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ECONOMIC DEVELOPMENT IN EAST AFRICA : RESEARCH PROJECTS.

The purpose of this memorandum is to outline a set of individual research projects which would constitute mutually supporting parts of a coherent overall research program and which would be feasible for economists working in the Institute or the Department to undertake. These projects may still be altered as a result of discussions with government officials and with academic economists in Nairobi and Dar - es-Salaam, but subject to such adjustments it is helpful to have an outline of our present research plans.

(a) The program should be self-sustaining in the sense that we ultimately decide what are the subjects which we should study, and that we proceed with a definite plan to present our results in a series of monographs and then hopefully in a book. At the same time, we should be very receptive to suggestions from government officials about how to adapt our project for greatest relevance to prospective policy decisions, and should be prepared if requested to undertake short-term studies for governments which fit into our continuing research projects.

(b) The projects should be oriented toward development planning decisions. The time focus should in general be on present conditions, presently available alternative courses of action, and prospective future developments stemming from these alternatives, rather than on past conditions and policies. The audience for whom we write should in general be planners and economists concerned with East African problems, rather than professional readers concerned with the advance of economics as a discipline. Of course both these points are really matters of emphasis, not of sharp dichotomy, but our distinctive bent should be toward current policy and applied economics.

(c) Each project, and the monograph toward which it aims, should be a comprehensive treatment of its subject, in the sense that its analytical framework includes all of the most important questions relevant to national planning decisions. Some of these questions may be clarified by the personal work of the author, some by reference to studies by other investigators, and some simply by statement of the author's informed judgment, pending clearer evidence.

(d) The projects should be quantitative in concept, and to the greatest extent feasible in practice. The analysis should of course take account of presently available quantitative information. In addition, the analytical framework should make clear what reasonably attainable improvements in quantitative information would be most useful for planning decisions, and the study if possible fill some of these gaps. Quantitative information in various projects should be adjusted for consistency.

(e) Though the projects are designed to cover a rather broad range of development planning issues, and to be mutually supporting within this range, they are neither exhaustive nor exclusive. Some notable gaps are problems of productivity improvement within agriculture, labor force questions other than training, health and other social expenditure programs, and measures to increase private saving. Further more, some of the projects may be usefully divided or supplemented in the light of the research work of other economists

studying East African problems. We hope that effective working relationships will permit us all to benefit from specialisation and exchange.

To carry out this kind of research strategy, the following individual projects appear to constitute a coherent and feasible program.

1. Coordinating Development Plans (Clark)

Comparison of economic structures of Kenya, Uganda, Tanganyika, and of their recent economic trends. Similarities and differences in development programs of the three territories, including investment plans of EACSO.

Possibilities of mutual assistance and coordination.

Implications for domestic financing arrangements, and for foreign assistance needs and uses.

2. Structure and Growth of East African Economies (Van Arkadie)

Basic statistical data and national accounts estimates in Kenya, Uganda, Tanganyika. A sector framework for imports, production, interterritorial trade, and uses of industrial products. Projection over ten years if vigorous development proceeds.

3. Location of Manufacturing Industries (Kundu)

Cost structures of present plants, and of plants in more industrialized underdeveloped countries. Transportation costs in East Africa of inputs and outputs. Size of plants here and abroad, indications of economies of scale, and potential markets for plants of economical size. Industries suitable for location in Kenya, Uganda, and Tanganyika. Locational aspects of protection.

4. Integrated Transportation Development (Frank)

Present transport pattern by rail, water, road of main classes of products among designated locations. Costs to private shippers and social opportunity costs. Potential values of new transport links and expanded transport capacity. Taxes paid by different transport means in relation to public financed costs. Implications for industrial, agricultural, and trade development.

5. Potential Trade with Regional and World Markets (Ndegwa)

Present geographical pattern of exports and imports of major products; Transportation routes and costs to other countries of the region. Present trade patterns of other countries. Unit values of present trade and other indications of comparative costs. Potential future regional trade. Survey of existing studies of world markets for East African exports.

6. Agricultural Production and Trade Potential (Kyesimira)

Geographical framework for production, exports, inter-territorial trade, imports, and uses of marketed agricultural products. Relation to rainfall, soils and terrain, local traditions. Recent trends in agricultural production. Projection over ten years if vigorous development proceeds with geographical specialization.

7. Tax Sources and Fiscal Policy for Development (Ghai)

Present tax structures, Uganda and Tanganyika, and revenue sources under consideration for a federation. Revenue needs over ten years for vigorous development. Tax structure and fiscal policy for high marginal reinvestment of income gains. Advantages of particular taxes at federal, national, local levels. Interterritorial transfers in a federation. The problem of short-run stabilization. Relation of revenue needs and protection policies.

8. Monetary Needs for Development (Lomoro)

Official proposals for banking organisation in East Africa. Trends in money, credit, and foreign exchange reserves, in relation to trends in real output, monetary transactions, prices, balance of payments. Money and credit needs over ten years for vigorous development. Potential fiduciary issue and need for foreign exchange reserves.

9. Consumption Patterns with Rising Incomes (Nyanzi)

Present budget patterns of high income (mainly European), middle income (mainly Asian), and low income (African) families. Recent trends in sales of major products. Studies of demand elasticities in another countries. Projection of consumption demands over ten years.

10. Opportunity costs of Capital in East Africa (Clark)

Rates of return on investment in U.D.C. industrial projects, some private plants if possible, electric power, railroad extensions and rolling stock, some small shops, tea and sugar plantations, well-run coffee plantings. Costs of borrowing for different uses and different sources. Forms of saving and alternative uses of saved resources. Marginal opportunity costs of capital at alternative levels of development investment.

11. Opportunity costs of Trained Manpower in East Africa (Rado)

Public costs, private costs, and social opportunity costs of graduates from universities abroad, universities at home, secondary academic, secondary technical, teacher training, primary. Present employment patterns of various graduates, income prospects, and working of labor markets. Private and social rates of return on education. Indications of short-run and long run needs for various kinds of trained manpower.

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