

# Negotiating Space for Rural Communities? Market Orthodoxy and The Changing Concept of Social Welfare Services in Africa

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## Abstract

*The paper examines how market reforms are reconstituting the notion of social welfare services in Africa within the context of the rural-urban divide. Market reforms in the social welfare sector seek to reverse this divide and negotiate a new consensus in the rural-urban equation. Priority and funding re-adjustment by the state, decentralisation, deregulation, and commercialisation are new elements in the provision of social welfare services in Africa. The objectives, among others, are to facilitate equity and access to those services, especially by the rural population. But the extent to which those objectives have been realised remain questionable.*

## Introduction

The rise of neo-liberal economic orthodoxy has led to a radical transformation of the nature of the issues, policy orientations and the discourse on the state, economy and society in Africa. Market rules constitute the new basis on which economic and social policy reforms are constructed. Indeed, market logic as John Mihevc (1995) describes it has become a fundamentalist economic ideology. The market is believed to be an infallible elixir for the problems of economic backwardness, long years of misguided domestic policies, and the crisis of the state and social welfare.

The notion of the market as a conceptual and instrumental tool in the neo-liberal economic framework feeds on a spatial, but dualistic concept of development. Rural-urban differentials in income, wealth and social services constitute the

background to and a major factor in Africa's economic malaise, and its vicious cycle of underdevelopment. To achieve economic recovery, the bountiful energies and creativity of the rural population must be released through the intervention of the market, while the delivery of social welfare services must be reconceptualised in terms of their focus and essence, in order to address the disadvantages suffered by rural people. The empowerment of rural communities is viewed as a *sine qua non* of national development. Market reforms in the social welfare sector, especially of education and health, seek to negotiate space for the rural communities, against the forces and interest of urban dwellers, who have been the major beneficiaries of state investment in the sector. Terms such as access, equity and efficiency dominate the discourse on reforms.

The paper examines how market orthodoxy is redefining the object and essence of social welfare services including its patterns of allocation, within the context of rural-urban dichotomy. Our arguments are twofold. First, that the theoretical and underlying assumptions of the neo-liberal reforms in the social welfare sector are tenuous. Second, these reforms are likely to provoke complex, but mostly deleterious effects on both the rural and urban population, and inhibit national development.

The paper comprises five parts. Part one focuses on the conceptualisation of Africa's economic crisis in the neo-liberal discourse, approached from the rural-urban divide. This is necessary because the policy measures prescribed by this perspective follow logically from its diagnosis of the crisis. Part two is a reflection on state involvement in the social welfare sector in Africa, why and to what extent did such policy orientation widen the rural-urban gap, with respect to access to social services. Part three examines the new orientation and policy thrust in the social welfare sector arising from the new paradigm of neo-liberal economic orthodoxy. How are the philosophy, object and provision of social welfare services being reconstituted under market reforms and how are these factored into the prevailing rural urban disparity? Part four, is a critique of the logic of market reforms in the social sector and the limitations evident in the claim to defend rural communities. The final part of the paper is the conclusion, where we seek to tie the threads of all the arguments together.

### **Neo-Liberal Orthodoxy and The Spatial Conception of Africa's Economic Crisis**

Amongst the regions of the world, Africa has demonstrated considerable instability, followed by a decline in her economic performance in the post-independence era. Although, the immediate post-independence era witnessed some notable and positive changes in the areas of agriculture, industry and export, all these still compare quite poorly with the other parts of the developing world. For example, while sub-Saharan Africa recorded a growth rate of 3,0% in the GDP per capita

between 1965 and 1973, falling to -0.3% in 1988. East Asia recorded a growth rate in GNP per capita of 5.4% between 1965-1973, increasing to 8.7% in 1988 (World Bank, 1990: 160). Similarly, the rate of growth of export and terms of trade also worsened significantly in the case of Africa, so also, did the external debt profile. For example, in sub-Saharan Africa, while the growth of primary exports was 15.4% between 1965 and 1973, this had fallen to 0.8% by 1988. The average growth rate of the GDP, which was 5.9% between 1965-1973, plummeted to 2.5% between 1973 and 1980. Growth rate in manufacturing dropped from 10.1% in 1960-73 to 8.1% in 1973-80, while the terms of trade which was 4.8% in 1973-80, went down to -4.4% in 1988. The debt profile deepened significantly. For sub-Saharan Africa, the debt burden, which stood at \$56 billion in 1980, rose to \$161 billion in 1990. For the whole of Africa, the figure was \$272 billion in 1990, which was two and half times that of 1980 (Adejumobi, 1996: 419). Evidently, by 1980, Africa was on the verge of a very serious economic crisis.

In trying to understand and explain Africa's economic crisis, various positions have emerged. Some emphasize external variables, particularly Africa's dependence on external factors. (Onimode, 1988, Amin, 1981, Bangura, 1990, Olukoshi, 1990). Others view the crisis as a dialectical twist between domestic and external factors (Weeks, 1992); while to some, internal factors are the most decisive in the continent's economic decline. The neo-liberal orthodoxy, which informs the Structural Adjustment Programme (SAP), shares the third perspective. According to this perspective, distortions in domestic pricing, income, trade and general economic activities, arising primarily from the intervention of the state in the economy and at the heart of Africa's economic crisis. The problems of stagflation, unemployment, decaying social services, balance of trade and payment disequilibria, and the debt peonage are all the result of the state's excessive control of the economy in the form of fiscal and monetary regulations, restrictions on free trade, bloated government expenditure, and protection of inefficient and wasteful public agencies and parastatals. This resulted in pervasive resource misallocation and economic inefficiencies, which adversely affected economic growth and development.

One of the shortcomings of the post-colonial model of development is the issue of the rural-urban divide. It is argued that state involvement in the economy and the distortions it engenders favour, especially political leaders and bureaucrats in the policy-making bureaucracies. Furthermore, urban groups, like labour, various professionals and factions of the bourgeois class, have disproportionate access to the state. Given their ability to organise, they are able not only to influence and often determine public policies at the expense of the rural population who are atomised, geographically dispersed, uninformed and unorganised, and can rarely articulate their demands and pressurise the state (Adesina, 1994; Lipton, 1982). The spatial inequalities between rural and urban areas perpetuated by the state,

therefore facilitated in a systematic, but complex way, the economic crisis. The neo-liberal interpretation of the African crisis is summarised by Vali Jamal and John Weeks:

The essential ingredient of that view was the belief that sub-Saharan African societies were characterised by large and widening inequalities between town and country, that these inequalities were caused by government interference in markets, and that these inequalities overwhelmed all others, with implications not only for income and wealth distribution, but also for resource allocation and productive efficiency (Jamal and Weeks, 1993: 2-3).

Neo-liberals argue that the "rent-generating", "rent-seeking", "urban bias" policies and institutions of the post-colonial model of development worked to the benefit of a legitimacy-hungry political elite (and its largely urban based clients) and to the detriment of the rural majority (Olukoshi, 1996: 56).

According to this school of thought, there are four specific areas in which state policies favoured the urban population while undermining economic progress. The first is fiscal policy. In this area, the exchange rate was administratively controlled, leading in most cases, to overvalued currencies. A state-controlled exchange rate regime, subsidised imports for urban consumers who have an insatiable appetite for imported goods. On the other hand, this policy penalised the primary producers, whose incomes from produce sale in the external market was partially appropriated by the state to finance this urban consumption. In other respects, the administrative control of food prices, generated rent transfer and subsidy for the urban population, while penalising the peasantry. On the whole such physical measures resulted in adverse terms of trade for the peasantry.

The second area of urban-based state policy is that of government expenditure. Government expenditure, which remains bloated partly because of persistent demand for wage increases by urban workers, the majority of whom are government employees, and partly because of the colossal state investments in the parastatals and agencies. In both cases, the beneficiaries are mostly the urban folks. High wage increases fuel inflation, which further aggravates the purchasing power especially of the non-wage earning rural population. Also, parastatals and agencies are made to provide employment and social services mainly for the urban population. Indeed, parastatals account for a large chunk of the debt profile of African states. For sub-Saharan Africa, for example, the share of public enterprises in external debt was 6.9% in 1992 (World Bank, 1995: 265). The third is the urban-oriented industrial enterprise that dominated the development policy of most African states. The post-independence industrial policy adopted by most African countries was import-substitution-industrialisation (ISI). These industries were

sited mostly in the urban centres, were capital intensive, did not provide inter-sectoral linkages in the economy, and produced mainly goods and service for the urban population. Even when the inadequacies of this industrialisation strategy were realised, the state could not divest itself of them primarily because of the vest interest of urban groups in securing employment and income. In effect, the state subsidised a wasteful and expensive consumption habits of the urban population, both workers and the middle class.

The fourth and final urban-based policy, is that of export promotion and development. The state's centralised control over the export trade in primarily products, through marketing boards, ensured the expropriation of farmers and the transfer of accumulated resources to subsidise urban consumption leaving farmers with very poor returns on their produce. This policy discouraged productivity in primary agricultural export sector and affected the state's foreign exchange earnings and balance of payment position.

To correct the structural problems of the economy predicated on such rural-urban imbalance, the neo-liberal perspective advocates immediate stabilisation measures meant to reduce demand and stem economic decline through fiscal and monetary policies. The centre-piece of these policies is Structural Adjustment Programmes, which among other things, seek to shift resources: (a) from the non-tradable to the tradable goods sector and from import competing activities to export activities (in a sense, from the urban-centered, state economic policies, to a rural-based economic policy); and (b) from the government sector to the private sector (Bhaduri and Nayyar, 1996: 33). Openness in the economy through economic deregulation and a structure of incentives are to be encouraged, which would promote industrial growth and export oriented development. All these are to be achieved through reliance on market forces, which get the "price right".

Structural Adjustment policies, which include market determined exchange and interest rates, withdrawal of subsidies from essential services, wage freeze and wage control, trade liberalisation and the removal of institutional and administrative control on external and internal trade, and the privatisation and commercialisation of public enterprises, are designed to remove the existing incentives, rent and subsidies enjoyed by the urban population and substitute a regime of incentives for improved rural and agricultural production. In particular, currency devaluation and the scrapping of marketing boards are designed to raise agricultural productivity as well as rural income. In some countries like Nigeria, specific rural development measures were taken to complement the adjustment package. For example, an extra-ministerial agency, the Directorate of Foods, Roads and Rural Infrastructure, (DFRRI) was established, to facilitate the provision of essential infrastructural facilities like feeder roads, electricity and farm equipment for the rural areas.

In summary, it is important to emphasize that while the concepts of "rent

seeking”, “rent behaviour”, “urban bias” and “urban coalition” are not new in analysing the structure and policy processes of African economies,<sup>1</sup> what is new in the present conjuncture, is the elevation of these concepts by neo-liberal policy analysts and intellectuals to the level of global economic dogma. A spatial dimension of rural - urban dichotomy is factored into the processes and dynamics of economic malfunctioning and economic decline, which forms the basis of policy options to lift African countries from the economic morass.

### **Back to the Past: The State, Social Welfare Services and The Rural-Urban Sectors**

Historically, the state has always played a crucial role in the provision of social welfare services in both developing and developed countries. Indeed, as Oliver Letwin (1988: 1) has observed, the origin of state owned and state run services are lost in the mists of time. As long as there have been rulers, there have been state owned lands and buildings as well as services. However, in most countries, the state does not enjoy an exclusive monopoly in the provision of such services. Private participation in the provision of educational, health and other social services like water supply are not unknown. This notwithstanding, responsibility for the provision of those services for the majority of the people lies with the state. Various state departments and agencies are established to handle such tasks.

The involvement of the state in the provision of social welfare services like education, health care and water supply has been facilitated by two major factors. The first, is the philosophical conception of the state as grounded in both the liberal and Marxist theories. The state in the liberal theory is a form of a negotiated “social pact”, which compels obedience from the people, but has primary responsibility for their security and social welfare. The relationship between the state and the people is one of reciprocity and exchange. According to Jean Jacques Rousseau, the basic values which the state must strive to protect are life, liberty and social welfare (Rousseau, 1913). Even Adam Smith, the ultimate exponent of a *laissez-faire* economy, acknowledged the responsibility of the state in the social welfare sector (Smith 1936: 650-51).

In Marxist theory, the state is viewed quite differently in terms of its origin and purpose. It is an organ which evolved in the process of class struggle, and as such an instrument of class domination. Nonetheless, the whole essence of the struggle of the working class to capture state power, is to transform it to serve the interest of the majority of the people, by ensuring access, equity and the uniform provision of social welfare services. This is the reason why the socialist states, before the collapse of the East European countries, placed tremendous emphasis on, and invested enormous state resources, in social welfare services, like education, health, water supply, etc. The objective was to improve human capital and raise the standard of living. In both the liberal and the Marxist theories of the state, there

seem to be a consensus that poverty and income inequalities can be mitigated through the public provision of social welfare services.

The second factor is the continued struggle between the dominant classes. That is, the struggle between labour and capital often mediated by the state, through legal codes and constitutional norms, and through which labour has been able to wrestle some concessions from capital and the state in the form of state investment in and provision of social welfare services for itself and the rest of society. This has characterised the evolution of the social welfare and security systems in most developed countries. The demand by labour for full employment, fair working conditions, reasonable standard of living, and the protection of their social and economic rights, which include, the right of the citizens to education and good health services has characterised the class struggles. In an important sense therefore, the struggle between classes and between other social forces within nations, has influenced the state's concern for, and investment in, the social sector (Adejumobi, 1998: 9).

In Africa too, the state has played a pivotal role in the provision of social welfare services. The reasons for this are numerous. They include the colonial antecedent. Although colonial regimes initiated the provision of infrastructural and social welfare services like roads, railways, education and health, these were grossly inadequate and sub-standard. Thus by independence, Africa ranked very low in the provision of social welfare services. For instance, Africa's educational structure was the worst among all regions of the world (Lall, 1992). A major challenge for post-colonial regimes, therefore, was how to bridge the gap in the provision of social welfare services, and also meet the aspirations of the people for better living standards. This prompted massive state investments in the expansion of the education, health care services, employment, and water supply. The provision of such services was considered a *sine qua non* and a major catalyst of economic and social development. Therefore, in the immediate post-colonial era, up to the early 1980s, most African governments made massive investments in the social sector. For example, in Nigeria, the percentage of public expenditure on social services allocated in the First National Development Plan (1962-8) was 59.1%: it was 57.4% in the Second National Development Plan (1970-4) and 54.4% in the Third National Development Plan (1975-1980) (Onokerhoraye, 1984: 5). In Côté d'Ivoire, while the social sectors of education and health were allocated 28.4% of the state current expenditure in 1965, this increased to 33.4% in 1975 (Tuinder, 1978). In Sierra-Leone, the social sectors of education, health and water supply received 13% development expenditure between 1963 and 1964 increasing to 20% between 1970 and 1971 (Sierra Leone Government, 1975).

The result of such huge investments was a great expansion in the social service base of most African countries. In Nigeria, while the number of primary schools in 1960 (at independence) was 15,703 and primary school enrollment was

2,849,500, by 1980, primary school enrollment had increased to 15,607,505 (Sambo, 1998). In 1976, the state introduced the Universal Primary Education Scheme (UPE), which made primary education free, in order to create better education access and opportunities for all Nigerian children. At the tertiary education level, while Nigeria had only one University in the colonial era, this had increased to 6 by independence in 1960, to 17 in 1980, and to 30 in 1983. Student enrollment in tertiary institutions also rose sharply- from 1000 in 1959 to 113,158 in 1983 and 250,000 in 1994. In Côte d'Ivoire, only 33% of children of school age were enrolled in schools at independence in 1960. By 1975 about 55% of this age group were already enrolled. For secondary education, enrollment grew from 15,000 at independence in 1960 to nearly 90,000 in 1975. And the University of Abidjan, which was established in 1959 with less than 1000 students, had an enrollment of 6,000 by 1975 (Tuinder, 1978: 74-5). In Sierra Leone, the number of primary, secondary and technical/vocational schools in 1960 was 583, 36, and 3 respectively. This jumped up to 1,023, 91 and 4 respectively in 1970 and further to 1,952, 213, and 18 respectively in 1987. Student enrollment also took an astronomic jump. While student enrollment was 81,881, 7,097 and 950 in primary, secondary and technical schools respectively in 1960, this increased to 389,937, 97,995, and 2,752 respectively in 1987 (see, Beckley, 1993: 69). A similar expansion took place in the health sector and in the provision of clean water in many countries. In Nigeria, for example, between 1975 and 1986, the number of doctors in the public health sector increased four fold, the number of hospital beds doubled, and the number of nurses and midwives tripled (Odumosu, 1996: 128).

In spite of such huge investments in the social welfare sector, marked disparities continued to exist between the rural and the urban areas regarding the provision of, and access to such services. As Ben Turok has observed "social services have been established in a highly unbalanced way, generally favouring rich rather than the poor, the urban over the rural" (Turok, 1987: 16). According to Bade Onimode, rural areas have been mute victims of appalling social oppression and a "culture of silence" imposed by the urbanised elite, who deny them the basic social facilities of education, health care services, electricity and water supply. This situation arises largely from the powerlessness of the rural dwellers (Onimode, 1988: 158). A national study by the Central Bank of Nigeria and the Nigerian Institute of Social and Economic Research (NISER) on agriculture and rural life in Nigeria between 1976 and 1985, confirmed these observations. The study concluded that "rural infrastructures such as roads, water, health and medical services, electricity and schools which constitute the substance of rural welfare were grossly lacking throughout the country during the review period" (CBN and NISER, 1991: 18).

The foregoing seems to lend credence to the urban bias thesis in the provision of social welfare services in Africa. Although the capital outlay, which went into social welfare services in the post-colonial era was colossal and these services were



considerably expanded, they were concentrated in urban areas. Market reforms were intended to correct such imbalances and inequalities in the distribution of social services. How this is to be done is the subject of the next section.

## **Negotiating Space for Rural Communities? Market Reforms and Social Welfare Sector Restructuring**

There are two levels at which market reforms affect the social sector, prompt social sector restructuring, and reconstitute the nature, conception and orientation of social welfare services, with implications for both rural and urban areas. The first is through the SAP, and second is through the social sector reform policies, specific to the sector.

SAP induced policy measures that affect the social welfare sector including the reduction in state expenditure and the withdrawal of subsidies on essential social welfare services. Neo-liberals argue that state expenditure should be significantly curtailed in order to bring down inflation. Hence, there has been a significant reduction in budgeting allocation to the social sector during the current adjustment era. The social sector is one of the first major victim of shrinking state expenditure (Adejumobi, 1995, 1997; Ghai, 1991; Bijlmakers, Basset and Sanders, 1995; Weisner, 1992). Between 1980 and 1985, social spending in sub-Saharan Africa fell by 26% in real terms as compared to 18% in Latin America (Weiss, 1995: 121). In Nigeria, Federal Government expenditure on education and health, which was 5.2% and 1.9% respectively in 1986 (when SAP was commenced) shrank to 2.3% and 1.1% respectively in 1991. In Zimbabwe, recurrent real expenditure on the social sectors of education and health declined by about 12% and 8% respectively in 1990-1, and further by 15% and 11% respectively in the 1992-3 fiscal year (Mhone, 1995: 114-5). The trend is the similar in most African countries.

Under the SAP regime, the emphasis has shifted from "social development", to "efficiency" and "cost recovery" with a new pricing policy of "fee for service" approach. Two assumptions drive this policy on so-called social welfare sector reforms. First, massive state investment in the social sector has engendered "artificial excess demand", with consequences for resource wastage and misallocation (Adejumobi, 1999: 13). According to a former World Bank Researcher, Batician Tuinder, in the Cotê d'Ivoire, for example, there was rapid increase in enrollment and costs at all levels of education, simply because education was free for private individuals (Tuinder, 1978: 286). This has to be redressed if the economy is to achieve relative equilibrium. Second, huge state investment in the social sector subsidises private consumption by urban dwellers to the disadvantage of the rural population. In the case of Ghana, the World Bank pointed out in 1989 that urban residents received on the average, a public health subsidy of 2,223 cedis (Ghanaian currency) compared to 1,459 cedis received, on the average by rural dwellers. In 1992, the gap increased to about 91%. The urban population received

a subsidy of 5,808 cedis, while the rural population received just 3,039 cedis (World Bank, 1995<sup>a</sup>). Curtailing state expenditure through, among other methods, the removal of subsidies on social services would correct such distortions and ensure equity and fairness between the rural and the urban areas.

The reform agenda also entailed the reconceptualisation of social welfare services and the specific policy measures which flow from it. Henceforth, social welfare services are no longer “public” goods they become “private” goods, and change from being “institutional” to “residual” services. This is what I have described elsewhere as the “private good” theory (Adejumobi 1998, 1999) in social sector reforms. This theory affirms that social welfare services are essentially private goods, for which charges were imposed. Education and health services are considered to be private goods, which yield direct and greater benefit to the individual, and less to society. The users of such services must therefore be made to pay. To further buttress this new policy thrust, it is argued significantly by the World Bank that, in all strata of education in sub-Saharan Africa, the private rate of return is far higher than the social rate. For primary education, the social rate of return is 24.3% compared to a 41.3% private rate of return. The social rate of return for secondary education is 18.2%, while the private rate of return is 26.6%. For tertiary education, the social rate of return is the lowest-11.2%, while the private rate of return is 27.8% (World Bank, 1995<sup>a</sup>: 22). The implication is that for all layers of education private benefit accruable is more than the benefit accruing to society. In the light of such calculations, it is argued that in the education sector, for example, emphasis should be placed on the area, with a higher rate of social return, which is primary education.

The social sector reforms involves disaggregation, decentralisation, deregulation and commercialisation. Disaggregation suggests that it is important to classify and distinguish between segments or layers of a particular social service and concentrate on the segment or layer of such sector, which confers greater social returns and benefits to the majority of the people. The distinction is between primary/secondary education on the one hand and tertiary education on the other; and rural and primary health care services versus modern and urban based health services. The preference in both cases is for the former which, it is argued, would benefit the rural areas more. It is an attempt to negotiate space for and skew state investment in the social sector in favour of the rural population who are disadvantaged (World Bank, 1995: 65). John Weiss puts the issue thus:

Currently, much emphasis is given to reallocation of expenditure under education and health budgets to ensure that the services, which are more significant to the poor, are protected. In education, this involves a focus on primary rather than higher education (rural schools, rather than urban colleges and Universities) and in health, a focus on basic preventive, rather

than more elaborate curative treatment (rural clinics and water sanitation facilities, rather than urban hospitals) (Weiss, 1997: 120)

Decentralisation and deregulation entail a greater opening of the social welfare sector to encourage private participation by non-governmental organisations (NGOs) and private commercial agents that might be disposed to invest in the sector. This is expected to increase efficiency and accountability, as competing private producers are assumed to have greater incentives than state bodies to respond to new policy demands and initiate changes in the services provided (Vivan, 1995: 18). This will also dismantle bureaucratic rigidities and corruption in the social sector. It is further argued that rural areas, with a rich culture of cooperative societies and community organisations, would be in a position to tap this new opportunity. Hence, the state is now placing greater emphasis on welfare and donor agencies to support rural community based efforts in the provision of social welfare services like education, (usually primary education), health and water supply.

Finally, the logic of partial commercialisation, which we have earlier touched upon, emphasizes “cost recovery” in the provision of social welfare services, which are to be discriminatory and

differentiated. The poor and rural population are to pay less for social welfare services, while the rich and the urban people, are to pay more. In Ghana, this policy is referred to as the “cash and carry” system (Brown and Kerr, 1997: 73-4).

### **The Limits of Market “Uhuru”?**

#### **A Critique of Market Orthodoxy in the Social Welfare Sector**

The application of market principles to the social welfare sector has generated considerable criticism in Africa (Cornia, 1992, 1994; Ihonvbere, 1993; Gibbon, 1993, 1995; Brown and Kerr, 1997; Bijlmakers Bosset and Sandars, 1996, 1996; Adejumobi, 1995, 1997). My attempt here is not to repeat these views, but to present what I consider to be new perspectives, which flow from the foregoing discussions. I identify three areas for criticism, which I characterise as the fallacies and myths of the market. These are, the “fallacy of private good”, the “fallacy of cost-recovery” and the “fallacy of rural support”. I shall discuss them in this order.

#### *The Fallacy of Private Good*

It is true that social welfare services can be construed as “private goods”, for which the principle of exclusion could be applied and user-charges imposed. However, this classification is misleading. It blurs the social and national importance of such services, which qualify them as public good. For example, while health care or the access of people to pipe-borne water may be considered as a private good, for which individuals could be excluded if they cannot pay for those services, its

importance for the good health of the population, which is vital to the socio-economic development of the country, far out weighs its cost. As Anthony Giddens (1982: 167) has rightly observed, the classification of social welfare services as private and residual goods and services works against the advancement of the "social dimensions of citizenship", which concerns "the rights of everyone to enjoy a certain minimum standard of life, economic welfare and security". In other words, the social sector reforms impinge on the larger question of citizenship and the foundation of the state. In addition, the terms social and private rates of return, and the way they have been calculated for social welfare services by the World Bank are dubious. Social welfare services generate enormous externalities, which cannot be easily calculated, or quantified.

### *The Fallacy of Cost Recovery*

The notion of cost recovery brandished by neo-liberal orthodoxy obscures the reality of who pays for the public provision of social services. The impression being created is that free social services are a "gift" by the state, which the latter can no longer afford. To the extent that it is the citizens who pay directly or otherwise, for the services provided by the state, through various forms of taxes, such services cannot be considered free. They are services whose costs are borne by the citizens howbeit indirectly. Therefore, the policies of cost recovery are designed to impose additional costs on the population.

We might also ask why the social sector is often the first and perhaps major victim of state financial adjustment and austerity measures? Why not defence, which is less productive? Why has defence and security expenditure remained quite high in most African countries even under the SAP regime?. It would seem that the policy of cost recovery is more a political, rather than, economic issue.

### *The Fallacy of "Rural Support"*

The rigid urban-rural dichotomy made by the neo-liberal theorists is tenuous. There is in reality constant interaction between the two sectors, via rural-urban migration and urban-rural remittances. Most urban dwellers, usually relate to, and maintain their rural identity. They are also involved in urban-based social networks that maintain strong rural loyalties and norms. Such urban-based networks provide solidarity to their members in times of need and link them to their rural communities.

In addition, available data do not suggest that rural communities have derived any significant benefit from SAP-inspired social sector reforms. For example, a study of seven villages in the Volta region of Ghana, revealed quite clearly, that access by the rural populace to health and education services has shrunk considerably in the adjustment era. The imposition of user fees on social services (however small) has forced the population to resort to traditional medical systems.

And some parents are withdrawing their children from school and putting them in informal training programmes [Brown and Kerr, 1997: 73-93] As such, cases of preventable diseases like malaria, diarrhoea and dysentery, cholera, stiff necks, dizziness, headache and high blood pressure have worsened significantly, leading to a high mortality rate.

## **Conclusion**

There has been a reconceptualisation of the nature and essence of social welfare services under current market reforms. The purpose of this shift is primarily to redress rural-urban imbalance in the provision of social welfare services. The catch phrases of social sector reforms are: access, equality and efficiency, all of which are designed to emphasise the need to address the disadvantages suffered by the rural population in the enjoyment of such services.

A global picture of the impact of these reforms on the rural population is yet to emerge fully. But the evidence from preliminary studies suggests that any claim of a successfully negotiated space for rural communities as a result of those reforms may be illusory, and the beneficial effects of reforms on rural inhabitants less than expected.

## **Notes**

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1. Scholars like Robert Bates and Micheal Lipton have articulated the concept of *urban bias*, especially in relation to the agricultural sector. See M. Lipton, *Why Poor People Stay Poor; Urban Bias in the World* [London; Temple Smith, 1977], M. Lipton, "Rural Development and the Retention of the Rural Population in the Countryside of Developing Countries" *Canadian Journal of Development Studies*. Vol. III, No. 1. Roberts Bates, *Markets and States in Tropical Africa: The Political Bias of Agricultural Politics* (Berkeley; University of California Press).

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