and Rono (2002) and Ezeala-Harrison (1993) provided case-analytic studies of the SAP in the cases of Kenya and Nigeria, respectively; and Campbell and Clapp (1995) offered an analysis in the case of Guinea; and Baffoe-Bonnie (1999) analysed the cases of Cameroon, Ivory Coast, Kenya, Senegal, and Tanzania.

Most ACs engaged in the difficult task of reforming their economies that involved greater use and reliance on the free market mechanism in resource allocation and distribution of income and wealth in their economies. These encompassed the mix of policies toward the so-called *economic liberalization*: greater deregulation, privatization, trade liberalization, and dismantling of rigid controls in the economy; and they were presumed to ultimately result in higher economic growth and expanded employment opportunities. This policy of structural reforms, largely mentored and promoted by the World Bank and the IMF, were believed to be absolutely necessary as a general recourse for enabling the ACs to experience some resurgence of economic growth.

Jones and Kiguel (1994) had reported that those ACs who instituted the most extensive economic reform policies (around the 1981-1991 decade) did achieve median GDP per capita growth of about 2 percent by 1993, while those that did not adopt the reforms had their median GDP growth decline by about 2.6 percent. This evidence appears to suggest that, given their ongoing precarious economic situations, these countries should aim to further increase their reform efforts and reevaluate their adjustment strategies with a view to undertaking more deep-rooted reforms. However, as the ultimate success or failure of any economic restructuring must be judged by the extent to which it improves or fails to improve income distribution and standard of economic well-being of the labor force, it is important to have a complete understanding of the full effects of such reforms on such key labor market parameters as employment, productivity, and earnings. In a study that stresses the need for a more active government role in promoting greater use of markets, Reinhard and Rogoff (2009), and also Ghanem and Walton (1995) argued that effective government policy is not only required to achieve growth through liberalization but is also crucial in ensuring that workers reap the economic benefits of the reforms (apparently through a mixture of expanded employment opportunities and higher earnings).<sup>1</sup>

This paper examines the labor market impacts of these reforms in Africa. It seeks to address the problems of unemployment, poverty, and overall macroeconomic ramifications of the adjustment reforms within the labor markets of the ACs. Section 2 gives an account of the basis for the large scale adoption of the reform programs seen among African economies. The section examines how far these reforms were necessary at the times when they were undertaken, and verifies whether the reforms were, in fact, the only credible recourse for these countries. The

labor market impact of the structural reforms is analyzed in section 3, shedding light on the potential prospects the reforms have for major labor market parameters, namely, employment and productivity, earnings, income maintenance, and the distribution of income, in poor African countries. Section 4 assesses the experiences of the ACs under the SAP reforms.

## **2. STRUCTURAL ECONOMIC REFORMS IN AFRICA**

Studies by World Bank (1994a, 1994b) compared the policies and performance of 29 ACs over two separate periods: the first covered the period of economic crisis in these countries, 1981 to 1986; and the second coincided with the period of economic reforms that started in 1987 and ended in 1991. In attempting to explain why many countries who took the path of adjustment still continued to experience economic decline, the World Bank and the IMF have argued that such countries were unable to implement the reforms in a sustained fashion, and that this inability accounted for these countries' lack of growth through economic liberalization (Arrighi, 2010; Jones and Kiguel, 1994). It was stated in the later part of 1980s and early 1990s that governments pursuing strong adjustment programs clearly outperformed those who failed to fully implement adjustment programs.

This finding was complemented by Benhin and Barbier (2001), and Husain (1994), who both found that even among those ACs who seemed to be genuinely committed to the reform program, none strictly adhered to the tenets of economic liberalization in full, nor did any of these countries actually put a stable macroeconomic framework of adjustment fully in place. This raises the central question of what exactly needed reforming in African countries; a question that has attracted immense attention in the international economic development literature of late.<sup>3</sup>

### **Targets of Sectoral Reforms**

Table 1 shows the state of structural diversities in the world's regional economies by population (and its geographical compositions), the proportion of the labor force engaged in primary economic activities for their livelihood, and the share of agricultural production in GDP in the world's regions and sub-regions.

Table 1: Global Regional Economies by Demographic Distribution, 2014

Region	Population	% Urban	% Rural	% Agricultural	% Agriculture
	(millions)	Population	Population	Labor	in GDP

---

---

<b>All LDCs</b>	5422	43	57	42	-
Africa	1034	30	70	75	32
East Asia	1386	34	66	51	21
South America*	453	70	30	32	10
South Asia	1682	28	72	63	33
<b>ALL DCs</b>					
Europe	511	75	25	9	7
North America	283	75	25	5	2
Japan	124	77	23	11	3
Russia	284	66	34	20	11
All OECD Countries	18	89	11	9	-
World	7125	54	46	39	-

---

*Source:* Calculated from World Bank, *World Development Report*, 2014; *World Population Data Sheet*,

Washington, DC, 2014.

\* Including Central America and Caribbean.

There is a striking difference between the proportionate size of Africa's agricultural population (75 percent) and, say, South Asia's (63 percent). These structural differences are indicative of the factors that have helped shape the present rich-poor dichotomy in the world economic situation, concerning which African countries are attempting to "restructure" their economies. In particular, Africa is among the poor regions that have the highest populations, the greater majority of which dwell in the rural sector and are employed in agriculture.

Table 2 highlights Africa's precarious situation (relative to the other developing regions of the world) in terms of income, GDP growth, and inflation rate. The region's high inflation rate and meagre GDP growth rate spell the dismal economic picture. Contributing to the poor economic situation are a mix of internal and external factors.

Table 2: Indicators and Relative Performance in Developing Regions, 2014

Region	% of World Population	% of World Income	Average % GDP Growth	Average % Inflation
Africa	15.2	1.7	0.12	38.6
Asia	60.1	5.2	6.7	7.2
South America*	9.5	3.7	2.5	28.8
ALL LDCs	81.7	34.0	5.2	12.5

*Source: International Financial Statistics, 2014; World Bank, World Development Report, 2014 World Population Data Sheet, Washington, DC, 2014.*

\* Including Central America and Caribbean.

In Dollar and Svensson (2000) and also Ezeala-Harrison (1995a), it is argued that although a combination of external factors feature very strongly in constraining the development efforts in ACs, the combination of domestic policy ineptitude and bad governance appear to be much stronger in perpetuating poverty and underdevelopment in ACs.<sup>4</sup> A similar conclusion emerges from the works of Reinhart and Rogoff (2009), and also Campbell and Clapp (1995) who argued in the case of Guinea, that external impediments and domestic policy flaws equally combined to explain the poor economic situation.

Among Africa's major sectoral and macroeconomic policy reforms, with important employment and other labor market implications, those that are particularly worthy of attention are to be found in the areas of agricultural revival, policies on import-substitution industrialization, public sector participation, and the exchange rate. We now examine each of these in turn, in order to better portray their employment ramifications.

*Agricultural Rediscovery*: Most ACs tended to operate their economies with blatant anti-agricultural bias. The labor markets of these countries indicate the overwhelming relative

dominance of agricultural occupation in the labor force (on average about 76%), as against the relative smallness of non-agricultural (including industrial manufacturing) employment (on average about 19%).<sup>5</sup>

The economies of most ACs during their most buoyant period -- the decade spanning mid-1960s to mid-1970s -- were strongly agrarian. In these times, many ACs were not only self-sufficient (up to 80% on average) in food production, but were also leading exporters of some of their produce. Examples were, palm produce (Nigeria), cocoa (Ghana, Ivory Coast), and coffee (Uganda); other major African cash-crop exports included cotton, groundnuts, timber, rubber, and hides and skins. Agricultural exports alone accounted for about 78% of total exports of ACs around 1980. Unfortunately, however, as at 1994 this accounted for only about 39%.

Prior to the onset of economic declines in ACs, economic policies favored the urban and industrial sectors of the economy, creating rural-urban and agricultural-industrial imbalances in investment, infrastructural development, employment, productivity, and earnings. Continued neglect of the agricultural sector, while the policy of industrialization was prioritized, amounted to misplacement of emphasis in most ACs' economic development efforts. The result of this has been the unceasing waves of agro-industrial and rural-urban migration, and massive open and disguised unemployment. The severe manpower losses for the agricultural sector, as the rural-urban income disparity was not narrowed, manifested into huge shortfalls in domestic food and raw material supplies. This has been one key factor that made the economies of most ACs highly vulnerable to incessant global shocks and international commodity price fluctuations.

In pursuit of their urban/industrial bias of fostering development, ACs' governments tended to levy heavy taxes on the agricultural sector: Marketing Boards (statutory monopolies that buy cash crops below market prices from domestic producers, for export at higher world market prices) were established, and used as mechanisms whereby governments could effectively tax agricultural producers. African farmers were, on average, taxed about 70% more than farmers in other regions of the world. This has led to massive "abandonment" of the farms and resulted in low agricultural output. A study by Khan and Khan (1995) revealed that agricultural output grew at only 1.9% per year during 1965-1980, and 1.7% during 1980-1992 (compared to, say, China's 3% and 5.4% for the two respective periods).

*Industrial Reorientation:* The policies of industrial development in post-independence ACs have been slanted toward the inward-oriented import-substitution posture driven by widespread tariff and import/export license barriers. This basically eliminated external competition, especially in manufacturing, and encouraged the operations of weak and technically inefficient industrial conglomerates. In most countries, state-owned industrial projects were established under tariff protection. Direct foreign ventures subjected to rigid controls, in bids to "indigenize" the economy, and many foreign-owned enterprises were nationalized. African development policy makers of the time strongly believed that industrialization was the best strategy to achieve economic development.<sup>6</sup>

The first attempts were to set up import-substitution industries to produce previously

imported manufactured goods. The potential economic benefits of this were obviously enormous: domestic employment expansion and market demand for locally produced raw materials, saving foreign exchange. It turned out, however, that many of these industries came to be dependent on imported raw materials as domestic sources proved inadequate. Moreover, the market demand for the industries' produce were limited in the face of the low income situation among the general population. Consequently, the industrialization effort proved disappointing as the countries came to be saddled with balance of payments problems and a network of broken-down and fragmented industries.

*Public Sector Enterprises Reforms:* Public sector enterprises include the provision of socioeconomic infrastructure and direct public sector investment in economic ventures. Most ACs governments tended to commit themselves to public sector provision of social overhead capital (infrastructure and public utilities), which are necessary requirements for economic development. This policy in itself seemed economically astute. However, notwithstanding their having to operate with huge state subsidies, the overwhelming economic importance of these social overhead capital industries required that they be maintained at highly efficient and adequate levels. As *natural monopolies* (characterized by *economies of scale* and *economies of scope*), their most socially optimal operation fell upon the state sector. Therefore, any reform policies by way of their privatization or deregulation in the name of *liberalization*, were apt to be uneconomical.

Yet apart from the social overhead capital sector, state enterprises in other sectors such as transportation, banking, insurance, and even manufacturing industries, became rife in ACs, and mostly proved highly inefficient. As government companies devoid of profit incentives and rife with corruption, nepotism, inept management and unaccountability, these enterprises came to epitomize the gross inefficiency and misallocation of scarce resources witnessed in most ACs.

In manufacturing, many of the state enterprises were established as import-substituting industries: mainly domestic monopolies shielded artificially from foreign competition, with high tariff protection.<sup>7</sup> Under such market leverages, these firms produced high cost goods from inefficient, ill-equipped and over-manned factories. Lacking the requisite managerial skills, their operations were shored up by state adoption of controlled prices, often resulting in disequilibrium conditions in the markets for these manufactures. The state enterprises simply failed to operate efficiently, and therefore called for massive reorientations.

*Financial Sector Reforms:* Massive government presence tended to dominate the banking sector in most ACs. Real interest rates were often fixed, and the Central Banks exerted considerable influence on the trading of the country's currency and the determination of its international exchange rate. Over-valuation of the national currency often resulted, fuelling over-importation through undue cheapening of foreign goods. Massive government borrowing and overspending, and excessive military expenditures, as well as support of inefficient public sector enterprises, created huge budget deficits. These cumulated into huge domestic and foreign public debts, jeopardizing the inflow of foreign investment while encouraging capital flight.

### **3. LABOR MARKET IMPACTS OF STRUCTURAL REFORMS**

Of particular interest in this study is the impact of the structural adjustment reforms on the dynamics of labor demand, productivity, earnings and incomes; with implications for general working conditions and job security within specific sectors of the macro economy. In this regard, one is immediately struck with the feeling that widespread economic liberalization might expose workers to the harsh realities and mercy of "cold market forces". Ghanem and Walton (1995) analyzed the potential labor market gains that a country could reap through widespread adoption of a market-driven regime. As markets expand and the economy grows due to economy-wide expansion in output and rising labor productivity, firms compete for workers with offers of higher wages and better working conditions. Anything short of this sequence, following a regime of economic liberalization, could only amount to distortions in the labor market, and will not likely result in economic growth.

Schadler (1996) observed that labor market rigidities had been addressed only to a limited degree in the structural reform programs of most poor countries. This observation was made on the grounds that real wages in these countries had not been very responsive to existing labor market conditions. Notwithstanding, the various ways in which structural reforms could give rise to growth and greater employment creation have been analyzed in a number of other studies. Adjustments that involve privatization of public sector firms, efficient administration of public utilities, investment on social and economic infrastructure, maintenance of appropriate monetary, fiscal, and tax rate targets, and overall dismantling of rigid controls, are all especially viable.

Dornbusch (1993) proposed that, for at least three reasons, privatization is a very important and useful step in economic restructuring. The reasons are: (1) the public sector lacks the managerial capacity and incentives to administer major sectoral enterprises in a cost-effective fashion; (2) the public sector does not have the requisite level of investment resources that are needed for adequate provision of all public services; and (3) the government needs reliable sources of (tax) revenues in order not to engage in (*destabilizing*) deficit financing and public debt creation. Drawing upon the foregoing paradigms, the following analysis is offered to illustrate the mechanism of transmission of growth through employment generation as adjustment and reforms are undertaken. We provide a structural model to explore the conditions under which economic liberalization and reforms would propel expansion in employment and greater economic growth.

#### **Modelling the Employment Impacts of Reform**

We consider an aggregate production function, depicting the determinants of the economy's total output (GDP),  $Y$ , as the available labor force,  $L$ , existing capital resources,  $K$ , the amount of natural resource acquisition,  $R$ , and technological knowhow,  $\psi$ :<sup>8</sup>



$$Y = \psi \cdot Y(L, K, R) \tag{1}$$

Following Dornbusch (1993), we posit growth in this production function in terms of to the *Solow-Dennison growth accounting model*, as:

$$(\partial Y/\partial t)/Y = (\partial \psi/\partial t)/\psi + \alpha \cdot (\partial L/\partial t)/L + \beta \cdot (\partial K/\partial t)/K + \gamma \cdot (\partial R/\partial t)/R \tag{2}$$

where:  $\alpha, \beta, \gamma$ , are respectively the factor shares of labor, capital, and natural resources.

This represents the time growth path of national output, in terms of the growth rates of the various inputs and their productivities.<sup>9</sup> The importance of this specification for the present study lies in the fact that it can be used to highlight the crucial aspects of factor inputs in general, as in Dornbusch (1993), and labor input in particular, which is our central concern in the present study. These are: the available supply of labor in the economy, the level of utilization of the given existing labor supply, and the efficiency with which this existing supply is allocated. The last two of these aspects represent the key indicators of the employment impact of adjustment and reforms, and are used here as proxies for measuring the labor market effects which we seek to determine. To capture these labor market effects of economic restructuring, we let:

$\mu_L$  = Index of the level of utilization of available labor supply (which we may term *the employment effect*),

$\xi_L$  = Index of the level of efficiency with which the available labor supply is allocated (which we may term *the productivity effect*),

$\phi_L$  = Index of the extent to which distortions in the allocation of labor impair efficiency of allocation and general productivity (which we may term *the unemployment-drag effect*).<sup>10</sup>

In terms of these parameters, the growth equation (2) can be written as:

$$(\partial Y/\partial t)/Y = (\partial \psi/\partial t)/\psi + (\partial \mu_L/\partial t)/\mu_L + (\partial \xi_L/\partial t)/\xi_L - (\partial \phi_L/\partial t)/\phi_L + \alpha \cdot (\partial L/\partial t)/L + \beta \cdot (\partial K/\partial t)/K + \gamma \cdot (\partial R/\partial t)/R \tag{3}$$

Thus, besides depicting the various sources of growth through economic restructuring, this relationship also highlights the potential labor market effects. The sources of growth are shown as technological progress, capital intensity, natural resource discovery, efficiency of allocation, and the level of utilization (of all resources). As we are focused on the labor market, the expressions for the employment effect, productivity effect, and unemployment-drag factor are respectively:

$$(\partial \mu_L/\partial t)/\mu_L = (\partial Y/\partial t)/Y - [(\partial \psi/\partial t)/\psi + (\partial \xi_L/\partial t)/\xi_L - (\partial \phi_L/\partial t)/\phi_L]$$

$$+ \alpha.(\partial L/\partial t)/L + \beta.(\partial K/\partial t)/K + \gamma.(\partial R/\partial t)/R] \quad (4)$$

$$(\partial \xi_L/\partial t)/\xi_L = (\partial Y/\partial t)/Y - [(\partial \psi/\partial t)/\psi + (\partial \mu_L/\partial t)/\mu_L - (\partial \phi_L/\partial t)/\phi_L + \alpha.(\partial L/\partial t)/L + \beta.(\partial K/\partial t)/K + \gamma.(\partial R/\partial t)/R] \quad (5)$$

$$(\partial \phi_L/\partial t)/\phi_L = (\partial \psi/\partial t)/\psi + (\partial \mu_L/\partial t)/\mu_L + (\partial \xi_L/\partial t)/\xi_L + \alpha.(\partial L/\partial t)/L + \beta.(\partial K/\partial t)/K + \gamma.(\partial R/\partial t)/R - (\partial Y/\partial t)/Y \quad (6)$$

These expressions are not only indicative of how growth would result from restructuring, they also give the measure of the various impacts on the labor market. Further, they reveal the major factors that contribute to growth as restructuring occurs, namely, capital formation, resource utilization, efficiency of utilization, and total factor productivity.<sup>11</sup>

The effect of economic liberalization policies such as deregulation, privatization, trade liberalization, dismantling of rigid controls, and reversal of agricultural sector terms of trade adversity, can be represented as a gain in productivity (see Easterly, 1989). This is achieved because these policies would directly lead to more efficient use of resources, growth in total factor productivity, and increased earnings and per capita income. These are long-term gains, and must be matched against the short-term (unemployment) shocks ( $\phi_L > 0$ ) that are imminent as the reform measures are administered.

To capture the aggregate labor market impact of such measures, and thereby determine measures for the absolute quantitative effects of reforms, we follow a methodology akin to Dornbusch's *value-added* approach, and re-specify the production function of total *final* output in terms of the potential amount of total *final* labour input.<sup>12</sup> In this formulation, we depict a model that places importance on the variety of intermediate products (similar to Romer, 1989), and simulate from it the total amount of labor requirement, which gives the impact on employment. For simplicity, we assume that all other inputs enter into production as intermediate goods, and that it takes one unit of labor to produce a unit of intermediate good. The production function of final output can then be given by the Cobb-Douglas type:

$$Y^* = \psi L^\alpha \sum_1^N (T_i)^{1-\alpha}, \quad i = 1, 2, \dots, N, \quad (7)$$

where:

$Y^*$  = volume of total final output,

$T$  = quantity of each intermediate good,

$N$  = total number of intermediate goods.

Assuming there are  $s$  intermediates, then the total amount of labor required for intermediates is:

$$L_T = sT.$$

Thus,

$$L^* = L - L_T$$

is the amount of labor required for final goods production. The aggregate output of final goods (equation 7), can then be rewritten as:

$$Y^* = \psi(L-L_T)^\alpha \{\sum_1^N(T_i)\}^{1-\alpha}$$

whose time growth path can be written in the *generalized Cobb-Douglas* form:

$$Y_t^* = \psi e^{\sigma t} (L_t^*)^\alpha N_t^{1-\alpha} T_t^{1-\alpha}, \tag{8}$$

$t$  = time,

$\sigma$  = rate of growth of technological progress.

Under our simplifying assumptions, the aggregate production function simply reflects the total amount of labor utilization in the economy, required for the production of both total intermediate and final goods. The growth rate of this function (equation 8) would be analogous to the growth rate of labor utilization, which amounts to the rate of expansion of employment (because the rate of the economy's labor utilization is taken as a close proxy for the rate of the economy's aggregate labor demand shifts). Depicting the economy's total labor utilization as  $L_t$ , the growth rate of final output can be found as:

$$(\partial Y/\partial t)/Y = \sigma + \alpha.(\partial L_t/\partial t)/L_t + (1-\alpha).(\partial N/\partial t)/N + (1-\alpha).(\partial T/\partial t)/T,$$

from which we may then express the growth of total labor utilization as:

$$(\partial L_t/\partial t)/L_t = 1/\alpha. [(\partial Y/\partial t)/Y - \sigma - (1-\alpha).(\partial N/\partial t)/N - (1-\alpha).(\partial T/\partial t)/T],$$

or

$$(\partial L_t/\partial t)/L_t = 1/\alpha. \{(\partial Y/\partial t)/Y - \sigma\} - (1-\alpha)/\alpha. \{(\partial N/\partial t)/N + (\partial T/\partial t)/T\} \tag{9}$$

Given that this result is derived from the Dornbusch-Romer-Easterly *value-added* approach that specifies the production function of total *final* output in terms of the potential amount of total *final* labor input, equation (9) aptly captures the aggregate labor market impact of restructuring; that is, the measures for the absolute quantitative effects of reforms. This is because the reform policies would directly lead to more efficient use of resources, growth in total factor productivity, and increased earnings and per capita income.

Thus, equation (9) indicates that a number of factors impinge upon the employment effects of reforms. Among these, the most prominent are the productivity of labour ( $\alpha = (\partial Y/\partial L)/(Y/L)$ ), the productivity of the other (co-operant) resources ( $1-\alpha$ ), growth rate of technological progress ( $\sigma$ , an index of total factor productivity), the aggregate output (GDP) growth rate ( $(\partial Y/\partial t)/Y$ ), and the degree or depth of the reforms (the combined effects  $(\partial N/\partial t)/N$  and  $(\partial T/\partial t)/T$ ). While these inferences seem quite obvious, further deductions particularly relating to the size of variety of intermediate goods (sectors), and the sectoral quantity or magnitude of each intermediate variety, are quite intriguing. For purposes of our inquiry, what these imply is that the employment impact of reforms would depend on both the intensity and extensiveness of the reform program. For example, a larger and more open market (achieved through, say, liberalization of the agricultural sector or free trade reform), and expanded sectoral composition and production variety (achieved through, say, more extensive privatization and deregulation), would pave the way for increased labor productivity, total factor productivity, and the GDP, all of which then combine to enhance employment expansion. As noted by Dornbusch (1993, p.45), a larger and more open market increases the aggregate output directly through its opening of the way for the production of a larger variety of specialized inputs (labor included).

The next section focuses on the policy guides that emanate from the foregoing framework. We draw from existing case experiences in ACs to examine the extent to which the outcomes and performances of economic liberalization and reform packages in ACs may or may not be vindicated by the predictions of this model. Based on the emerging findings, the labor market impacts of economic liberalization programs in ACs may then be viewed in their more correct and proper perspectives.<sup>13</sup>

#### **4. POLICY ANALYSIS AND LESSONS FROM RECENT TRENDS**

The World Bank's (1994a) and (1994b) studies of the restructuring experience among 29 ACs examined two major facets: the degree to which these countries' originally intended restructuring drives, were actually carried out (intensity and extensiveness of reform); and the relative macroeconomic impacts over the two periods of reform, that is 1981-1986 and 1987-1991. On the first aspect, the study concluded that only six of these ACs achieved relative successes.<sup>14</sup> On the second, the degree of successes appear to have been limited during the second period (1987-1991) when the commitments to the programs appeared to have waned.

In their study of the rising unemployment problems in the transitional economies of Eastern Europe, Blanchard, Commander and Coricelli (1994) observed that in the process of economic restructuring, unemployment might be expected initially as the natural outcome of the process of massive resource reallocations that are involved. This is because the introduction of economic restructuring amounts to administering macroeconomic shocks upon the economy. Job losses through layoffs, attrition, early retirements, and job-sharing are the necessary results of the processes of privatization of state enterprises, deregulation of public utilities, and removal of state subsidies and tariff protections.

In Africa, the short-run unemployment fallouts from restructuring have been even far more

devastating than that of Eastern Europe. The data in Table 3 reveals that the European transition economies did experience rising unemployment rates following the onset of reforms, although their rates are much lower than those of ACs. Looking at these comparative numbers, one may fear that the sheer size of the immediate employment shocks of restructuring would be apt to discourage African governments from total commitment to reforms.

Table 3 clearly indicates that the restructuring program that is necessary to fully liberalize the economy would, indeed, exacerbate the unemployment situation in the short run. This is the *unemployment-drag effect* represented by  $\phi_L > 0$  and modelled in equation (6). Beyond this, however, it is believed that more extensive liberalization would result in lower unemployment in the long run, presumably, as the agricultural sector recovers.

Table 3: Unemployment Incidences in Restructuring Economies, 2002-2012 (%)

Region	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
--------	------	------	------	------	------	------	------	------	------	------	------

**African Countries**

Burkina Faso 19.2	21.0	23.5	26.0	18.8	19.0	19.5	19.2	19.0	19.8	19.7
Gambia 28.9	27.3	27.5	32.1	32.2	30.2	30.0	30.3	30.1	29.8	29.5
Ghana 20.1 18.9	24.6	24.4	24.5	23.1	23.0	23.4	24.8	24.3	23.2	
Nigeria 30.4 30.1	34.3	34.5	34.2	34.4	34.1	33.9	34.1	33.8	32.0	
Tanzania 27.5 27.1	26.5	26.9	27.1	27.5	27.2	26.6	28.9	28.8	28.3	

Zambia	22.2	22.0	22.1	22.4	23.1	23.5	25.2	25.1	25.0
24.2 22.1									

---

**Eastern Europe**

Bulgaria	11.3	10.7	9.9	8.9	9.1	9.3	9.5	10.9	11.3
10.9 10.3									

Czech Republic	4.7	4.2	4.1	4.2	3.8	3.4	3.9	4.9	5.3
5.1 4.8									

Hungary	8.9	8.6	8.5	8.1	8.3	9.5	10.1	10.2	10.1 9.9
9.7									

Poland	12.1	11.8	11.4	11.6	11.8	11.3	12.2	12.5	12.6
12.3 12.0									

Romania	9.8	9.2	9.6	9.1	8.9	9.3	9.8	11.1	11.6
10.9 10.8									

Russia	4.8	5.0	5.3	4.7	4.2	4.8	4.9	4.7	4.5
4.3 4.1									

Slovak Republic	6.0	6.2	6.7	6.5	6.8	7.2	7.5	7.6	7.4
7.3 7.1									

---

*Sources:* International Financial Statistics; African Development Bank; World Development Report.

Despite the negative short-run employment effects, the overall economic impacts of reforms in ACs seem to have been mildly positive, although it lacks sustainability as a study by Lall (1995) indicates. Jones and Kiguel (1994) stated that those ACs which instituted the most far reaching macroeconomic reforms between the period 1986-1991, generally appear to have achieved some concrete payoffs, *albeit* a rather moderate one, in the form of per capita GDP increases of about 2 percentage points, in addition to growths in exports and industrial expansion. Those that did not seriously undertake reforms suffered GDP growth declines of about 2.6 percent. As already noted, in most cases, reforms and adjustments have meant the onset of strict austerity measures that always translate into protracted stagnation, at least in the short run. The immediate socio-political repercussions of such conditions have often limited the abilities of most ACs to implement the reform packages to the fullest. Thus, many a *structural adjustment program* in ACs have faltered.

Clearly, most ACs have not implemented the liberalization programs to the extent that their full labor market impact would materialize. In such circumstances, the expected long-run positive employment effects, according to the predictions of our theoretical model, would be limited. Therefore, it is necessary that there be consistency in the implementation of the complete packages of the restructuring. In this regard, particular stress must be placed on the degree of macroeconomic intensity and extensiveness of liberalization mentioned earlier. These involve wider openness of the market through free trade and greater liberalization of the agricultural sector, and expansion of sectoral composition and production variety through more extensive deregulation and privatization. It is through the greater labor and total factor productivities that these would yield, that expanded employment and GDP would result.

In ACs, there is no question that these potentials had been latent. As existing evidence shows, agriculture particularly had responded the most to reforms. According to the Jones and Kiguel's (1994) study, total agricultural value added in African countries that implemented tax cuts on their major export crops, jumped by about 2 percentage points. Countries that failed to sufficiently review "tax penalties" on their farmers experienced about 1.6 percentage point declines in their agricultural output. Particular restructuring initiatives impinging upon the labor market in Africa are worthy of special analysis. The region's labor supply is dominated by rural-urban migrants from smallholder agriculture and school-leavers. The former automatically benefit from any reforms that put an end to forcing them to sell their farm produce at low *official* prices. The latter benefit from privatization and deregulation that allows for small-scale enterprise development, through expansion of self-employment opportunities coupled with greater demand in the informal sector.

Further employment impacts of reforms became imminent as devaluation enables local food producers to become more competitive against previously artificially cheap imports. Devaluation

also, presumably, should benefit export producers as it makes them more competitive.<sup>15</sup> Dismantling price controls on food prices and removing food subsidies act as incentives for rural farmers to raise food production and earn higher incomes. In Zambia, though, the World Bank (1994b) study found that this had not been the result. This appears to be because private monopsonistic middlemen continued to buy at very low prices after removal of controls. However, it is envisaged in this Zambian case that, as the market became more liberalized, more buyers would enter and draw producer prices upward.

As for overall employment creation, restructuring could involve labor-intensive public works in infrastructural development. This may be complemented by other income generating activities that could absorb laid-off public sector workers and unemployed graduates, through retraining schemes, counselling and guidance, and credit and small-scale entrepreneurial promotions. The advantages are manifold: creation of unskilled jobs, creation of a network of labor-intensive small-scale enterprises capable of being the agents for ultimate maintenance and rehabilitation of public infrastructure in future (see Mwase (1993)). In certain ACs, some attempts were made to address the (short-run) inevitable unemployment effects (such as highlighted by Blanchard *et al*, 1994) that goes with restructuring. Marc, Graham and Schacter (1994) carried out a study to evaluate the so-called "safety nets" designed to control the deterioration in the living standards due to liberalization. These include the *Social Action Programmes* (SAPs) and *Social Funds* (SFs) to protect the poor and other vulnerable groups.<sup>16</sup>

In Africa, the SFs and SAPs have been operational in Burundi, Cameroon, Chad, Ethiopia, Ghana, Guinea-Bissau, Madagascar, Senegal, Uganda, and Zambia. Marc *et al* found that the employment cushioning-effects of these programs have been limited in these ACs due to a combination of structural and technical factors, some of which include the policy errors that necessitated the reforms in the first place. For example, most of the SFs and SAPs have been urban-based, with the usual excuses that the rural sectors are too remote, involving supervision difficulties, and lack the micro-enterprises (such as adequate infrastructural facilities) capable of carrying out the works. However, Marc *et al* cited some success cases as well. In the case of Senegal, for example, they provided a very interesting account of a model involving local government, communities, and small-scale contractors and artisans. These were involved in a public works and employment project that created 11,103 employment positions with an average duration of 1 month each. While the program had low management costs, it involved many small-scale construction companies which were the ones that were usually excluded from benefiting from standard implementation of public works. This represents a clear indication that a seriously designed and executed program of reforms and liberalization package can be used to attain the desired objectives in ACs, if only the *human factor* aspect of policy implementation is met.

## **5. CONCLUDING PERSPECTIVES**

This study has pointed to the need for greater commitment toward more economic reform and liberalization in the drive for containment of poverty and lack of economic growth in African



countries. This would involve not only the need to implement more reforms and liberalization *per se*, but also, the need for pursuing reforms quite differently; that is, extending reforms and liberalization to include both social and political liberalization. This would have pervasive impacts across all sectors of the economy, including the labor market. Such other reforms include: land reform that liberalizes landownership; provision and maintenance of social overhead capital (infrastructure such as access roads, clean water sources, health-care facilities, and post and telecommunication facilities); promotion of political stability; accountability and dedicated political leadership.

It is reported that land reform in Ethiopia resulted in returning vastly inefficient state-held farmlands to peasant farmers who converted them to more productive agricultural holdings, with noticeable effects in employment and income.<sup>17</sup> But at the same time, these positive effects are hampered by poor surrounding conditions such as: lack of good access roads prevent about 80 percent of Ethiopian farmers from delivering and selling their produce to higher-priced urban dwellers, higher crop prices scarcely have the desired effects on employment and incomes. Also, reforms of educational and health systems are crucial. There is the need to shift any necessary public expenditures away from military spending and the running of massive government bureaucracies, to building and maintenance of health facilities (rural health clinics, hospitals, medicinal drugs, and paramedical equipments), and educational development. Education should be reoriented away from its current misplacement of curricula in ACs, onto an optimal trajectory of its purported *economic, cultural, and pedagogic* (ECP) sequential agenda.<sup>18</sup>

Employment generation through restructuring are often promoted by foreign entrepreneurs and firms who may be attracted by Africa's cheap labor. This calls for maintenance of well-functioning legal and financial institutions. In many ACs, the rule of law must be more strictly adhered to, especially by the political rulers. Entrenched corrupt political leaders and dictatorships that pervade across the region must be disengaged to ensure proper socioeconomic and political climate conducive for attracting foreign investors. ACs must seek measures designed to revamp intraregional trade. World Bank data indicates that only about 5% intraregional trade obtains among all ACs. Most international trade still goes along former colonial trade routes and links, mainly to Europe. Trade liberalization is not apt to truly materialize along the one-way "exploitative" arrangement of trading raw materials at give-away prices for expensive manufactured goods, with the industrialized countries. Reform towards greater intra-African trade in manufactured goods, agricultural food and raw materials, as well as services, all at their real values, will be mutually beneficial to them.

The role of the international agencies, especially the World Bank/IMF, and to a significant extent the OECD countries, in influencing the success or failure of reform and liberalization in Africa, cannot be overlooked. In this connection, these agents ought to show greater goodwill to ACs by way of less stringent requirements of debt servicing and devaluations. Uganda, for example, which had been noted as genuinely committed to liberalization, was handicapped by being obliged to devote over 50 percent of its total annual export earnings to servicing its foreign debt. Nigeria, another committed reformer, devoted about 35% of its total annual foreign

exchange earnings for debt servicing. About half of Africa's external debt are owed to (rich) OECD governments (who can choose to write it off if the will exists). Economic liberalization in Africa would not result in greater employment or income in the region unless not jeopardized by the stringent conditions imposed on it by the external agents in OECD countries and particularly the international financial institutions including the IMF and World Bank. These institutions should be more troubled by the fact that since the ACs adopted the liberalization reforms sponsored by them, their economic records have not met the expectations envisaged.

On its own, the failure of ACs to pursue the adopted reform packages fully could hardly sufficiently explain the woeful economic outcomes of the programs. Rather, we ought to look more closely at some external factors, notably, the methods of implementing the reforms, as well as the conditionalities dictated and imposed by the external financial and governmental institutions. In their case-study of Guinea, Campbell and Clapp (1995) noted that such inhospitable external conditions had been largely responsible for the weak contributions of the agricultural and mining sectors' reforms, to the wider economy. This, in turn, acted to slow down the government's implementation of further reforms, which then caused the international financial and governmental institutions to restrict funding and support to drive further liberalization and reforms. One might presume that the inadequate implementation of the reform packages in ACs could only have acted to slow down the overall rate of economic growth rather than causing overall declines in growth. The economic declines that had widely taken place must be attributed to the observed restriction of funding and support by the international agencies, as noted by Campbell and Clapp. Therefore, the World Bank and IMF, as well as the governments and other lending agencies in the OECD countries, must change their attitudes and adopt a more supportive and accommodating posture toward ACs in the bid to sustain liberalization reforms and await their long-term labor market and overall economic benefits.

## NOTES

1. The role of government lies in ensuring that the direction of the reform points toward meaningful growth, by, among other things, promoting workplace standards, income security, union-management harmony, and general (macroeconomic) monetary and fiscal policies which are conducive for the reform programme. It is in such an economic environment that productivity growth will be achieved, resulting in higher incomes and expanded employment.

2. See some studies on this in Ezeala-Harrison (1995a), Ezeala-Harrison and Adjibolosoo (1994), DeLancey (1992), or Pickett (1990).

3. See World Bank (1994a, 1994b), Jones and Kiguel (1994), Campbell and Clapp (1995), Ezeala-Harrison (1993), Husain (1994), and Hodd (1992). See also, a special contribution by Budhoo (1990). These had been preceded by Adedeji (1989) and World Bank and UNDP (1989) which represent the earliest attempts to offer an assessment of the reform efforts in Africa, in the light of the era of the international debt crisis.

4. It is argued that whereas the external factors are the short-run development constraints, the internal "bads" represent long-run constraints that would negate any development prospects even when the short-term external factors are largely overcome. Related to this, and specifically on the issue of political and organizational leadership among sub-Saharan African nations in economic development, recent research has focused on the topic of the *human factor* deficiency in Africa, for example Ezeala-Harrison and Adjibolosoo (1994), or Ezeala-Harrison (1995b).

5. The vast majority of ACs' agricultural dependents are self-employed, family farming units of the subsistence type. The sector provides means of livelihood for about 65% to 70% of the labor force and over 70% of the population, although self-employment in non-agricultural sectors is also very prominent. A structural model that addresses employment and labor productivity in Africa's agricultural occupation is found in Ezeala-Harrison (1994).

6. Agricultural development was seen rather as a complement to industrialization, and thus was not given as much attention beyond mere lip-service pronouncements, nor was it emphasized in most development plans.

7. In this case, the familiar arguments against the policy of establishing and operating import-substituting industries come to mind (an exhaustive account of this can be found in Ezeala-Harrison, 1996).

8. The parameter  $\psi$ , representing a shift parameter in the production function, is an index of technology and a measure of the *total factor productivity* in the economy. As the state of knowledge and institutional settings,  $\psi$  could be seen as encompassing technological know-how, the state of socioeconomic and political institutions, and, most importantly, the state of *human factor* parameters (as alluded to in Note 4). As the index of total factor productivity, it is a measure of the economy's state of global competitiveness with the rest of the world (see Ezeala-Harrison, 1995c).

9. Note that the factor shares of the respective inputs are defined by the ratios of their marginal productivities to average productivities:  $\alpha = [\partial Y / \partial L] / [Y / L]$ ,  $\beta = [\partial Y / \partial K] / [Y / K]$ ,  $\gamma = [\partial Y / \partial R] / [Y / R]$ .

10. We realise that these efficiency and utilization indexes do not apply solely to labor, they are common to all inputs, and as such the production function can be written as:  $Y = \psi \cdot Y(\mu_L \xi_L \phi_L L, \mu_K \xi_K \phi_K K, \mu_R \xi_R \phi_R R)$ , which, upon assumption of linear homogeneity becomes:

$$Y = \psi \cdot \mu_L \xi_L \phi_L L \cdot \mu_K \xi_K \phi_K K \cdot \mu_R \xi_R \phi_R R \cdot Y(L, K, R), \text{ (see Dornbusch, 1993).}$$

11. The ultimate and targeted labor market objective of the economic restructuring and liberalization program is to have  $\mu_L=1$  (maximum employment impact),  $\xi_L=1$  (maximum productivity impact), and  $\phi_L=0$  (minimum unemployment impact). Thus, the closer  $\mu_L$  and  $\xi_L$  are to 1, and  $\phi_L$  is to 0, the more successful the program would be in the labor market.

12. Dornbusch's (1993) approach is addressed to the analysis of the effects of improved resource allocation on growth, brought about through trade liberalization or deregulation. In a

similar study cited by Dornbusch, Romer (1989) placed emphasis on the size of the market in sustaining the profitable production of specialized intermediate goods. We adapt Dornbusch's model here and use it to analyze the total employment impact of restructuring.

13. Time series data could be employed toward an empirical analysis that computes the trend values of  $(\partial L_t / \partial t) / L_t$ , using equation 9, which would then indicate the labour market impact of the programme over the appropriate periods. This methodology, however, is not followed here as it lengthens the study beyond the scope envisaged.

14. The six ACs which were able to implement fundamental restructuring were Burkina Faso, Gambia, Ghana, Nigeria, Tanzania, and Zambia. The study found that, as a result, on average there were improvements in industrial output, exports, savings, and earned income per capita among the six countries. The employment picture among these countries was not indicated.

15. These points about the benefits of devaluation are, however, valid only if the export and import goods are manufactured products (having elastic demand in both foreign and domestic markets respectively). The exports of ACs are mainly agricultural primary products (having inelastic demand in export markets) while their imports are mainly manufactured consumer goods and capital equipments (having relative inelastic demand in the domestic market). Due mainly to this situation, the case for devaluation is highly flawed for most ACs. It may be argued, however, that devaluation provides a means of enabling the economy to avoid distorted production incentives (presumably in favour of the domestic agricultural sector). But this argument overlooks the fact that the greater proportion of ACs' domestic (agricultural) output end up in foreign markets. Indeed, the inclusion of devaluation within the restructuring package (and the insistence of the World Bank/IMF to that effect), appears to have been one of the major reasons why the reforms have failed to yield economic growth in ACs.

16. *Social Funds* are designed to fund local organizations (public or private) to operate in more flexible and transparent manner than regular government ministries. They are demand-driven, and respond to funding requests from local agencies. *Social Action Programs* are designed as regular investment projects. For detailed functional and operational mechanisms of these agencies and other "safety nets", see Graham (1994).

17. *The Economist*, March 5, 1994, p.22.

18. On the analysis of an optimal trajectory of education's ECP agenda in Africa, see Ezeala-Harrison (1998). The impetus to that study was provided by Serpel's (1993) Zambian case study that utilized a grassroots approach towards the analysis and better understanding of the structure and functioning of educational systems in an African society.

## **REFERENCES**

Aniram, B. (2008). "IMF Structural Adjustment Programs in Africa", *StudyMode.com*.  
<http://www.studymode.com/essays/Imf-Structural-Adjustment-Programs-In-Africa-144393.html>

Adedeji, A. (1989). *African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation*. New York: UN Economic Commission for Africa.

Adjibolosoo, S. (1994). "The Human Factor and the Failure of Economic Development and Policies in Africa.", in F. Ezeala-Harrison and S. Adjibolosoo (eds.), *Perspectives on Economic Development in Africa*. Westport, Ct.: Praeger.

Arrighi, Giovanni (2010). ""The world economy and the Cold War, 1970–1985", In, Melvin P. Leffler and Odd A. Westad (Eds.): *The Cambridge History of the Cold War, Volume 3: Endings*, Cambridge: Cambridge University Press: 23-44.

Baffoe-Bonnie, John (1999). "The Dynamic Impact of Structural Adjustment Policies on Labor Market and Macroeconomic Aggregates in Sub-Saharan Africa", *Canadian Journal of Development Studies*, 20: 829-857.

Benhin, J.K.A and E.B. Barbier (2001). "The Effects of the Structural Adjustment Program on Deforestation in Ghana", *Agricultural and Resource Economics Review*, 30 (1): 66-80.

Blanchard, O., Commander, S., and Coricelli, F. (1994). "Unemployment in Eastern Europe", *Finance and Development*, 31 (4), December.

Budhoo, D. L. (1990). *Enough is Enough: Open Resignation Letter to IMF*. New York: The Apex Press.

Campbell, B. and Clapp, J. (1995). "Guinea's Economic Performance Under Structural Adjustment: Importance of Mining and Agriculture", *Journal of Modern African Studies*, 33 (3): 425-449.

DeLancey, V. (1992). "The Economies of Africa", in A. A. Gordon and D. L. Gordon, (eds.), *Understanding Contemporary Africa*, Boulder and London: Lynne Rienner Publishers.

- Dollar, David and J. Svensson (2000). "What explains the Success or Failure of Structural Adjustment Programs", *The Economic Journal*, 110 (466): 849-917.
- Dornbusch, R. (1993). *Stabilization, Debt, and Reform: Policy Analysis for Developing Countries*, Englewood, N.J.: Prentice Hall: chap. 2, 3.
- Easterly, W. (1989). "Policy Distortions, Size of Government and Growth", *NBER Working Paper 3214*, Cambridge, Ma.: National Bureau of Economic Research.
- Ezeala-Harrison, F. (1993). "Structural Re-Adjustment in Nigeria: Diagnosis of a Severe Dutch Disease Syndrome." *American Journal of Economics and Sociology*, 52 (2): 193-208.
- Ezeala-Harrison, F. (1994). "African Subsistence Labor Allocation: A Model with Implications for Rural Development and Urban Unemployment." in F. Ezeala-Harrison and S. Adjibolosoo (eds.), *Perspectives on Economic Development in Africa*, Westport, Ct.: Praeger.
- Ezeala-Harrison, F. and S. Adjibolosoo (eds.) (1994). *Perspectives on Economic Development in Africa*, Westport, Ct.: Praeger.
- Ezeala-Harrison, F. (1995a). "Over-Stretched Economic Underdevelopment in Sub-Saharan Africa", *Briefing Notes in Economics*, 14 (January).
- Ezeala-Harrison, F. (1995b). "Human Factor Issues in the History of Economic Underdevelopment." *Review of Human Factor Studies*, 1 (1): 1-25.
- Ezeala-Harrison, F. (1998). "Employment Effects of Structural Reforms in African Countries", In, Parviz Dabir-Alai and Mehmet Odekun (eds.), *Economic Liberalization and Labor Markets*, Westport, Ct.: Greenwood Press: 73-95.
- Ezeala-Harrison, F. (1998): "Africa's Diploma Disease: Diagnosis of Out-of-Sequence Education", *Global Development Studies*, 4 (1&2): 155-180.
- Ezeala-Harrison, F. (1996). *Economic Development: Theory and Policy Applications*, Westport, Ct.: Praeger.

- Ghanem, H. and Walton, M. 1995. "Workers Need Open Markets and Active Governments", *Finance and Development*, 32 (3), September.
- Graham, C. (1994). *Safety Nets, Politics, and the Poor: Transitions to Market Economies*, Washington DC: The Brookings Institution.
- Hodd, M. (1992). *The Economies of Africa*, London: G. K. Hall and Co.
- Husain, I. (1994). "Results of Adjustment in Africa: Selected Cases", *Finance and Development*, 31 (2), June.
- Jones, C. and Kiguel, M. A. (1994). "Africa's Quest for Prosperity: Has Adjustment Helped?", *Finance and Development*, 31 (2), June.
- Khan, M. H. and Khan, M. S. (1995). "Agricultural Growth in Sub-Saharan African Countries and China", *IMF Papers of Policy Analysis and Assessment No. 95/7*, Washington DC.
- Lall, S. (1995). "Structural Adjustment and African Industry", *World Development*, 23 (12).
- Marc, A., Graham, C. and Schacter, M. (1994). "Economic Reforms and the Poor: Social Action Programs and Social Funds in Sub-Saharan Africa", *Findings*, No. 12, (February).
- World Bank: Africa Technical Department, Washington DC.
- Mwase, N. (1993). "The Liberalization and Deregulation of the Transport Sector in Sub-Saharan Africa", *African Development Review*, 5 (2): 74-86.
- Pickett, J. (1990). *The Low-Income Economies of Sub-Saharan Africa: Problems and Prospects*, Abidjan: African Development Bank, Economic Research Papers, 12.
- Reinhart, Carmen M. and Kenneth S. Rogoff (2009). *This Time is Different: Eight Centuries of Financial Folly*, Princeton, NJ.: Princeton University Press.
- Romer, P. (1989). "Capital Accumulation in the Theory of Long Run Growth", in R. Barro (ed.), *Modern Business Cycle Theory*, Cambridge, MA.: Harvard University Press.
- Rono, Joseph K. (2002), "The Impact of Structural Adjustment Programs on Kenyan Society", *Journal of Social Development in Africa*, 17 (1), 2002.

Schadler, S. (1996). "How Successful are IMF-Supported Adjustment Programs?", *Finance and Development*, 33 (2), June.

Serpell, R. (1993). *The Significance of Schooling: Life Journeys in an African Society*, New York: Cambridge University Press.

World Bank and UNDP (1989). *Africa's Adjustment and Growth in the 1980s*, Washington DC.

World Bank (1994a). *Adjustment in Africa: Lessons from Country Case Studies*, Washington DC.

World Bank (1994b). *Adjustment in Africa: Reforms, Results, and the Road Ahead*, Washington DC.