Structural Adjustment and its Effects

by Barbara Earth

Critics would like to blame Tanzania’s socialist policies for the country’s deep trouble. But in fact the same outcome has befallen all African countries since independence, regardless of their development strategy.

Tanzania has a total external debt of $6.5 billion which is 251 per cent of its gross national product (UNDP). Almost half of the Gross National Product (GNP)—48.2 per cent—is realized through bilateral development assistance. The country’s current account balance is negative $832 million (UNDP).

At about ten per cent interest, or approximately $600 million per year (more than Tanzania’s total yearly exports), it is impossible for the country to pay the debt (“Third World Debt”). A quarter (24.6 per cent) of export earnings is given over to debt service (UNDP). Very little debt has been reduced or written off (“Third World Debt”).

Critics would like to blame Tanzania’s socialist policies for the country’s deep trouble. But in fact the same outcome has befallen all African countries since independence, regardless of their development strategy. It is probably the political legacy of the “basic needs first” Arusha Declaration that has so far spared the country of the violence and open revolt that have erupted in other countries, e.g. Egypt, Tunisia, Zambia, Sudan (Hyden in Maganya and Othman). But the economic strain in Tanzania “has passed the limit of endurance” (Salim xiii).

Dumont (qtd. in Hall) prophesized that with terms of trade so bad for indebted Third World1 nations, there will eventually be “a continuing string of total national economic collapses” (60). In response to this situation, the International Monetary Fund (IMF) asserts that “the very structure of the (Third World) state must be reconceived” (Larmer 51). In fact, the IMF has already assumed control of many economies and redesigned them according to their macro-economic formulae. What gave them the right?

History

The dominant international monetary institutions—the IMF and the International Bank for Reconstruction and Development (or the World Bank)—came into being in the midst of World War II. Formally established at the Bretton Woods Conference (New Hampshire, USA) in 1944, they sought to stabilize the world economy that had been so disrupted by the war. Because of their dominant position in the war, the United States and the United Kingdom had a large influence in the negotiations. Germany, Italy, and Japan were not represented. Most of Africa, Asia, and the Caribbean were still colonies and therefore not represented. Only India, Egypt, Ethiopia, and Liberia attended the conference. The Soviet Union and its allies participated initially but soon broke away to form their own parallel international monetary system (with some mechanisms for converting payments to western currencies, usually dollars, when transfers were to be made outside the Bloc). The membership of the People’s Republic of China was taken by Taiwan after 1949 (Rweyemamu).

High ideals of international cooperation infused the negotiations. Widespread prosperity and peace were perceived as being linked to multilateralism in trade and payments. For ease of international money exchange, the Bretton Woods arrangements sought to standardize the value of currencies, with gold as the standard. A “fund” was created, the IMF, into which each member paid a quota based on its position in the world economy (almost half the total quotas were thus paid by the United States and the United Kingdom). Member countries undertook to keep their currencies stable in relation to gold or the US dollar, hence to all other currencies (Rweyemamu).

The Fund was to be used by the member countries for temporary relief should their currencies weaken (for example, under a condition of imports exceeding exports). Being able to quickly obtain a hard money loan was supposed to give the country “breathing space” to effect their own “adjustments,” such as raising taxes, cutting public expenditures, and increasing interest rates. Eventually these became imposed as conditions of receiving the loan (Rweyemamu).

The United States came to dominate both Bretton Woods institutions for several reasons. Due to its strong financial position following the war, and having the strongest currency in the world, it began to be world banker for other countries as they sought to build up their dollar reserves (more valuable than gold because they earned interest). The stability of the international monetary system thus came to depend on the United States

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economy. For their part, other countries extended easy credit to the US so as to get dollars (Rweyemamu).

The United States is also home to the headquarters of both institutions. The Socialist countries, as noted, left early due to their reluctance to transfer significant amounts

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of their national reserves to the US. They also feared the IMF policy of voting power corresponding to quota shares, a fact that made the US very influential in approving loans and in setting the terms of the loans. By having the power to exact payments from debtor countries, the US could then finance its own debts painlessly (Rweyemamu).

For Tanzania, things went well through the 1970s. Tanzania was indeed the darling of donors, charming both the Socialist bloc and the left-leaning Scandinavian countries. The 1970s was the decade of the "basic needs" approach to development which perfectly matched the ujamaa policy of extended familyhood or socialism. Even the World Bank supported ujamaa—process of resettling the population into planned villages—as a convenient way to measure "inputs" and "outputs" (Othman and Maganya).

The honeymoon between Tanzania and the World Bank ended around 1979. With the fall of the dollar precipitating a global recession, major donors, banks, and multilateral institutions changed their economic policy thinking. Just as the debts were coming due (given so readily in good times), Tanzania suffered a number of setbacks: oil price shocks, drought, the war against Idi Amin. Agricultural exports dropped such that inflows could not balance current account deficits. The country deepened its debt (Othman and Maganya).

In the context of a world recession and maturing debt, creditor countries and the IMF adopted very strict lending conditions. Most donors reduced their support so as to force acceptance of the Structural Adjustment Policies (SAPs) of the IMF; the World Bank also began to link its loans to these conditions. This so-called "aid coordination" greatly enhanced the influence of the IMF and World Bank; under their aegis, the western donors became a united front and increased their control over development directions (Gibbon et al.).

During the period 1980–86, Tanzania resisted an agreement with the IMF and World Bank, resulting in a prolonged and severe lack of foreign exchange, acute shortages of goods and services, and growing corruption (Mbilinyi 15). The country relied on suppliers’ credit to finance imports, thereby increasing its debt. When finally the Scandinavian countries tied their aid to SAPs, Tanzania, bankrupt, signed with IMF in August 1986 (Othman and Maganya). 2

Structural adjustment in Tanzania

The essence of the IMF program is to fix Tanzania’s place in the world economy as a producer and exporter of primary agricultural products, and an importer of manufactured/technological goods. The pattern is an extension of the pre-colonial and colonial arrangement: extract, manufacture, and sell back. In effect, the strategy dooms the “peripheral” trade partner to poor terms of trade and a worsening process of underdevelopment.

The structural adjustment rationale, simply, is that Tanzania must increase its exports in order to pay debt service, thereby qualifying for further aid. All of the measures restructuring the economy are to facilitate the service of debt. Measures relating to finance (stabilization) include devaluation of the currency (assumed to motivate agricultural production by increasing local value of domestic products); privatization of banks; liberalization of trade; federal budget cuts; withdrawal of subsidies for producers and consumers; manipulation of employment policies (e.g. retrenchment and abolishing wage controls); and a credit squeeze (raising interest rates). Some of the government's efforts to balance the budget include a general cut in social services, "cost-sharing" of remaining services, increased sales taxes, and sale of privatization of government enterprises (Mbilinyi).

Institutional reforms (adjustment) include changes in policy so as to increase exports (e.g. shift resources to the most productive sectors and regions); privatization including sell-outs to multinational corporations; tax and tariff adjustments; and shifts in responsibility from central to local governments, families, and individuals (Mbilinyi).

Under this regimen, the character of Tanzania has changed. The IMF considers Tanzania the second best adjuster in Africa, after Ghana (Tanzania Gender Networking Program) though Gibbon et al. (1993) found a number of flaws in the IMF’s analysis. A small number of citizens and non-citizens (owners of large-scale commercial interests) have become extremely wealthy; ordinary people benefitted by the release of donors’ funds immediately following the 1986 acceptance of IMF conditions.
Shops and markets were flooded with imported goods; there was a rapid expansion of services and informal trade (Mbilinyi). The reduction of government regulations and the reforms associated with multi-partyism helped create an environment conducive to local initiatives, including the mushrooming of non-governmental organizations (NGOs) and community-based organizations (CBOS) (Tripp qtd. in Mbilinyi). For better or worse, the keen edge of hunger has honed the entrepreneurial skills and innovative capacities of the poor (Nkhoma, Muro, and Meena). People have been exposed to a new way of thinking, perhaps both more desperate and more critical.

It is difficult to know the actual performance of the economy under SAPs. Gross Domestic Product figures ($570 per capita in 1991) (UNDP 131) hide the extent to which the economy has been deindustrializing, as a growing proportion of the economy is involved in trade—not production—and the goods are largely imported. Some would argue that all of the SAPs are geared towards dispensing with Tanzanian industry altogether so as to increase the market for foreign goods (Juma) and force the population into agricultural production. Tanzanian factories lack money for spare parts, and small handicrafts producers cannot get loans. Elites buy competitively-priced imports.

In agriculture, a total positive agricultural growth has been recorded since 1984, partly attributable to a slowing of population growth. Officially marketed production of major cash crops, however, has actually declined since the pre-IMF period 1983-85. Wide fluctuations observed from year to year are probably due to infrastructural limitations (Gibbon et al.). Mbilinyi noted that falling global prices have also played a part in the disappointing export earnings from 1986-93. With agricultural products there is always the possibility of weather crises following which the country has nothing to fall back on. Drought in fact becomes more likely—as a concomitant of desertification—as more and more land is cleared and overworked in the effort to boost production.

**Social costs**

As for people, the majority have suffered under SAPs, especially the most vulnerable groups: the urban and rural poor, particularly women and children. The intended price boosts to agricultural producers have been taxed away by the government in an effort to manage the federal budget (Nkhoma, Muro, and Meena). Per capita annual income has dropped to $120 (1991) (UNDP), made worse by the loss of subsidies and the new user fees in health care and education (cost-sharing). By siphoning national wealth from the bottom to the top and then eventually to the North, social infrastructure (water, health, and education) is left without resources to serve the majority. Taken in sum, structural adjustment damages the human capital resource base available to society (Agarwal qtd. in Jacobson).

**Effects on health**

Water is the most basic of human needs yet in Tanzania up to 50 per cent of water infrastructure is out of commission due to lack of spares (Alubo). Water supply, or lack thereof, influences health through level of hygiene, sanitation, and exposure to parasites and other microbes and contaminants.

Adequate quantity of water is as, or more important, than quality. A study in Cote d’Ivoire found low water supply to be correlated with high infant and child mortality (Diop et al.). As most household water is carried on women’s heads from the source to the homestead, distance is a critical variable in water supply. A distant source means not only less water but also less of woman’s labor devoted to food production, child care, or informal economic activities.

Structural adjustment is gender blind in many ways. The macro-economic policies, formulated specifically to reallocate resources, contain an implicit assumption that the process of social reproduction which is carried out by women unpaid will continue regardless of the way the resources are allocated (Cliff). With all basic services cut, women in general cope with scarcity by putting their own needs last. They sacrifice their own health by devoting an increasing proportion of personal resources—time, physical energy, food, and tangible goods—to support their extended families. Men, on the other hand, are more likely to reallocate resources to their own needs (Tripp). Men have greater access to resources, market, schools, and social services and have not been taxed to the same extent as women (Agarwal qtd. in Jacobson).

Increased morbidity and mortality from gastroenteritis, tuberculosis, and nutritional diseases throughout Africa are associated with structural adjustment (Alubo). In Tanzania, a shocking increase in maternal mortality is attributed to a deterioration in services and the poor nutritional status of pregnant women (Nkhoma, Muro, Meena, and Muro). Per capita annual income has dropped to $120 (1991) (UNDP), made worse by the loss of subsidies and the new user fees in health care and education (cost-sharing). By siphoning national wealth from the bottom to the top and then eventually to the North, social infrastructure (water, health, and education) is left without resources to serve the majority. Taken in sum, structural adjustment damages the human capital resource base available to society (Agarwal qtd. in Jacobson).
and Meena). In fact, a vast majority of Tanzanian mothers (80 per cent) are anemic at the time of delivery (UNDP). Anemia and inadequate caloric intake contribute to the incidence of premature births, low-birth-weight babies (UNICEF qtd. in Jacobson), and neonatal death. By sapping the mother's strength, anemia threatens the entire family.

Economically, women are at a distinct disadvantage under structural adjustment. Men have long enjoyed a monopoly on cash crops; incentives to boost export production therefore benefit men and may not reach women or children. Privatization of land and other public property is sure to benefit the state bourgeoisie and foreign investors over smallholders, especially women (Gibbon et al.). Desperate for cash, women resort to selling their food crops instead of consuming them. They also may resort to selling sex, thus increasing their risk for HIV, other sexually transmitted diseases, and reproductive tract infections.

Structural adjustment has exacerbated the shortages of all basic health essentials from drugs to syringes (Alubo). Kiwara noted that by the late 1980s, nearly all government health centers and dispensaries in Tanzania had no drugs or diagnostic equipment; 43 per cent of them needed urgent repairs. Over a quarter of the country's physicians (170 or 26 per cent) had left the country. Privatization of health care was on the rise (Kiwara) leading to a dual health care system based on class.

Tanzania's ideological commitment to primary health care (prevention as opposed to cure) has been relegated to pure fantasy under structural adjustment. Village health workers' morale has sunk while attrition has risen (Kiwara). Local governments cannot support health workers, and even if they could, there are no supplies with which to carry out health responsibilities. The program on which I worked for two years was a casualty of this trend.

Words and numbers fail to convey the human suffering that is involved. Drugs are in short supply even at a fee-paying mission-supported hospital. Episiotomies during childbirth—and the suturing after the birth—are routinely performed without anesthetic; this is a major surgery that cuts through three layers of tissue! Likewise, supplies of antibiotics are sporadic; abscesses are lanced but continue seeping for weeks. If medicine is available, people often cannot afford to buy it.3

Many services stop completely. For example, a hospital with one vehicle that breaks down, and with no money to repair it, can no longer make outreach visits to remote underserved settlements. Mothers in these isolated areas give birth at home, thus their babies are not immunized. In such a community, an epidemic of measles (or other childhood disease) would be devastating; extension is the main way of reaching these children for vaccination. Commonly there's no money to even buy fuel for such trips.4

Some services never get started. AIDS is a major health problem in Tanzania, made worse by the lack of services. Rural people do not have access to information, condoms, HIV testing, or counselling. A maternal-child health network of clinics in a major city near where I worked proposes to routinely screen pregnant women for HIV, provide the HIV positive women with counseling and support, and trace their contacts. But they lack the personnel and even the syringes for blood testing. The women remain uninformed; they and their partners continue to spread the infection.5

With salaries inadequate or late, health workers are subject to corruption. They may resort to selling services that are supposed to be free, such as birth control, and then pocketing the fee. A public health official may make periodic rounds to food establishments on the pretext of making sanitary inspections, but in fact be collecting bribes.6 These problems, and all their infinite variations, exert a pervasive effect on people's quality of life.

Effects on education

Like health, education in the Third World is inextricably tied to the world economy, and suffers cutbacks under structural adjustment. With cuts in public expenditure, Tanzania is seeing a qualitative decline in their educational systems, decreasing attendance rates, growing class stratification, and increased external control. As with health, there is a shortage of data between the levels of
macro-economic trends and individual experience (Graham-Brown).

Tanzania's "basic needs first" development strategy saw impressive gains during the 1970s. After the Arusha Declaration (1967), the country expended a large portion of their education budget (indeed, national budgets) to establish universal primary education in lieu of elite training at the tertiary level. Not wanting to wait for a generation of children to be educated, they embarked on fervent and well-coordinated mass literacy campaigns that reached millions of adults. Tanzania led the continent in educational accessibility, literacy, and schooling for girls.

I ideological commitment to education continues to be strong, but the budget for education is just 11.4 per cent of total public expenditure (UNDP). This is on the average-to-low side for poor countries. The state of the national budget is such that 11.4 per cent does not go very far. The central government is the main financier of education, but substantial inputs are received from SIDA (Swedish Aid Agency), UNICEF, UNESCO, and World Bank, among others. Input from the private sector is growing fast (Tanzania Ministry of Education).

Reductions in government budgets for public schooling means pressure on school budgets. Teachers' salaries are the major component of budgets; teachers exert strong pressure to keep their wages stable, or at least at a slow decline. Therefore cuts are made to books, materials, supplies, and infrastructure. No new teachers are hired thus adding to class size. When their purchasing power decreases (as with currency devaluation), teachers moonlight at any other income opportunity available to them, and become disenfranchised from the larger meaning of teaching (Ilon).

Devaluation of currency is far-removed from the school, but has many effects on it. An unfavorable change in the exchange rate soon translates into overall domestic inflation. Many factors in the local economy are dependent on the cost of imports; fuel, machinery, vehicles, spares. Some educational materials must be imported: all technology, duplication, and communication equipment, some books. The costs of all imports will rise as the currency falls (Ilon).

Cuts and shortages in other sectors of the economy also affect education. Power cuts (where there is electricity), water or fuel shortages, no paper for the production of books, no raw materials for building, no transport to carry supplies to rural schools; these are some of the factors that limit or halt education. Maintenance of buildings and school property has been badly hit. In one district of Tanzania, 42 per cent of schools were without water and ten per cent were without latrines (Graham-Brown). School systems are often closed without warning because of lack of operating funds; vacation periods may be extended "until further notice." Children may be required to labour in self-reliance activities during school hours so as to raise money for their school.

Between 1975 and 1985, the proportion of educational expenditure on teaching materials was almost halved in Africa, from 7.6 per cent to 4.2 per cent, even as the school-age population grew. Some governments no longer take any responsibility at all for materials. It is an exceptional teacher who can facilitate learning with nothing but him or herself as a resource; most become demoralized and resort to rote exercises (Graham-Brown).

With conditions so abysmal, it is small wonder that school enrollments have declined in spite of population growth. Primary school enrollment in Tanzania grew steadily until 1981, levelled off, fell in 1984–85 and leveled again through 1988 (Ministry of Education). Due to the questionable quality of the education and the lack of opportunities for upward mobility, parents do not see any benefit of schooling for their children. With increased user fees in addition to the costs of uniforms and supplies, school is out of reach for many families. Rather, children's labour is needed at home to help keep the household viable; girls help with domestic work and boys begin hawking, paid farm work, gathering and selling wild fruits, etc.

Just as the economy is becoming increasingly globalized, so is class structure. Elites send their children to private schools; the most talented of these students pursue advanced degrees, and eventually become globally competitive in their fields. Often they pursue success outside of their home country, contributing to a "brain drain." Wealthy people, whose own children are attending private schools, care little about supporting public education, and governments are usually responsive to the interests of the powerful. Structural adjustment demands that the budget be cut, so what remains is a dual school system; one for the rich, one for the poor. The curriculum for the poor takes on a global flavor as low level job requirements (like agricultural export production) become similar throughout the Third World (Ilon).

Unable to finance its own educational systems, countries like Tanzania have become increasingly dependent on outside aid for both recurrent costs and new programs. Responsiveness to the agenda and perspectives of the northern funding agencies is required. What this means is that all educational development has dependency at its core; that Africa must internalize the values, methods, and goals that are fundable (Samoff).

Commanding a huge amount of intellectual expertise, the World Bank effectively structures the discourse on educational development (Samoff). The power of the World Bank in disseminating its views creates consensus ("aid coordination") within the donor community: there scarcely exists an alternative vision or critique other than the "Bank line" (King).

Why is a northern financial institution, a bank, defining Third World educational research questions and then funding its own policies based on the research? Why does everyone follow their lead? Is a bank's legitimate concern with quantitative information (like per pupil expenditure) the most important dimension? We need a new paradigm that places quality of life at the center.
Summary

I have tried to demystify structural adjustment—what it is, how it came about, and how it affects people. The overall picture is one of inequality between North and South that is getting worse, not better. Structural adjustment finances debt by sacrificing people’s health and limiting their education. It institutionalizes a global economy that rests on gender oppression and international class stratification. Structural adjustment is like erecting a super-power, high-tech satellite dish on top of a mud, wattle, and thatch house—it cannot stand.


Barbara Earth recently completed her PhD in International Education at Ohio University. Her research interests include: education for gender equality, public health, and a new international order; transformative social movements; women and the environment. Having coordinated community health courses in Tanzania, she was witness to the profound effects of structural adjustment on individuals and communities.

References


**RENEE NORMAN**

### Time in the Kitchen

Heat from the vents
centres in the kitchen:
appliances played by hands
in a rhythm
lost if you don’t notice
when the dials spin
the way the blades turn
how the doors fly
Lunch is ready!

Food marks the minutes
of the day
steadies the family
in four four time

1 2 3 heat
from her 3 4
1 2 body warning
temperature too hot
reduce time by minutes
add more flour
when you double the tempo
in the kitchen
for the congregation
play this scale in C minor
your mind on other staves
each note builds
just the odd falter
measure wash season measure
structure to this repetition
there are memories in this rhythm
in her motion
the same heat from the vents
Lunch is ready!

Dusting Off Willie Loman

dirt coats my fingertips
the telltale ink of my neglect
one cover folded back
the spine deformed
like an old woman
with a humpback

i dust off willie loman
elevate him to the ledge
beside hamlet  king lear
death binds them
aristophane’s clouds and birds
hover nearby
a character in search of an author
i am no longer waiting for godot
or afraid of virginia woolf

but i wonder
as i neatly stack the plays
rows and rows of speeches and utterances
which i have
lived-recited-read-memorized-acted-analyzed-enjoyed
where were all the women playwrights?
how is it that only now
over 20 years later
i finally notice
all these fine and passionate words
were written by men

willie loman understands
the volume of the old woman
her back bent in shame

Renee Norman’s poetry appears earlier in this volume.