**PIA 2020**

**Describe the history of Structural Adjustment Policies, including the pro’s and con’s of SAP.**

Structural Adjustment Policies are used to standardize economies in an effort to create wealth and reduce poverty in lesser developed areas of the world. However, SAPs have been debated as whether they are successful to international development efforts due to certain failures across several countries. This paper places SAPs in the context of other theories of development in order to evaluate its historical impact on poverty reduction and development efforts.

Spanning from about 1983 to 1989, Structural Adjustment Policies were advocated by international organizations and the United States. Western leaders such as Ronald Reagan and Margaret Thatcher advocated the economic standards across the world. SAPs intended to aid LDC’s by opening borders and economic markets to stimulate trade and global capital within the struggling country. Private or soft power became the organizational leader that pushed capital investment as well as increased importation and exportation. At this time, the IMF and World Bank were using SAPs to implement development and currency regulations abroad. Rural development was also stimulated to improve the working class and agriculturally centered economic practices of these countries. At this point the impacts of Saps were just being implemented but in order to discuss its lasting effects, it must be placed into context with other international development theories.

As discussed in class, the theories of development span through various political and social occurrences that took place globally from the early 1900s to present day. The initial theories include Faith in the State and continue to Basic Human Needs in the 1960s and 1970s. These involved the initial combination of economic growth and poverty reduction. New International Economic Order then attempted to redistribute power to the local level from 1975-1983. As a result to the threats of communism, Structural Adjustment came next attempting to implement the strengths of the previous methods but in actuality falling into the same pitfalls the previous methods of development still had. Advocating a free market economy, reducing poverty, and transferring power to the private sector, SAPs still came up short in many ways. For example, Picard’s example in Ghana demonstrates this difficulty. After receiving SAPs, Ghana still suffered from similar issues that had plagued it earlier. The country still lacked necessities and a defining reason seemed to be lack of trust in the government.

Although Structural Adjustment advocates a diversified economy, open global markets including free competition in accordance to Adam Smith, democratic ideas, and less economic regulations, the policy’s list of negatives have become more realistic after implementation. SAPs can cause a collapse of domestic manufacturing, less focus on health and education, as well as the ability for foreign capital to buy the state. Opening up the markets in these LDC’s seemed to give too much power to private sector global corporations which in turn had the capital to exploit sectors of that country.

Structural Adjustment Policies resulted in an implementation of Governance and Capacity Building as well as Public Sector Reform from the late 1980s to today. Zakaria’s example of “Death to Authority” gives the power to the people and holds government officials accountable. SAP brought a type of death to authority by supporting soft power to private firms. However, SAPs had their failings because this death to authority was brought about by an outside group rather than the culture and people themselves. This explains why Ghana could not improve with SAP development. It still lacked trust in its government because power was spread to an outside, non-reliable source of aid.

Overall, SAPs were a turning point in international development theory. Their attempt to globalize and democratize economies throughout the world intended to aid poverty stricken countries. However, its cons outweigh the pros through the dependency on global soft power rather than trust and growth of domestic bureaucracy and cultural leadership. Structural Adjustment policies continue to be used and debated but must continue to be evaluated as either a success or failure in the methodology of international development.