PERSPECTIVES ON FUTURE ECONOMIC PROSPECTS AND PROBLEMS IN AFRICA

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Discussion Paper No. 121

To be published in: J. Bhagwati (Editor), Economics and World Order: 1970-2000. (MacMillans, New York, 1971)

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December 1971.

I.D.S. Discussion
Paper No: 121

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ABSTRACT

The purpose of this paper is to sketch out with a broad sweep the likely economic developments and problems in Africa over the next two to three decades. By way of introduction to this theme, the paper surveys the special features of the African situation which distinguish it from other parts of the Third World: the relative economic backwardness, the recent origin and devastating impact of colonialism, rapid decolonisation and continued existence of colonial and racist regimes in Southern Africa. As a prelude to the contemporary and future economic problems, the colonial roots of the pattern and growth of African economies are analyzed, together with an assessment of economic growth and change in the first decade of independence, including an appraisal of slow growth during this period. A sketch of economic goals for the African continent over the next three decades is presented, setting out macro-economic and sectoral growth rates, as well as socio-economic objectives.

The second half of the paper identifies the favourable factors as well as the potential obstacles to accelerated and equitable development in the future, isolating for more detailed treatment questions of economic cooperation among African countries, unemployment and income distribution, and the strategy for international development. The paper concludes by a speculative section on the impact on the societies and economies of independent African countries of the unfolding of events in Southern Africa.

THE SPECIAL FEATURES OF AFRICAN SITUATION

In order fully to understand the economic evolution of Africa in modern times as well as its contemporary problems and future prospects, it is necessary to draw attention to certain unique features of the African situation which mark her off not only from the industrialized countries but also from the rest of the Third World. These features have shaped her past, condition her present efforts and responses and are likely to cast a long shadow on future developments. The first of these features is that most of Africa has been for decades and continues today to be economically the most disadvantaged part of the world. It is true of course that official per capita income figures which separate Latin America so sharply from the rest of the developing world suggest a parity of underdevelopment for Asia and Africa. And indeed there is no African equivalent of the grinding poverty and squalor of the vast conurbations of Asia. Yet, as will be shown below, on any reasonable measure of the level of development and potential for growth, the overwhelming majority of African countries would fall behind the Asian countries. It would be beyond the scope of this paper and certainly beyond the competence of this author to probe into the reasons which have made much of Africa the least developed part of the world. No doubt an adequate explanation would seek reasons both in the internal mechanisms and environment of African society no less than the external factors, including especially the impact of colonialism. Here it should be noted that while extreme backwardness makes the task of development immensely difficult, it also affords an opportunity to learn from the experience of others and to avoid the mistakes made by them. The economic backwardness of Africa relative to other parts of the Third World should also entitle her to special consideration in the strategy for global development.

The second feature of African experience that should be emphasized is the impact of colonialism. While the great majority of developing countries have at one time or another shared in the colonial experience, there were some features of this experience which were unique to Africa. Whereas the origins of colonialism in other continents go back three to four hundred years, in Africa it has been a relatively modern phenomenon, in many cases dating back to less than a hundred years. Furthermore, although African countries were among the last to attain political independence, decolonialisation was brought about with a speed and abruptness which had no parallel in other parts of the colonial world. Finally, in contrast to the Asian experience, colonialism in many parts of Africa was preceded or followed by the settlement of large numbers of Europeans from the metropolitan countries into the newly conquered colonies. This was for instance the case in Algeria, Tunisia, Kenya, Tanganyika, Southern Rhodesia, Northern Rhodesia, the Belgian Congo, South Africa, South-West Africa, and the Portuguese colonies of Angola and Mozambique.

These special features of African colonial experience have had a profound and powerful impact on African society and economy. The foundations of a modern economy in Africa with all its characteristic features which will be explored fully in the subsequent section were laid in the colonial period. At the same time the relatively short duration of colonialism meant that the cataclysmic changes imposed by the force of western technology on simple and static societies which could work themselves at a leisurely pace over a period of two to three hundred years in Asia had to be telescoped in Africa in a matter of five to six decades. The shattering impact of colonialism in Africa was further reinforced by the arrival of metropolitan powers to dispossess the local inhabitants of their land and to compel them to seek livelihood as wage earners on their farms. While most Asian societies had durable institutions and structures developed over time immemorial, which could withstand the onslaught of alien technology, culture and way of life, the African societies were more fragile and often collapsed before the power of western technology and culture. Thus whenever the indigenous institutions and structures were replaced by the modern ones, the latter tended in Africa much more than in Asia to be nearer the western models from which they were ultimately derived. In Asia, the durability and resilience of indigenous culture and institutions enabled them to have far greater impact on the modern institutions which emerged from the interaction with the western world.

Africa thus faces more sharply than other parts of the world a crisis of the relevance of imported institutions and structures to her social and economic development. At the same time, however, the malleability of institutions and attitudes in Africa, in contrast to the pristine rigidities of Asian societies, must be considered an asset at a time of rapid changes and disintegration of the old order, provided of course the opportunity thus afforded were grasped to mould them in ways appropriate to African conditions and conducive to rapid social and economic progress. In that sense, the efforts represented by the studies in this volume to foresee the future trends and bend them to desirable patterns have a unique significance for Africa.

The third special feature of the African situation that must be noted here is also a consequence of European colonialism and settlement. While much of Africa moved swiftly to liberation from colonial rule in the sixties, there continue to be large parts of Africa either under colonial or white minority rule. These parts, comprising in the main South Africa, Rhodesia, South-West Africa, Angola and Mozambique, account for 30 per cent of the total gross product and 15 per cent of the total population. The full implications of this situation for the future development of Africa will be pursued in the concluding section of this essay. Here it is enough to say that no discussion of the future of Africa can be meaningful without an explicit consideration of the impact of the evolution of Southern Africa on developments in the rest of the continent. At the continental level, these concern the impact of the situation in Southern Africa on the prospects of political and economic cooperation among the independent African countries and the diversion of their resources to military expenditure and assistance to liberation movements; at the international level, they affect the relationship between the western countries and Black Africa.

The themes which have been mentioned above - Africa's late start in development, the impact of colonialism on African economy and society, and the existence of colonial and racist regimes in Southern Africa - constitute an essential background for an exploration into the future pattern and problems of development in Africa. They are pursued in greater detail in the following pages and their implications for future economic development spelled out more fully. Before discussing the prospects and problems of African economic development over the coming decades, it is necessary to look at the African economies in historical perspective: the colonial impact on the structure and patterns of expansion of African economies and economic growth and structural change in the first decade of political independence.

COLONIAL FOUNDATIONS OF AFRICAN ECONOMIES.

The foundations of the modern sectors in the economies of almost all the African countries were laid during the colonial period. Thus the structure of African economies as well as the path of development were largely determined over this period. Despite the efforts made in some countries in the sixties to modify this structure, the economies of virtually all the African countries continue to display the characteristic features of a colonial economy. The colonial pattern of economic modernisation and expansion in Africa took essentially three forms: the creation of a modern economy through the settlement of immigrants from the metropolitan powers and from other parts of the colonial empire, the exploitation of the resources of the country by mining companies, plantations, trading companies etc., made possible by the infusion of external capital and enterprise, and finally the growth of cash crop production by peasant farmers. Although most economies combined elements of all three patterns of growth, the dominant form of economic expansion tended to place them in one category or the other.

Growth through large scale immigration of settlers from the metropolitan powers was a feature of such countries as Algeria, Kenya, Rhodesia, Mozambique and South Africa, and to a lesser extent of Tunisia, Tanganyika, Northern Rhodesia and Belgian Congo. By one means or another, the settlers succeeded in appropriating vast tracts of land for large scale modern farming. At the same time the presence of relatively large numbers of high income groups led to a substantial development of the manufacturing and service sectors. However, typically the indigenous population remained outside the islands of prosperity created by the immigrants. The administration of the country, the ownership and management of modern enterprises in commerce, industry and agriculture remained almost wholly in the hands of expatriates and European and Asian settlers. Even the production of cash crops by African peasants was discouraged by official policy in most of these countries. Thus the participation of Africans in the modern sectors of the economy took the form of unskilled labour. It was possible for countries in this group to achieve high rates of economic growth as long as there was a substantial infusion of capital, skills and enterprise from abroad. But once the change of circumstances made this difficult, there was a dramatic reversal of economic prospects. The coming of political independence to countries like Algeria and Kenya brought an end to this pattern of development and led in the years immediately preceding and following independence to economic stagnation caused by massive flight of capital and emigration of large numbers of European settlers and officials. The other countries of substantial European settlement are in Southern Africa and have been able to maintain high rates of economic expansion by reliance largely on European skills, capital and management, and exploitation of black labour by a series of restrictions on their economic activities.

The second characteristic pattern of colonial capitalist penetration took the form of investment in mining, agriculture etc. by what has since come to be known as the multinational corporations. The prototype of this pattern of economic expansion took the form of exploitation of minerals, but some cases extended to plantation agriculture. Countries experiencing economic transformation by this mode included Northern Rhodesia (copper), Belgian Congo (copper and diamonds), Liberia (rubber and iron), Mauritania (iron), Guinea (aluminium), Gabon (petroleum and manganese) and Libya (petroleum). While heavily dependent on one or two products, countries in this group managed to sustain high rates of economic growth based on the exploitation of their mineral resources. However, during the colonial period the mining sector remained as an alien enclave meeting most of its input requirements by imports and disposing all of its output to markets overseas. Its impact on the domestic economy was confined to limited generation of local employment and addition to public revenues. A very substantial proportion of high profits earned in mining were repatriated to overseas investors. This mode of economic expansion in the African context has been aptly described as 'growth without development'. While during the colonial period the expansion of the mining sector had limited impact on the rest of the economy, its potential for modernisation of the total economy was quite considerable with a different pattern of utilisation of the resources generated by it. In the post-independence period, one African country after another has sought to increase the benefits derived from the mining sector by alterations in the ownership, taxation, price and royalty arrangements as well as by insistence on training and employment of local staff in high-level jobs. However, in some African countries the pattern of distribution of benefits has remained essentially unchanged from colonial times.

The third pattern of economic transformation took the form of cash crop production and exports by peasant farmers. This form of growth was important in such diverse countries as Ghana (cocoa), Nigeria (cocoa and palm oil), Ivory Coast (coffee), Uganda (coffee and cotton) and Tanganyika (coffee and cotton). In contrast to the other two patterns, this form of development was based firmly on indigenous enterprise and capital. Although foreign companies and middlemen were important in the early stages of the development of peasant cash production in organising the export of these crops, these functions were subsequently taken over by state marketing boards in most African countries. This pattern of development was important because it introduced millions of peasants to operations in the monetary sector of their economies. At the same time over limited periods of favourable prices for tropical products, the expansion of peasant cash crop production could generate high rates of economic growth. Furthermore, in contrast to the other two paths of growth, peasant production ensured a wide diffusion of the benefits of growth. However, the limitations of reliance on peasant production for the generation of growth have become obvious in a number of countries. In the first place, most of the expansion in production has taken place by cultivation of additional land; the growth in the productivity of land and labour has been relatively limited. Secondly, where countries have attempted to attain high rates of production of export crops, they have often run into marketing problems which cancelled out the effects of increased production by lower export prices. Finally, the levels of income derived from production of cash crops continue to be relatively low owing to the use of traditional techniques of production and shortage of capital.

No matter what the dominant pattern of development, virtually all the African tropical countries on the eve of independence displayed in an extreme form the characteristic features of underdevelopment: low per capita incomes, dominance of primary production in total output, dependence on primary products for exports and on imports for most manufactured consumer, intermediate and capital goods, low development of physical and human infrastructure, and heavy reliance on imported manpower for most of the high level jobs. In countries with substantial immigrant population, the economy was somewhat more diversified but the economic position of Africans was even worse than in other African countries.

ECONOMIC GROWTH AND STRUCTURAL CHANGE IN THE FIFTIES AND SIXTIES.

The attainment of political independence by most African countries in the late fifties and early sixties marks a watersh d in the economic development of the continent. In the countries of substantial European settlement, the whole basis of colonial economic policy had to be abandoned; in others where European settlement was not important but European capital, skills and enterprise were expected to play a central role in the creation of modern agriculture, mines, and industry, the old assumptions had to be revised in the light of many changes brought by independence. The post-independence period has been characterised in many countries by vigorous efforts to accelerate social and economic development but the style and substance of policies have changed. In all cases, the state is playing a more active role in promoting economic development. At the same time important differences in economic ideology and approaches to development have emerged among African countries.

Owing to lack of data and paucity of publications on the African economies, it is not possible to trace quantitatively in any precise or detailed manner the progress of African economies in the last two decades. The general picture, however, is reasonably clear. In the fifties most African economies were able to attain high rates of economic expansion propelled by the commodity boom of the post-war period and substantial inflows of private capital and skilled immigrants in countries like Kenya, the Rhodesias, Belgian Congo, Morocco and Gabon. While comprehensive national income data for most of the African countries are not available for this period, it appears that gross national product grew in the vicinity of 4-6 per cent per year in real terms.[1]

Some of the dynamism had gone out of these economies towards the end of the decade with the reversal in the prices of tropical primary products; in some countries the imminence of independence resulted in large outflows of capital and skilled manpower. Consequently the early sixties saw a considerable reduction in the rate of growth of African economies. Although economic growth accelerated in the later years of the sixties, the African performance in the sixties was relatively disappointing: the overall rate of economic growth appears to have been less than 4 per cent per annum in real terms. When account is taken of the fact that the rate of population growth has probably accelerated from under 2 per cent per annum at the beginning of fifties to nearly 2.6 per cent at the end of the sixties, the improvement in per capita incomes may have declined from 2-3 per cent to 1.5 per cent per annum over the period. However, a good deal of the increase in income in the earlier period accrued to non-African businessmen, farmers, overseas investors and expatriate employees, while in recent years there has been major redistribution of incomes and assets in favour of Africans.

As for the distribution of growth by regions, North Africa achieved above average rates of expansion while Central Africa performed relatively poorly.[2] Countries attaining rates of economic expansion of 5 per cent per annum or more were either mineral producers like Libya,

1. See Andrew M. Kamarok, The Economics of African Development (Frederick A Praeger, New York, 1967), chapter 1.

2. The sources for most of the data presented here are A Survey of Economic Conditions in Africa, Economic Commission for Africa, United Nations (New York, 1969); Industrial Growth in Africa, Economic Commission for Africa, United Nations (New York, 1963), and Handbook of International Trade and Development Statistics, UNCTAD (New York, 1969).

Mauritania, Sierra Leone, Gabon, Guinea, or extensive recipients of foreign private investment such as Ivory Coast, Kenya and Malawi. In the latter group of countries rapid expansion of peasant production also contributed to the upsurge in total output. United Arab Republic was apparently the only country to attain relatively high rate of growth without major benefit from these factors. Among the more slowly growing economies in the sixties were Algeria, Congo (Kinshasa), Nigeria, Ghana, Senegal, Somalia, Mali, Morocco, and Sudan. The great majority of the countries in Tropical Africa have per capita incomes well below $150; only Zambia, Ivory Coast, Liberia, Gabon, Mauritius, Senegal and Ghana have incomes above $200 per head. While there are no major regional differences in per capita income in Tropical Africa, the per capita income in North Africa at $175 is double the level in the rest of developing Africa.

Over the past decade or so, some changes have taken place in the structure of the African economy. The share of agriculture has fallen from about 43 per cent in 1958 to nearly 34 per cent in 1969; the share of manufacturing has risen from less than 10 per cent to slightly over 12 per cent. But the most interesting change has been a dramatic increase in the share of mining from about 4 per cent in 1958 to slightly less than 9 per cent in 1969. The main reason for the relatively slow growth in overall production in the sixties is the poor performance of agriculture which probably did not increase by more than 1.5 per cent p.a. Thus the production of food per head fell in the sixties. On the other hand, output of the mining sector raced ahead at a rate approaching 15 per cent p.a., thus providing a powerful boost to the growth of a number of economies in North and West Africa. This is about twice the rate at which mineral output expanded from 1948 to 1960. On the other hand, the growth of manufacturing sector in the sixties at less than 5 per cent was well below the rate of 7.3 per cent recorded in the earlier period. There are some interesting structural differences by region. As might be expected, North African countries have a structure resembling countries at a higher stage of development with agriculture accounting for slightly more than 20 per cent of GDP and mining and manufacturing 13 and 17 per cent respectively. West Africa is at the other extreme where agriculture represents well over 50 per cent of GDP, manufacturing about 8, and despite rapid expansion in recent years, mining still accounts for a mere 6 per cent. In East and Central Africa, agriculture represents nearly 40 per cent of output, mining 6-7 per cent and manufacturing 12-14 per cent.

Of all the major areas of the world, the African countries have the most open economies: in 1967, both exports and imports at $8.4 and 8.2 billions amounted to about 23 per cent of African GDP. The degree of dependence on international trade has been increasing in the sixties. Sufficient information is not available on the balance of payments, but there are adequate data on trade. African exports grew strongly in the sixties, at an annual rate of 8.2 per cent, as compared with 5 per cent in the fifties. This upsurge in exports is largely due to the exploitation of new mineral resources and a rise in the price of certain minerals such as copper. If Libyan exports of petroleum are excluded from the African total, the rate of expansion of export earnings comes down to 5.7 per cent p.a. Imports which grew at an annual rate of 6.6 per cent in the fifties declined to an annual rate of increase of 3.4 per cent in the sixties. These figures are greatly influenced by the Algerian experience where the exodus of Europeans after independence led to a sharp decline in imports. If Algerian figures are excluded, the rate of expansion of imports increases to 5.2 per cent in the sixties. The terms of trade for Africa deteriorated by 10 per cent between 1955 and 1961 but they have remained fairly constant since then though falling in occasional years such as 1962 and 1965.

The share of primary products (SITC 0 to 4) has fallen marginally from 81 to 79 per cent between 1955 and 1967. Within this overall total, however, the share of food, beverages and tobacco went down from 40 per cent in 1955 to 28 per cent in 1967, and that of crude materials excluding fuels (SITC 2 and 4) from 41 to 26 per cent. By far the most interesting development in the field of exports in the sixties has been a dramatic increase in exports of petroleum which have risen from negligible amounts in 1955 to over $ 2 billion in 1967 thus accounting for a quarter of total exports. The share of petroleum is likely to continue to rise for some years owing to increasing exports from Nigeria and Algeria. Other major exports from Africa are copper (9%), coffee (9%), raw cotton (8%), cocoa (4.5%), and groundnuts (3%). With respect to direction of trade, over 80 per cent of Africa's exports continue to be sent to developed market economies, principally the European countries, intra-African trade accounting for a mere 10-11 per cent. The dependence of exports on developed market economies has tended to increase somewhat in the sixties.

Finally, it is necessary to say a few words on the evolution of intra-African and external economic relations. During the colonial period, a high degree of economic integration was imposed by the metropolitan powers on their diverse colonies : for instance, the vast French empire in

West and Central Africa was divided into two administrative and economic units: the West African Customs Union and the Equatorial African Customs Union. Within each unit which comprised several colonies, there was common currency, free movement of trade and factors of production, and a number of common services. There were similar arrangements in the Belgian colonies of Congo and Rwanda-Burundi. In the British African Empire, the East African countries of Kenya, Uganda and Tanganyika, had a common market, common currency, and an impressive range of common services such as railways, airways, tax collection, research and higher education. There were even closer links in the former Central African Federation consisting of Northern and Southern Rhodesia and Nyasaland. The West African colonies of Gold Coast, Nigeria, Sierra Leone and Gambia, had fewer economic links but there were some. One of the unfortunate developments in the post-colonial period has been the dismantling of many of these cooperative arrangements. Soon after attaining indpendence, Ghana severed all her links with the remaining British colonies on the West Coast. The French colonies on becoming indpendent also chose to abandon the former federal arrangements, although they have preserved common currency, a number of common services, and the customs union among the Equatorial countries. The Central African Federation foundered on the rocks of white domination of Southern Rhodesia. After independence, the cooperative arrangements in East Africa were put to severe strains arising from unequal distribution of benefits flowing from them. Although some elements of this cooperation such as a common currency were abandoned, in the end the statesmanship of the East African leaders prevailed to preserve and strengthen these links through the Treaty for East African Cooperation.

At the external level, the most interesting developments concern the economic arrangements between the European Economic Community and the ex-colonies of France, Belgium and Italy. Soon after most of these colonies attained political independence in 1958, they entered into a trade and aid agreement with the Six; this was later formalised into the Yaounde Treaty in 1964, which was further renegotiated for a five year period in 1969. Basically, the Treaty assures the 18 African states duty free access to the markets of the EEC in return for preferential treatment for EEC exports in African countries. There are also provisions for financial and technical assistance administered through the European Development Fund. In the sixties, net official development assistance to all African countries from the OECD member countries and multilateral agencies has been running at an annual average of about \$ 1.6 billion; the trend has been downward in recent years but this is explained largely by declining levels of aid to North African countries. Only about 15 per cent of these funds are channelled through multilateral institutions; and of the bilateral assistance, no less than 40 per cent consists of technical assistance.

CAUSES OF SLOW GROWTH IN THE SIXTIES

It will be seen that the economic performance of African countries in the sixties was well below expectations and certainly considerably worse than that of other major areas of the developing world. Deficiencies in economic management played some part in this as did the limitations on growth imposed by the structure of the economy; but much more important were factors relating to the stability and cohesion of polity and the political imperative to carry out structural changes to achieve a greater national share in the ownership and management of the economy.

The sixties will go down in African history as the decade of political instability and turmoil. During the decade, there were no less than 42 coups. Far more serious for their impact on economic growth were protracted civil wars in the Congo and Nigeria in the opening and the closing years of the decade. Not only do these countries by virtue of their size carry considerable weight in the total G.D.P. of the continent but they must also be counted among a handful of countries in Africa with an obvious potential for high rates of economic growth. The relatively poor economic performance of the Congo and Nigeria due to protracted civil wars was thus a major setback for the continent as a whole. Apart from such extreme cases, a large number of African countries in the sixties have been bedevilled by border wars, tribal conflicts, internal rebellions of varying degrees of seriousness, and a bewildering pace of changes in the ruling regimes. All these have taken their toll on the potential for development in Africa. Even those countries which have managed to maintain reasonable political stability have had to devote massive efforts in creating national cohesion. When faced with the choice of investing energy and resources in efforts to consolidate national unity or to accelerate economic growth, it should not be surprising if most rulers opted for the former. Clearly the prospects for political stability and the factors behind the endemic political instability in Africa must have a central place in any assessment of the economic performance of African countries in the future decades.

Another factor which has contributed to a short-term retardation of economic growth in much of Africa but can be expected to add to their long run potential for development relates to their attempts to achieve a greater measure of economic independence.[3] The latter term is used in a number of different and often contradictory senses but as used here it refers to the efforts to achieve increased national control in economic decision-making and ownership and management of the economy. It was noted earlier that one of the distinguishing characteristics of African economies in the colonial period was their extreme dependence on foreign enterprise, skills and public and private capital. Most African governments on attaining office thus attached the highest priority to enhancing national component in the economy. The first step in all the countries was Africanisation of the middle and upper reaches of the civil services. During a fairly short period of less than a decade, most African governments with the exception of a few French-speaking countries in Tropical Africa, have been successful in Africanising their administrative and executive posts. Since this was done with great rapidity and at a time when the governments were assuming new and complex functions, there was inevitably a decline in standards of administration with consequent adverse effects on economic development.

In many African countries equally important changes have taken place in the ownership and management of the economy. These have taken many forms but in most cases the assets held by foreigners have been transferred to nationals either through the creation of an indigenous business class or through complete or partial take-over by state enterprises. The changes have been particularly dramatic in those African countries which had substantial non-African minorities controlling key jobs and sectors of the economy. In Algeria the European population declined from 1,100,000 in 1960 to 60,000 in 1964. This affected all sectors of the economy, but the impact on agriculture was particularly marked, where the output fell by more than 28 per cent between 1959 and 1963. By December, 1964, more than $7\frac{1}{2}$ million acres of land previously occupied by the settlers had been nationalized by the Algerian Government. Exports would have fallen but for the growth in the petroleum industry, but imports in 1963 were less than half the level of 1960. The GDP fell by 28 per cent between 1959 and 1963, but since the European per capita income was 12 times that of Algerians and since they constituted 10 per cent of the population, the redistribution of jobs and assets resulted in an increase in Algerian income.[4]

3. The issues mentioned here are discussed in greater detail in D.P. Ghai (editor) The Search for Economic Independence in Africa, (forthcoming).

4. See O. Norbye, The Economy of Algeria in The Economies of Africa, edited by P. Robson and D.A. Lury (Allen & Unwin, London, 1969).

Similar but less dramatic changes have taken place in Kenya. Between 1962 and 1969, the numbers of Europeans and Asians in Kenya fell from 62,000 and 180,000 to 40,000 and 130,000 respectively. At the same time more than 1.5 million acres of land changed hands from European and African farmers.[5] Likewise policies have been initiated in Kenya, Uganda, Zambia, Malawi and other African countries to assist the transfer of jobs and small to medium enterprises in commerce and industry from foreigners to nationals of these countries.

The closing years of the sixties have also witnessed extensive attempts to establish control over large scale enterprises owned by international corporations. There has been partial or complete nationalisation of mining companies, banks, insurance companies, large scale manufacturing, processing and trading firms in such countries as Tanzania, Zambia, Algeria, Libya, Sudan, Congo (Kinshasa), Somalia and Uganda. The wave of nationalisations in North, East and Central Africa has been inspired as much by the desire to attain economic independence as by the conviction that rapid development over the long haul is possible in African conditions only if there is public ownership of key enterprises in the economy. The attempts to enhance national ownership and control over the economy whether by restrictions on the economic activities of foreigners to make way for national businesses or by state take-over of foreign enterprises almost invariably have adverse effects on economic growth in the short-run. In a situation of scarcity of skilled manpower and capital, they contribute to an outflow of foreign skills and capital. The justification of these policies is to be sought in the political imperative to redistribute income and assets in favour of the nationals and in creating the framework and structures for sustained growth in the long run.

These developments raise the issue of the role of foreign private investment in African economies in the coming decades. A number of African countries such as Tanzania, Zambia, Somalia, Algeria, UAR, Sudan and Guinea, have turned away from policies of extensive reliance on foreign investment and now look to the state sector for the development of their economies. On the other hand, the majority of African countries still continue to rely on foreign investment for the establishment of most large scale enterprises; and some countries such as Ivory Coast, Liberia, Gabon, Kenya, Nigeria and Tunisia, have been extensive recipients of foreign private capital in recent years. Looking to the future, it should first be noted that the line-up on the issue of foreign investment is liable to sudden changes: in recent years Ghana has completely shifted

5. Statistical Abstract, 1970, Ministry of Finance and Economic Planning, Kenya Government (Government Printer, Nairobi, 1971).

its policy from reliance on state sector to one of encouragement of foreign private investment, and Uganda which in May, 1970, nationalized all foreign enterprises appears within less than a year to be reverting back to earlier policies. On the other hand, Libya, Somalia and Zambia in recent years have made significant moves to socialise their economies. Such shifts of economic policy can be expected to continue in the future, though hopefully with lesser frequency!

Secondly, no matter what the ideological orientation of the country, the hard facts of economics in Africa are such that no country can entirely do without the capital and managerial, professional and technical skills and know-how, embodied in the multi-national corporations. African countries, even more than other developing countries, are desperately short of these things, especially of business skills of all sorts. To some extent, the countries placing primary reliance on state sectors can obtain business expertise and capital from the socialist countries in Europe and Asia, but for a number of reasons their contribution is likely to be severely limited. Thus willy-nilly such countries find themselves doing business with the foreign companies in the form of management contracts, marketing arrangements and joint ownership and operation of enterprises. In the same way, countries such as Kenya and Nigeria, which welcome foreign private investment, are anxious to have control over key sectors of their economies and may insist upon state equity participation, localisation of staff at all levels of operations, and restrictions on local borrowing etc.

These ambiguities in the policy on foreign private investment merely reflect the contradictions inherent in the situation: the strong urge for economic independence on the one hand and the equally vital need for foreign business and technical skills and foreign capital. As the capacity of African countries to initiate and operate complex industrial enterprises increases, tensions arising from these contradictions can be expected to decline. But for the next decade at least African countries will continue to seek both foreign investment and redistribution of the benefits thereof in their favour. One of the challenging tasks of economic policy in these countries is thus the search for appropriate institutional and financial arrangements with giant international corporations for the transfer of modern technology and management on politically and economically acceptable terms.

A SKETCH OF ECONOMIC GOALS FOR THE NEXT THREE DECADES

To measure progress as well as to fashion suitable plans and policies, it is necessary to set out a sketch of economic goals embodying the aspirations of African countries. The population of developing Africa in 1969 was 324.4 millions. Assuming an acceleration in population growth in the seventies and eighties to an annual rate of 2.9 per cent declining to 2.5 percent in the nineties, population in Africa by the year 2000 should be approaching a figure of 735 millions. In order to provide steadily rising standards of living for the mass of the population as well as to achieve other socio-economic goals, African countries should aim at an overall economic growth of 6 per cent a year in the seventies, rising to 6.5 per cent in the eighties and to 7 per cent in the nineties. Such rates of growth should be perfectly feasible for most African countries given the will to achieve them. In my opinion most projections of growth rates of developing countries tend for a number of reasons to seriously underestimate their growth potential; such projections are excessively influenced by past rates of growth achieved by both developing and developed countries and do not allow sufficiently for many new influences which are likely to shift developing countries to much higher rates of growth in the future decades. If the above projections materialise, total African product at constant prices should be approaching $ 276 billions and per capita income $ 375 by the end of the century.

In order to bring about growth of this order of magnitude, it will be necessary for the agricultural sector to grow at an annual rate of 4 per cent, the mining output at 7 per cent, and manufacturing industry at 9 per cent. These rates of growth if pursued over the next three decades will result in significant structural change in the African economy by the year 2000: the share of agriculture will fall to 17 per cent of total GDP, and of manufacturing rise to 24 per cent. One can expect similar changes in the structure of foreign trade.

These macro-economic goals are significant only in so far as they enable specific socio-economic objectives to be met. For African countries, these concern objectives of educational advance, employment and income distribution, and increased role in the management and ownership of their economies. In the field of education, universal primary education throughout the continent by the end of the century is a widely held aspiration; a significant rise in the proportion of children receiving secondary education, in the region of 30 to 40 per cent, will be necessary, if not for reasons of economic growth, then to accommodate to popular pressures. An even more important objective of public economic policy in Africa must be the expansion of employment at an annual rate of 4-5 per cent over the next two to three decades. This must be seen as only one but an essential element in the total policy on income distribution designed to eradicate poverty, reduce differentials between the rural and urban sectors and between high and low income recipients.

The objective of increased economic independence is dependent first and foremost on having an abundant pool of highly trained and skilled labour force. To this end, African countries should fashion manpower development plans to ensure self-sufficiency in high level skills by the end of the century. While for most countries self-sufficiency in non-technical posts should be attained by the early eighties, the existing reliance on expatriates for technical and professional manpower for most African countries is so great that self-sufficiency in this field is unlikely to be attained before the nineties. Finally, a necessary condition for attaining a higher degree of economic independence is a significant acceleration in the rate of domestic savings; in its absence higher goals of economic growth can only achieved by growing dependence on foreign public and private capital.

ECONOMIC PROBLEMS AND POLICIES IN THE SEVENTIES AND BEYOND.

The economic vision held out in the preceding section will only be realized if there is a correct identification of socio-economic problems of development followed by the formulation of appropriate policies to meet these problems. It is, therefore, necessary to focus on some critical problems of development which have already made their appearance in a number of African countries and which in the absence of effective and energetic policies are certain to intensify and to spread to other countries in the years to come.

At the outset it should be stated that Africa has a potential for development which is probably unparallelled in other parts of the Third World. In its vast mineral resources, the continent has a prime mover which under effective management can trigger off rapid modernisation and transformation of its economy. In 1965, Africa supplied 22% of world output of copper, 67 percent of gold, 90 per cent of diamonds, 8 percent of petroleum, 76 per cent of cobalt, and 25 per cent or more of minor metals such as antimony, chromite, manganese and platinum-group metals; and her share is increasing rapidly in petroleum, natural gas, iron ore and bauxite. In addition, however, to the minerals which are already being exploited, there are others which await further surveys and exploration. Probably less is known about the potential mineral resources of Africa than of any other part of the world. Major finds of petroleum, iron, copper, zinc and lead have been discovered in the last ten years in such diverse countries as Libya, Nigeria, Gabon, Mauritania, Liberia and Botswana. These discoveries are already beginning to transform the economies of these countries. There can be little doubt that with further intensive exploration we can expect a continuing wave of fresh discoveries of mineral resources in one African country after another, in the remaining decades of this century.

In contrast to Asia and a lesser extent Latin America, Africa by and large still has abundant land resources in relation to population. Some parts of the continent such as the Nile Valley in Egypt, the central African states of Rwanda and Burundi, Mauritius, parts of Kenya, Malawi and Nigeria, are faced with population pressure on land but on the whole the problem of land shortage is still in the future, though with high and accelerating rates of population growth, the future may not be as far off as some people might think. If, however, effective land conservation and population policies are pursued, parts of Africa may be among the few select areas of the world which by the end of the century would still offer the tourist vast tracts of countryside and miles of beaches unspoiled by the relentless pressure of "human progress". Africa is also fortunate in having been spared the Asian and the Latin American problem of landlordism and peasant indebtedness. These problems which have been such a drag on the development potential of other parts of the Third World, in addition to creating enormous social tensions and conflicts, have, with a few exceptions such as Ethiopia and parts of the continent under white rule, been mercifully absent in most African countries.

Related to this is the absence of other serious institutional and ideological barriers to material progress that are sometimes held to be important in other parts of the developing world. In general, though there are obvious exceptions, there is a strong egalitarian tradition and absence of hierarchical division of society. This ensures a mobility in society which is an important asset in development. Most African societies are exceptionally open to innovations. Some of these desirable qualities are being threatened in some countries by the problems of tribalism which if unchecked could introduce discriminations similar to those found in class and caste ridden societies.

While individual countries like U.A.R., Ghana and Tunisia have in recent years run into acute foreign exchange crisis, this has not acted as a pervasive constraint on development as in many Asian and Latin American countries. Most of the mineral exporting countries have comfortable foreign exchange positions; but even countries which arellargely dependent on agricultural export earnings have managed to achieve satisfactory rates of export expansion. In combination with above average receipts of foreign assistance and private capital flows and conservative monetary policies, most African countries have been able to pursue development programme unconstrained by the scarcity of foreign exchange. Related to this is the favourable position enjoyed by most African countries with respect to foreign indebtedness. With the exception of Ghana, Mali, U.A.R. and Tunisia, none of the African countries has a ratio of payments on external public debt to exports of goods and services in excess of 10%; in most cases, they are well-below this figure. To some extent this reflects Africa's late start in development and of course inclusion of payments on private account would change the picture a good deal. Nevertheless, the lack of a serious foreign exchange problem provides a highly favourable setting to African development efforts in the seventies.

While all these are solid assets on which to base a sustained drive for modernisation and development over the next three decades in Africa, it is clear that in the absence of a clear vision and purposeful policies, they can be frittered away all too easily. Indeed the first decade of political independence in Africa has lready witnessed trends whose continuation would seriously jeopardise the promise of sustained and equitable economic development. The crisis of legitimacy of political regimes and endemic political instability have already been mentioned; the failure to achieve durable forms of economic cooperation is another. In many African states, the initial idealism and enthusiasm generated by independence has already yielded to growing cynicism over well-nigh ubiquitous graft and corruption. The youthful leadership in many African countries instead of providing a dedicated force for modernisation and development has been more concerned with the pursuit of personal material accumulation and the affluent and luxurious ways of living of the departing colonial officials. Thus the new middle class in Africa is in real danger of establishing itself as a major obstacle to development. At the same time the flexibility of institutions stands in danger of being hardened and frozen into alien patterns imported from the west but wholly inappropriate to the social and economic needs of African countries. It is not possible in a paper such as this to dwell on all the danger signals which threaten to subvert the promise of African development. In the remainder of this paper, I have selected for discussion what appear to me certain critical areas of national and international economic policy for African development. Failure to adopt appropriate policies in these areas in the seventies will constitute a severe setback to hopes of realizing the great potential for economic development in Africa.

THE IMPERATIVE OF ECONOMIC CO-OPERATION

Perhaps the single most significant feature of the African economic scene is the fragmentation of the continent into a large number of politically distinct entities with only marginal economic links with each other. The absurdly small economic size of most African countries is too well-known to need reiteration here. Nevertheless, the point may be driven home vividly by a few key statistics. Of the 42 or so independent African countries, only 8 have a population higher than 10 million, more than half have a population less than 5 million, and there are several with populations less than a million. When this fact is combined with very low income levels, the result is that money income for the 'median' African country turns out to be less than the income of an English town of 100,000 inhabitants.[6]

This fact of African economic life must be the starting point for any analysis of the strategy for development in Africa over the next three decades. The colonial pattern of development for African countries was through the expansion of primary products to industrialization based largely on import substitution for the national market. It is certainly possible for African countries taken together to expand their economies by 4-5 per cent per annum in the seventies by continued reliance on this pattern of development. Countries with considerable mineral resources - Congo (Kinshasa), Zambia, Gabon, Liberia, Nigeria, Botswana, Mauritania Algeria - and others which might be joining them in the seventies can expect strong growth in the economies based on the export of minerals. But a pattern of growth wholly dependent on mineral exports suffers from some well-known limitations. Countries such as Zambia and Mauritania which are heavily dependent on the export of one product may be seriously affected by changes in the market for the product. For all of them, minerals are a wasting asset and cannot be relied upon indefinitely for

6. A.J. Brown, 'Should African Countries Form Economic Unions?' in E.F. Jackson (editor), Economic Development in Africa (Blackwell, Oxford, 1965) p. 180.

income generation. On the other hand, if they wish to launch upon industrialisation based on their mining products, this can most effectively be done only within the framework of regional or continental markets in Africa.

The limits of the colonial pattern of growth are even more evident in the case of other African economies which are primarily dependent on agricultural exports for the expansion of their economies. It is unlikely that export earnings from agricultural products can rise by more than 4-5 per cent p.a. in the seventies for African countries taken together and this is likely to set the limits to the overall expansion of their economies. As most African countries are at a very early stage of industrialisation, it is possible that import substitution for some years could provide a source of autonomous growth to these economies. But the extremely small economic size of most African countries will impose severe limits to any strategy of development based on import substitution within the confines of the national market. Countries which have reached a higher stage of industrialisation such as Kenya, Senegal and Ghana will reach the limits of import substitution even earlier. It is clear that a growth strategy based on exports of primary products, imports of sophisticated consumer goods and capital equipment, and industrialisation centred on import substitution of simple manufactured consumer goods, will lead in less than a decade to the familiar Latin American situation of high cost, excess capacity in industry, stagnation of industrial sector, and lagging of agricultural exports. In the African context of even narrower domestic markets, the inefficiencies and costs of this model of development will be multiplied severalfold.

The preceding arguments lead to the familiar conclusion that enlargement of African markets through the creation of common markets, preferential trading blocs and such like arrangements is a necessary condition for the sustained growth and transformation of African economies. Despite the overpowering case for closer economic cooperation among African countries, and determined efforts made by the Economic Commission for Africa and the Organization for African Unity, the progress made in the sixties must be considered highly disappointing. It is clear that the process of forging cooperative arrangements among independent countries is beset with much greater difficulties than was generally assumed. The leaders in these countries take a fairly short term view of their national interests, are reluctant to surrender sovereignty over crucial areas of economic policy and often take the easy way out of withdrawing from cooperative arrangements in situations of a clash of economic and political interest. Benefits that flow from enlarged markets are necessarily of a long term nature. No spectacular short-term gains are available to offset the natural reluctance to share power or put up with compromises. If the full-blown common markets are to prove workable, they require a high degree of coordination of economic, political and social policies. It is thus not surprising that no major breakthroughs in economic cooperation in Africa were achieved in the sixties.

It is therefore necessary to consider what lessons can be learnt from the experience of the sixties and what changes are required in the strategy to achieve greater economic cooperation. In the first place, the all-or-nothing approach must be discarded. For the time being at any rate, attempts to achieve continental economic unity must be abandoned as excessively visionary. In their place efforts should be concentrated on forging economic links among neighbouring countries which are more likely to perceive a mutuality of interests and on strengthening and enlarging the existing cooperative schemes such as the East African Community, the Union Douaniere et Economique de l' Afrique Centrale (UDEAC), the Conseil de l' Entente, the Organisation Commune Africaine et Malgache (OCAM), the Arab Common Market and the Maghreb Economic Co-operation. At the same time the search for comprehensive common markets must give way to exploration of mutually profitable cooperation in more limited areas such as reciprocal preferences on designated products, joint public industrial ventures, development of power, transport etc, on a regional basis, coordinated international commodity marketing, tourist development, research and training facilities.[7]

Secondly, the role of external assistance in underpinning cooperative efforts can be quite critical. It has an obvious role to play in situations where the reluctance of certain countries to participate in economic cooperation can be overcome by an infusion of external assistance to offset differential distribution of benefits. Further it has an important role to play in the creation

[7] See G. Helleiner, 'Structural Change for Africa in the 1970's,' paper presented to the Columbia Conference on International Economic Development, 1970.

of regional infrastructure and in the establishment or strengthening of regional institutions such as development banks and training and research institutes. Such creative use of external assistance can go some way in swinging the balance in favour of cooperative arrangements in situations where immediate substantial gains to all participation members are not forthcoming.

Thirdly, more attention needs to be paid to the role of institutions and ideology in the promotion of economic cooperation. Many worthwhile projects have died through lack of adequate institutional backstopping to overcome the inevitable national inertia or to maintain the momentum at a critical stage. In other instances, cooperative arrangements already entered into have atrophied through lack of institutional sustenance. There is also need for investigation into the problems and possibilities of economic cooperation between countries with different social and economic systems. In recent years strong differences in economic organisation and policy have appeared among different African countries. In East Africa, for example, socialist Tanzania and capitalist Kenya have been members of the East African Community which involves wide ranging cooperation in economic policies. It is not clear that such close cooperation is compatible in the long run with sharp and increasing divergence in political and economic ideology. At any rate there is in this field room for considerable ingenuity in devising institutions and arrangements which would minimize conflict and maximise the area of cooperation.

GROWTH AND INCOME DISTRIBUTION.[8]

Another failure of development policy in Africa in the sixties was the intensification of inequalities of income and wealth distribution. With the exception of a few states like Tanzania and the U.A.R., the pattern of income distribution continues to perpetuate the inequalities of the colonial era. Apparently the only change that has occurred is in the pigmentation of high income recipients. In contrast to most of Asia and Latin America, at the time of independence the salaries for all high jobs in Africa were determined by the salaries in Europe for comparable jobs. Since the wages for jobs at lower levels of skills were determined in the local labour market, this created enormous disparities in incomes between those occupying high level jobs and other employees.

8. The issues touched upon in this section have been explored in several essays in James R. Sheffield (editor), Education Employment and Rural Development (East African Publishing House, 1967).

While there has been a rapid Africanisation of these jobs, both in the private and the public sectors, the colonial structure of salaries and wages has been maintained in the post-independence period, though in the sixties African salaries have not kept up with increases in Europe.

Another change that occurred in the sixties in a large number of African countries was the rapid increase in wage rates of organised workers at lower levels of skills. In East and Central African countries workers were able to achieve through trade union pressure, government policies of high wage, and political weakness of employers, annual wage increases of the order of 7-8 per cent in the sixties. This has had the effect of restricting employment expansion at the same time as further widening the gap between wages of unskilled and semi-skilled organised workers in urban areas and the incomes of workers and peasants in the rural areas. The result of both these factors has been an enormous increase in urban unemployment in most African countries, which has been exacerbated by the ever-increasing numbers of primary and secondary school leavers who look naturally to the cities for employment opportunities. The failure of incomes in rural areas to rise significantly and the intensification of urban under- and unemployment have been in Africa as elsewhere in the Third World perhaps the most important weakness of the development efforts and policies in the sixties.

Looking to the seventies and beyond, it seems clear that in the absence of vigorous policy measures to ameliorate the situation, the problems of unemployment and inequalities of income distribution are likely to get worse. A number of dynamic factors which created these problems in the sixties - the limited employment expansion potential of growth in the modern sector, the accelerating rate of population growth, and the steadily increasing outpouring of school-leavers from the educational systems - are likely to continue unabated in the next two to three decades. These developments contain within them the seeds of rising discontent and turbulence. If in much of Africa the sixties were characterised by the crisis of political legitimacy arising from the lack of a national consciousness, the seventies are more likely to be characterised by instability induced by economic discontent and frustration.

Thus the very highest priority will have to be accorded in the seventies to the objective of growth with equity including a rapid expansion of employment opportunities. An essential requirement for the solution of the problem of poverty and unemployment is acceleration of the rate of economic growth itself. It is unlikely that sufficiently rapid progress in these areas can be made in the absence of a sustained economic growth of at least 6 per cent p.a. in the seventies. But acceleration of the rate of economic growth involving as it does mobilisation of domestic resources and constraints on consumption increases is unlikely to be achieved in the absence of policies designed to ensure a wide diffusion of the fruits of economic growth. The main elements of such policies in the African context are clear enough. They should aim at the reduction of relative differentials in the earnings of salariat on the one hand and wage earners and peasant farmers on the other. This should go hand in hand with attempts to narrow the differentials between organised urban workers and unorganised workers and peasant farmers. An incomes policy along these lines will not only lead to improved resource allocation but also contribute to the solution of the unemployment problem both by stimulating labour expansion and reducing the drift from rural to urban areas.

The shift in emphasis towards equitable income distribution will call for other changes in development policy. Among the most important of these is increased allocation of resources for rural development. This must mean not only increased expenditure on agricultural research extension, credit etc. but also the promotion of non-agricultural activities in the rural areas. Furthermore this will require a reallocation of resources from urban to rural social and economic infrastructure. In Africa perhaps more than in other developing areas, the city and the countryside are divided by sharp differences in techniques of production, levels of income and standards of social amenities. An important objective of development policy in Africa in the coming decades must be the progressive elimination of such dichotomies in social and economic standards.

A closely related problem is the need to adapt standards and institutions inherited from the colonial times. Most of the modern social and economic institutions in Africa - be they schools, technical colleges and universities, or hospitals, youth centres and dispensaries - are modelled closely after their European antecedents. Some of them were devised to cater to the demands of the territories during colonial times. Others were created mainly to benefit the small numbers of European settlers and expatriates resident in these territories. Most of these institutions have outlived their usefulness in their colonial forms either because the purposes they served have changed in scope and magnitude or because the standards they sought to maintain are more appropriate for affluent societies and have now become the vehicle for the perpetuation of indigenous elites. The point may be made with reference to the school system. In the colonial period the schools were designed to train a limited number of persons for clerical, supervisory and technical roles. The numbers admitted were small, the curriculum and syllabus modelled after the European pattern, and the graduates absorbed in the administration and private modern commerce and industry. In the years preceding and following independence, there has been a big expansion of numbers attending these schools but the basic orientation and purpose of the schools have remained essentially unchanged, with the result that large numbers of students are pouring out of them with expectations but little prospects of employment in the modern sector and lacking skills which will equip them for life in the rural areas. It is not surprising that schools have become major generators of unemployment and frustration. Yet there is hardly an African country which has made significant strides in the direction of restructuring of the schools system to make them into an efficient instrument of social and economic development in the African conditions.

A similar point may be made with respect to standards. Whether one looks at social and economic institutions such as the ones mentioned above, or industrial, commercial and residential structures in urban areas in Africa, one cannot escape the conclusion that most of them are designed to standards which are wholly inappropriate to the poverty prevalent in these countries. The result is a colossal waste of resources and perpetuation of standards of living and comfort of an affluent society for a tiny indigenous and foreign elite. An important task facing African countries in the coming decades is therefore the creative adaptation and innovation of institutions and structures inherited from a colonial era to suit the conditions and fulfil the economic and social goals of independent African countries. This can, however, only be achieved if there is a clear vision of the goals to be pursued by the society and a determined effort to fashion the means to attain them. The role of research by African institutions and scholars is critical in this as in so much that is required for the modernisation of African societies.

AFRICA AND THE STRATEGY FOR INTERNATIONAL DEVELOPMENT.[9]

In broad terms African interests on international economic policy are coincident with those of other parts of the Third World. The ambitious goals of African social and economic development in the coming decades depend critically on rapid expansion of world trade, liberalisation of access to the markets of industrialised countries, and expanding flows of financial and technical assistance. But there are important ways in which the interests of Tropical Africa are not adequately served by the current orthodoxy on the strategy for international development as represented for example by UNCTAD, the Pearson Commission Report and the Report of the Committee on Second Development Decade. This divergence of interest within the developing world arises largely from the fact that Africa is the least developed part of the Third World.

Although it is customary in international economic parlance to speak of the developing countries as a bloc, it is generally recognized that there are enormous disparities and differences among them with respect to economic structure, levels of income and growth potential. While no wholly satisfactory composite index of development has yet been devised, a number of attempts have been made, particularly by UNCTAD, to range the developing countries along a continuum of development according to various socio-economic indicators.[10] Most of these attempts place the great majority of countries in Tropical Africa at the bottom of the table of development. One attempt made by UNCTAD to classify 90 developing countries according to a composite index of development based on such indicators as per capita income, proportion of manufacturing in total output and in exports, consumption of energy, school enrolments and access to health facilities found that of the 30 countries in the last third of the scale, 24 are from Africa, 4 from Asia and one each from Latin America and the Middle East.[11] Even the few African countries like Gabon, Liberia, Ivory Coast, Mauritania and Sierra Leone which show up well in terms of per capita income thanks to their mineral resources and extensive foreign private investment, are shown by the composite index to be among the less developed countries. Thus

9. This section is a summary of the points I have made in another paper entitled, 'Africa, the Third World, and the Strategy for International Development,' in A. Mazrui and H. Patel (editors), Africa in the Year 2000: Development and Integration, Volume II (Third World Press, New York, forthcoming).

10. See for instance the UNCTAD publications, The Problem of Identifying the Least Developed Among the Developing Countries (TD/17/ Supp.1, January, 1968); and Identification of the Least Developed Among the Developing Countries. (TD/B/269, July, 1969).

11. Identification of the Least Developed Among the Developing Countries, op. cit. Table 1.

most of the countries of Tropical Africa constitute extreme cases of under-development. Furthermore as the table below shows the gap between them and the other developing countries has been increasing in the sixties:

AVERAGE ANNUAL RATES OF GROWTH IN DEVELOPING REGIONS: 1960-67

Region	Population	Total GDP	GDP per Capita
Africa	2.4	4.0	1.6
South Asia	2.4	4.1	1.7
East Asia	2.7	5.6	2.8
Middle East	2.9	7.2	4.6
Latin America	2.9	4.5	1.6
All Developing Regions	2.5	5.0	2.5

Source: World Bank, Annual Report, 1969, p. 47.

The current strategy for international development contains an implicit bias against the least developed countries and tends to reflect the problems and project the interests of the more developed of the developing countries. This bias arises from the fact that most of the measures proposed for international development are cast in general terms and are meant to apply to all developing countries. The ability to profit from these measures will naturally vary with the level of development achieved by a particular country. Furthermore some of these measures are designed to create equal opportunities for all developing countries not by extracting fresh concessions from the developed countries which are not available currently to African countries but rather by eliminating or generalizing the special privileges now enjoyed by most of these countries. These propositions may be illustrated by reference to some of the key recommendations in the field of trade and development assistance.

As far as trade measures are concerned, the first point to make is that most of the independent African countries already enjoy preferential treatment in the markets of certain developed countries. The Commonwealth system of preferences permits with some exceptions, which however are no great consequence for African countries, duty-free access in the UK to imports from the Commonwealth African countries. Likewise the 18 African countries associated with the European Economic Community through the Yaounde Treaty enjoy, with some exception such as products subject to common agricultural policy in the EEC, duty-free access to the markets of the member states of the Community. The Maghreb countries also have special agreements with the EEC. Between them, these two preference systems cover all independent African countries except for Liberia, Sudan, Ethiopia and the United Arab Republic. The East African countries of Kenya, Uganda and Tanzania are in the unique position of enjoying preferences in both the UK and the EEC countries. Thus most of the UNCTAD proposals on trade such as liberalisation of trade in primary products and manufactured goods and preferences for manufactured exports from developing countries are of no interest to most African countries for they already enjoy duty-free access to huge markets. The fact that they have failed to develop manufactured exports to European countries to any significant extent is a reflection of their underdevelopment in relation to Asian and Latin American countries. Not only are UNCTAD trade proposals of little interest for most African countries but the UNCTAD resolution calling for elimination of such preferential arrangements will involve losses for African countries by exposing them to the competition of agricultural exports from Latin America.

Measures designed to stabilise the prices of primary products at remunerative levels would appear to be attractive from the point of view of African countries since the latter are even more dependent than other developing countries on primary products for the generation of export earnings and incomes. However, these measures, if they are to be successful, invariably rely on production controls in one form or another. There is little doubt that developing countries taken together stand to gain from a coordination of their production plans designed to relate production to trends in consumption. But the allocation of production or export quotas involves a conflict of interest among producers. As African countries have been late comers in international trade, there is a danger that the African share in the world trade in many commodities could be frozen at unrealistically low levels by their adherence to international commodity agreements. It is sobering to contemplate that if there had been a coffee agreement in 1950, the African share of world coffee exports would now have been 15% instead of the present 30%. Apart from questions of equity, African countries either already have or are likely in the future to have a comparative advantage over older producing countries in the production of several commodities. As in the fifties the African countries were able to steadily increase their share of the coffee market, so in the sixties they have been increasing their share of the tea market. And the indications are that this trend is likely to continue in the seventies. The foregoing is not an argument against the participation of African countries in international commodity agreements but a caution that all such agreements should provide for the legimate interests of African countries, in particular by assuring a progressive increase in their share of trade in those commodities in which they have an actual or potential comparative advantage over other producers.

Likewise, the new doctrine on aid is also likely to tell against the least developed countries unless specific provision is made to the contrary. Although on a per capita basis African countries taken together receive more official development assistance than other parts of the developing world, the differential has been steadily eroded in the last five to six years. At the same time the distribution of this aid within Africa does not show that the least developed countries among them are significant recipients. The emphasis in the new philosophy of multilateralisation of aid could work against African countries since they are heavy recipients of bilateral aid from France. Similarly, the shift towards programme aid, emphasizing as it does foreign exchange shortage as the factor determining aid requirements, and which puts premium on detailed comprehensive planning and highly sophisticated management of the economy is likely to tell against countries at an earlier stage of development.

Finally the increasing emphasis on performance as a guide to allocation of aid can work against the least developed countries if interpreted in a mechanical way. For a number of well-known reasons the growth potential of the least developed countries is likely to be relatively low.[12] If performance is measured by growth rates of such indicators as GDP, exports, tax revenues etc. this could discriminate against African countries. This is of course not to argue that performance should play no role in the allocation of aid but that it should be interpreted broadly and imaginatively to measure the effort the country was making to accelerate its development and this will be reflected very imperfectly in the conventional growth rates.

The upshot of the arguments presented above is that the present strategy for international development does not adequately reflect the special problems of Tropical Africa. If growing economic stratification within the developing world is to be avoided, the international community

12. Hollis Chenery, 'Targets for Development', paper presented to the <u>Columbia Conference on International Economic Development</u> 1970.

must accord higher priority to special measures in favour of the least developed countries. These have been discussed on a number of occasions at the international level but have so far been consistently ignored when it comes to the implementation of concrete measures.[13] What is needed is the formulation of special programmes for the accelerated development of the most disadvantaged counrtries of the Third World. The international agencies and bilateral donors should assume particular responsibility for assistance in the preparation and implementation of these programmes. While individual programmes must vary in accordance with the circumstances of the individual countries, certain projects will be necessary for practically all countries classified as least developed. These include the urgency to complete a survey of the natural resources of the country, the improvement of transport routes and communications both internally and externally, development of power and water supplies, and above all expansion of schools and creation of facilities for higher technical and professional training. Once foundations of a sound human and physical infrastructure have been laid, the major constraints to development will have been eliminated.

CONCLUSION

In conclusion, it is necessary to revert to the theme touched on at the outset of this essay: the relationship between Black Africa and the minority and colonial regimes of Southern Africa. Although the situation is fluid, the developments over the past decade have resulted in an increasing measure of isolation of Southern Africa from the rest of the continent. This has cut off many possibilities of profitable cooperation in trade and investment, not to mention in the domain of culture and ideas, between the two parts of the continent. At the same time the situation in Southern Africa adds a major element of uncertainty to the unfolding of the future in Africa. One can envisage the situation in Southern Africa developing in three different directions each influencing developments in the rest of Africa in different ways.

The most optimistic and the least likely outcome would be the liquidation of racism and colonialism in Southern Africa and the establishment there of democratic regimes over the next decade. This would open up immense possibilities of reintegration of the Southern African economy into the economies of independent African countries with favourable impact on economic growth, cooperation and diversification. It would

13. See The Charter of Algiers, October, 1967; and the Report of the Group of Experts on Special Measures in Favour of the Least Developed Among the Developing Countries (Geneva, December, 1969).

further lead to reduction in expenditure on armaments in the neighbouring African countries and lessening of racial tensions throughout Africa and indeed throughout the world. While the most favourable to world peace, race relations and African development, this outcome is most unlikely to materialise. The best one can expect is progress toward majority rule in Rhodesia and the Portuguese colonies. But the powerful and the industrialised state of South Africa is unlikely to yield to majority rule.

The second outcome of the present situation in Southern Africa could be the acceptance of the status quo by Black independent countries to the north. Indeed the recent rapprochement between South Africa and a number of African countries such as Malawi and Madagascar and reported flirtation by other countries such as Ivory Coast, Ghana and Mauritius, might be interpreted as a movement in this direction. While such a development cannot be completely ruled out, it is most unlikely, to put it mildly, that the great majority of independent African countries would succumb to the bribery of economic assistance from South Africa so long as the latter continues to pursue policies of racial oppression. Such an outcome would have a higher probability of occurrence if both Portugal and South Africa showed definite signs of liberalisation of their racial policies. But in that case, it would only be a matter of time before genuine independence based on majority rule came about.

The third outcome and the one that appears most likely on current trends is the growing confrontation between the racist and colonial regimes of the South and the independent Black countries of the North. The development of the situation in Southern Africa along these lines will be full of tragic consequences not only for Africa but for the whole world. The flames engendered by the conflict will not only engulf Africa but also spread to other parts of the world. As for Africa, one consequence of intensified conflict with Southern Africa, already looming on the horizon, would be a growing division among the independent African countries themselves between those which maintain links with South Africa and those which do not. This will not only put paid to any prospects of regional economic cooperation but also generate senseless intra-Africa political and military conflict. A second consequence, also evident already, would be the growing diversion of resources by Black African states particularly those in proximity to South Africa and the Portuguese colonies, to armaments, military preparedness and assistance to liberation movements, with consequent adverse effects on economic development. Indeed it is not too fanciful to draw certain parallels between the fate of Arab states locked in combat with

Israel and the likely struggle of a number of Black African states against South Africa and Portugal. As in the Middle East, the struggle against South Africa could be a festering sore on the body politic of Black African states, draining their resources and adding new strains to their fragile political fabrics.

Nor can the consequences of growing conflict with the regimes of Southern Africa be confined to the shores of Africa. Already increasing numbers of international bodies and gatherings have to tackle with the intrusion of Southern African issues.

Growing armed confrontation between Black Africa and the racism and colonialism of the South could further fan the flames of racial hatred not only in Africa but around the world, thus endangering the white minorities in independent Africa and poisoning race relations in Europe and North America. Somewhere along the way, the Western states would be forced to define their interest and take sides in a much more clear-cut manner than they have done so far. If, as seems likely, they are unwilling to take a forthright stand on the issue backed by requisite measures concerning their trade, investment and military links with Southern Africa, a massive increase in the Communist military, political and economic influence in Black Africa cannot for long be avoided. The parallel with the Middle East need not be spelled out here; nor the impact of the active intrusion of East-West conflicts on the prospects and patterns of economic development in Black Africa. If these prophecies sound too far-fetched, it should be remembered that this essay is concerned with developments over the next thirty years and the dynamics of the forces making up the Southern African problem must inexorably lead either to drastic transformation of these societies or to armed conflict with Black Africa with tremors felt around the world.