COMMENT

Makoto Katsumata
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The paper deals with possible changes the structural adjustment has been bringing in the fields of the Ivorian agriculture. The topic is very timely and opportune because one of the main theoretical justification of structural adjustment to Sub - Saharan Africa is to correct, if I may be allowed to use this disciplinary words, the urban bias which privileges vested urban interests at the expense of agricultural producers.

However, before we discuss with effects of the adjustment policy implemented by the Ivorian government, I would like to clarify my basic idea on structural adjustment policy for Sub - Saharan African countries.

Over this question on the pros and cons, much ink has already been shed. As far as I understand the complex procedure of this policy, two major questions should be formulated on the birth and the generalization of the Structural Adjustment Programme (SAP). First is, under which circumstances were the loans and credits by the Northern official and commercial/financial institutions provided to African governments and its parastatal bodies? Second question is, which social categories are they paying directly and concretely today the cost of these borrowing money?

As for the first question, everybody agrees that a person or an institution that owes money must pay back it to the creditor. When the debtor cannot honor the money contract for the due date, the payment shall be rescheduled in exchange of acceptance of repayment actions that is called in the international financial world "structural adjustment programme".

But the problem is whether it is exclusively the responsibility of African government that borrowed money from the Northern financial institutions and cannot today perform the money contracts. Why do I ask this kind of very elementary question? Because I think that when one decide to lend money to anyone, he need to be sure that the money is to be refunded. He will make investigation on financial capacities of the money borrower before deciding and signing the money contract.

By the way, if you realize that money you lent would not be paid back on due date, what will occur? I asked a Japanese banker how his bank will react to such a situation. He answered me as follows: they will do two things. First, all possible actions will be taken to collect this debt and second they will check why the bank lent money to a person or an institution who is now not in a position to refund it. It means that the bank will identify the internal responsibility of lending money.

By the first question, what I would like to stress is there is no strong moral reason that the Northern financial institutions continue to get rid of the responsibility of African cumulating debt issue. My position is to share the responsibility of debt issue between the debtor and the creditor when we take into account a dramatic and tragic situation prevailing in most African countries because of the external debt refunding.

Second point is that although the Northern countries should share the cost to some extent of African debt issues, a responsibility of African government or its guaranteed institutions remains for its people. Were the people consulted or enough informed about the national borrowing from abroad when their government that is supposed to represent the interests of the people contracted money borrowing?

On this interrogation, my observation in most African countries, it is the ordinary people who have to pay back at the enormous cost these money that were supposed to be used to the development projects, but about it they were neither informed nor consulted on the borrowing. In this respect, it would be interesting to make investigation why the construction of six giant sugar complex proved to be not successful.

To sum up, two kind of responsibility for the external debt issue remain in the African context. One is the half responsibility of the Northern countries that contracted easily in their money to African countries because of financial glut resulted from their economic recession. Second is the responsibility of African government that could not largely protect the people's interest and alleviate their very hard situation.

So, I would like to suggest that when we talk about African adjustment issues, we have to place this debate on the larger context and to avoid the fatalistic approach as if African adjustment issues were the irreversible and unique solution to bring the genuine development to African people.

Second remark deals with cultural dimension of the historical CFA devaluation in the beginning of this year. It seems me that the paper is not favorable to this CFA devaluation. It is true that the empirical observation on the devaluation of money in developing countries allows us to conclude that there is a high risk to provoke a vicious circle between the hyper - inflation and the endless devaluation. But when we consider the Franc Zone as one of the legacy of French colonial system, I cannot help to interrogate until when the African Franc Zone countries accommodate themselves to this neocolonialistic legacy.

The current Fran Zone seems to have two basic obstacle to Franc Zone African countries' genuine development. First, this monetary union prevents the member African countries from conceiving and implementing their own monetary policy, that is one of the powerful policy tools to the economic independence. Secondly, in connection with the first negative factor, maintaining the Zone with the French technical assistance could postpone African real struggle to economic independence. In other word, the Francs Zone continues to keep an umbilical cord between the mother and her baby. For your information, in this case, I have to confirm that France is the mother, not her baby.

In this regard, I agree with Mr. Mamadou Koulibaly's recent book entitled "Liberalism: New Start for Africa" (ed. L'Harmattan, 1992), which concludes as follows:

> We prosecute the agreements on Franc Zone as hypothecating the growth, because these agreements encourage the assisted incompetence and poverty. (p.208)

COMMENT

Samuel B. Ofosu
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Mr Haraguchi, in my view, has done an extremely good work in giving participants an insight into the structure and development of the all-important agricultural sector of Côte d'Ivoire. We from Africa thank him for making us aware that, from far away wealthy Japan, we have people who are interested in following our well-being and the usual human desire to improve our lot, for which we have a lot to learn from Japan. Having said that, I have the following observations to make from the paper.

- We are informed that cocoa and coffee production, which had so far supported public finance in Côte d'Ivoire, turned to be the burden, because the government had to cover the balance between the government guaranteed producer prices and their dropping world prices. How come this situation, I may ask? This is because, to the best of my knowledge Côte d'Ivoire, farmers are yet to receive the full world prices for their produce. They receive a fraction of the world price with the remainder going into a price stabilization fund. From Table 4, we see that, since 1987, cocoa and coffee have been showing deficit revenues. Are the imbalances in terms of world prices and local prices both expressed in foreign currency (US$) terms or local CFA terms? If the latter, was not there a structural problem related to an overvalued CFA? I will be happy if Table 4 converts world prices and local prices for cocoa and coffee in the same denomination like the US$ to make the situation clearer.
- From the study, the implementation of SAP in Côte d'Ivoire has involved massive lay-off of public sector personnel working in the agricultural sector. This is a thorny issue and it will be interesting to know the terms of the affected persons' disengagement for the public service, i.e., the scope of the severance and end-of-service benefits that were given to them.
- We learn that whilst Soderiz was able to double rice production in 10 years from 250,000 tons in 1965 to 496,000 tons in 1975, reducing the import of rice to the negligible level of 1635 tons, the dissolution of Soderiz because of local deficits (paying 65-75 CFA francs and selling at 100 CFA francs per kilo) has led to imports of 300,000 tons in recent years, by its dissolution. Is this a rational structural adjustment policy, I may ask, in terms of scarce foreign exchange dissipation as well as loss of rural incomes and employment?

It seems to my mind that the advanced industrialized countries which control the World Bank, in areas that they also produce like rice farming usually by paying their farmers subsidies to produce, will like to have markets for such produce in the developing world. They therefore dissuade them, like they have done to Côte d'Ivoire, from producing such items like rice, cotton and sugar.

We have had the same problem in Ghana. Rice farming which a decade and half ago was enjoying a boom in the northern savannah has been killed in favour of cocoa cultivation by liberalizing its import. Those crops which the wealthy industrialized countries cannot produce, like coffee, cocoa and palm oil, they will give loans for their production and kill the enthusiasm for local production of those they can also produce.

Why does the IMF/World Bank not allow our countries to give our farmers subsidies for local production of basic staples like rice just as the industrialized countries subsidize their farmers? I think some comment on this issue by the author will be appreciated.

Côte d'Ivoire was given loans to produce cocoa, coffee and oil palm. Their prices have been driven down because their farmers have contributed to a glut in those commodities, saddling the country with hard to pay loans, leaving little for importation of a staple like rice, the production of which has virtually been killed.

- In general, Côte d'Ivoire, with the figures given on production achievements in cocoa, coffee, oil palm, cotton, pineapples as well as local staples, by all indication, has the most sophisticated and diversified agricultural set-up in West Africa and has to be commended. The policy issues that guided this stupendous achievement will need to be studied by others. In its wake though, we learn of a heavy external debt burden occasioned by drops in world prices for the commodities. To what extent, I will like to know from the author, did agricultural development lead to the contracting of these loans to offer lessons to others?

- Finally, I will like to know from the author, what policy issues to consider for a way forward in agricultural development in Côte d'Ivoire with hindsight to the predicaments they find themselves in under SAP. If farmers are from now onwards going to be on their own, then agricultural credit institutions should be developed along the lines of the very successful Credit Agricole Bank in metropolitan France.