

ABSTRACT**The Impact of Fiscal Policy and Structural Adjustment: Lessons from the Kenyan Experience****Jeremiah Obaga Atancha**

The study aims at evaluating the impact of fiscal policy and structural adjustment programmes which were adopted in Kenya during the period 1964-92, for the former, and 1981-92, for the latter. The study is based on the macroeconomic experiences of Kenya in the 1960s to the early 1990s, in which fiscal policy was the major instrument of development planning. The fiscal regime was reformed to accommodate the changing external and internal economic conditions and the recurrence of new economic problems. In the 1980s and 1990s in Kenya, there has been a renewed tendency to implement structural adjustment programmes recommended by the international organizations, in order to attain appropriate policies to enhance macroeconomic management.

In evaluating the effectiveness of fiscal policy and structural adjustment programmes, their theoretically expected role and existing economic conditions in the economy are highlighted. In particular, emphasis is placed on the reforms of fiscal policy during the pre-adjustment and adjustment periods, with a view to establishing whether they were the cause of Structural Adjustment Programmes and/or if they helped revive the economy during the latter period.

The impact of fiscal policy and Structural Adjustment Programmes, are evaluated through the use of economic

indicators including: GDP growth, inflation rate, employment and income distribution. In light of the fiscal reforms pursued both in the pre-adjustment and adjustment periods, their influence on the economy is examined.

After the evaluation, the study presents a model aimed at asserting the influence of fiscal policy in Kenya's development process.

In conclusion, the study finds that inappropriate fiscal policy was a major cause of the economic problems in Kenya. The economic problems were also intensified by the presence and/or absence of other qualitative and external factors. Thus, planning with the long-term goals in clear perspective, would enhance Kenya's development process.

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