

These alternatives, which were strongly supported by spokespersons for Canadian churches and NGOs who appeared before the Committee, have started to have some effect on official thinking. While the preference for economic indicators that are technical and supposedly “neutral” remains, more attention is being given to the importance of income distribution effects, social equity, democratic participation and legitimacy, in the success or failure of adjustment programs. The Committee’s discussion paper quoted IMF Managing Director Michel Camdessus as acknowledging that: “Too often in recent years it is the poorest segments of the population that have carried the heaviest burden of adjustment.” The World Bank has established a task force on poverty alleviation, and its latest and most comprehensive report on Africa, which includes sections on “sustainable growth with equity” and “investing in people,” argues that public expenditures on basic social services must be protected during fiscal crises. The document, and introduction to it by Bank president Barber Conable, is worth citing at some length:

A central theme of the report is that although sound macroeconomic policies and an efficient infrastructure are essential to provide an enabling environment for the productive use of resources, they alone are not sufficient to transform the structure of African economies. At the same time major efforts are needed to build African capacities—to produce a better trained, more healthy population and to greatly strengthen the institutional framework within which development can take place. This is why the report strongly supports the call for a human-centered development strategy made by the ECA and UNICEF.

[ . . . ]

History suggests that political legitimacy and consensus are a precondition for sustainable development. A sound strategy for development must take into account Africa’s historical traditions and current realities. This implies above all a highly participatory approach—less top-down, more bottom-up than in the past—which effectively involves ordinary people, especially at the village level, in the decisions that directly affect their lives.<sup>(18)</sup>

Canadian officials, too, argue that we are learning by painful experience how to do structural adjustment better. Tough economic medicine is still often necessary, but the social and political consequences can no longer be treated as an afterthought. In the context of the Sub-Committee’s examination of the controversial adjustment process in Guyana, in which Canada is leading an IMF support group to clear that country’s arrears to the Fund, Marcel Massé agreed that: “In the case of Canada, our program should have, in almost all structural adjustment cases, a strong component to deal with the social impact. At the same time, we should not forget that the ability of societies to evolve, to take in difficult measures, is based on social acceptance, which implies free elections, respect for human

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(18) *Sub-Saharan Africa: From Crisis to Sustainable Growth, A Long-Term Perspective Study*, Washington, The World Bank, 1989, p. xii and 60. For an application to Latin America, see George Psacharopoulos, “Poverty Alleviation in Latin America,” *Finance and Development*, March 1990, p. 17-19.