restrictions on credit and on budget deficits, face us with the prospect of no economic growth at all for an indefinite period of time.

The experience of Indonesia, the Republic of Korea, Mexico, the Philippines, Venezuela, and Argentina, has taught us what to expect, at least in theory, if we accept such policies. We will be able to make a certain level of repayment to the lending banks, improve our balance of trade, and reduce our imports—but at the price of bringing economic growth to a standstill, with the probable accompaniments of inflation, a fall in real wages, and increasing unemployment.

It is not only long-term development that is set back by adjustment policies focusing entirely on debt repayment. They also mean more immediate hardship and suffering for the poorest social groups and for today's generation of children.

One of the main threats to the poor and the young comes from the cut-backs in public spending which are a standard part of the adjustment package. Since countries are rarely able to fire government employees en masse, cut-backs in public spending usually mean cut-backs in the operational costs of the social services. The dispensaries will always have staff but not enough drugs; the schools will have teachers but not enough teaching equipment.

So even the least controversial aspects of adjustment policy raise some major doubts.

But in the short-term, by far the most serious consequence of present adjustment policies is the rise in the prices of staple foods. The poorest spend most of their budget on basic foodstuffs; and there is no question that the nutritional status of children, pregnant women, and breast-feeding mothers is likely to be jeopardized. . . .

Many heads of state, driven by necessity and anxious to avoid defaulting on their debts, have had to accept adjustment policies in order to show good faith. But the truth is that power has been transferred: the rules are now dictated from outside the country, by purely financial considerations, instead of evolving from the country's own development needs. . . . Are our children—in Nigeria, in the Congo, in Mozambique, in other African countries—entering a future when their nations have less and less power to make decisions, and are more and more at the mercy of the vagaries of a world economy run by others?

In sum, present adjustment policies derive from an overriding preoccupation with international monetary concerns, and are consequently

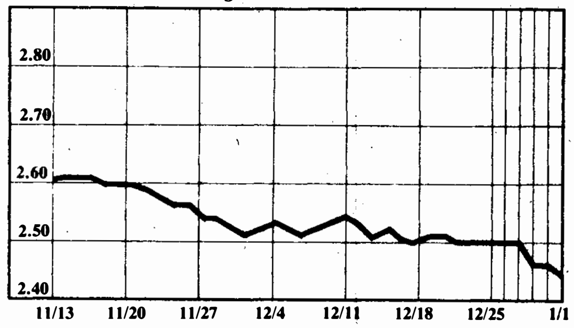
to Africa. Both the underlying thinking and the consequences are punitive. And the brunt is borne by the poorest sectors of the society. . . .

Saving hundreds of thousands of young children, who are at risk of dying from malnutrition or infection, is an immediate imperative. But it must be only one stage in the progress towards other activities, and one element in the truly comprehensive approach which in the long-term is the only way to enable Africa's children, not only to survive the current emergency, but to go beyond, into development.

Currency Rates

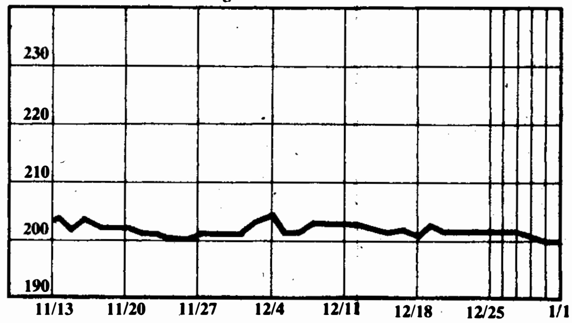
The dollar in deutschemarks

New York late afternoon fixing



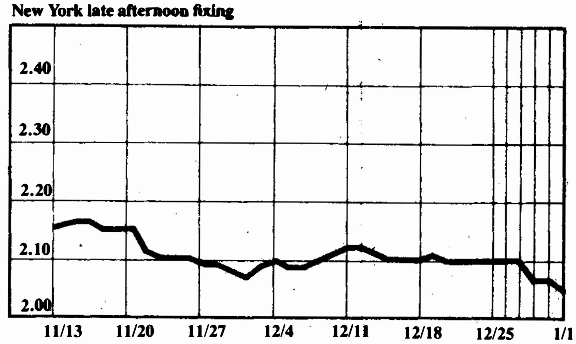
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing