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CONFERENCE ON

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PAPER ON

THE CONSTITUTION AND THE ECONOMY :
NEW OPTIONS FOR AFRICAN STATES

PRESENTED BY

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1. The Nature of the African Problems:

The Development crisis in Africa is characterised by instability, wars, violation of human rights, systematic economic break down, and also by lack of human legal and social development. The African charter for Popular Participation in Development and Transformation (1990 :17), points to "a crisis of unprecedented and unacceptable proportion manifested not only in abysmal decline in economic indicators and trends, but more tragically and glaringly in suffering, hardship and impoverishment of the vast majority of African people."

It has been argued further that the systematic economic breakdown is principally the result of the political and social conditions of the continent, characterised by poor governance, lack of public accountability and popular participation by the majority of people. However, views also exist that, infact the African crisis is primarily a political crisis both in character and origin. It is suggested that the focus on economic reform objectives is too narrow an approach and therefore what is needed is to link them, to political policies and programmes. The performance of many African countries have tended to treat economic reforms as if they are independently contained in separate water tight compartments. The end result, has been the almost total break down in the societal capacities to provide goods and services and hence the current African development crisis.

2. African States Development Experience

The development experiences of African states, for the last decades provides contrasting scenarios, whereas countries got their political independence almost three decades ago; each one of them has had its own experience. On one side, some adopted socialist approaches to development where their key economic institutions were nationalised. Rural development was envisaged to be achieved through the same socialist approaches. Their experiences indicates that there was no dearth of an integrated political and economic system.

Coup d'etat in African states have been followed by violation of constitutions, severe violation of human rights, various wars and almost total destruction of their economy. Even in considered stable countries like Tanzania, Zambia etc. the constitutional frame work guiding development strategies has still precipitates economic stagnation.

3. Instability and Lack of Security in African States

Africa is characterised by unending internal conflicts. Failure to resolve these political questions is a consequences of political systems in place characterised by absence of democracy i.e pluralism, lack of freedom of expression and suppression of opposition. Consequently, failure to address these issues has hightned internal conflicts with rebel activities becoming increasingly fashionable.

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social services, such as education health and industry, agriculture etc. have been cut. The need for food aid to war victims has kept increasing - see table 1 below for some selected African countries.

Table 1. Food Aid, Food Production Per Capita, Average Growth Rate of Food Per Capita for Some Selected Countries

Country	Food Aid '000 of metric tons			Food production per Capita (Index, 1979-81 = 100)			Average Annual Growth rate of Food per Capita	
	1986	1987	1988	1985	1986	1987	1988	1989
Uganda	6.7	15.0	29.3	112	113	109	0.3	-3.5
Somalia	125.5	144.8	152.4	99	102	102	-3	0.0
Angola	52.5	60.5	100.7	90	89	87	-1.1	-2.2
Mozambique	252.1	309.1	466.3	79	80	78	1.3	-2.5

Source: Adapted from African Economic and Financial Data Report 1989.

Conflicts have also rendered loss of manpower and as result resources remain unexploited. More still large areas of the country side turns into wasted battle fields e.g Northern Uganda, Southern Sudan, part of Ethiopia, Mozambique, Liberia, Somalia. The list is long.

In Summary, stability and security are a function of democratic institutions under strong constitutional safe guards. As Kampala Document issued by the Leadership Conference meeting in Kampala (22nd May 1991) pointed out "A fundamental link exists between national security, stability and sustainable development and these conditions can only be brought about by political pluralism encompassing full respect for human rights, official accountability and popular participation". The following recommendations were suggested for constitutional reforms:

- (a) Freely promulgated constitution with bills of rights provisions;
- (b) Limitations of the tenures of elected political leaders;
- (c) Security of tenure for officers in the judiciary;
- (d) Right to own properly;
- (e) Free and fair election.

More to those recommendation women's rights were also strongly debated for inclusion in the constitution.

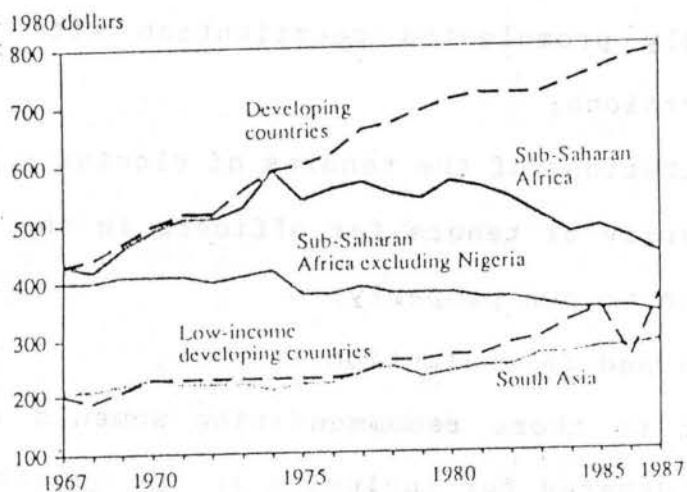
This paper, from the out set therefore, recognises the economic implications of a stable political environment. The need for constitutional safe guards to create this viable political environment cannot therefore be over emphasized.

This paper will however confine its self to those constitutional safe guards that have direct bearing on economic development in light of the specific econo-political environments.

4. An Indication of African Economic Crisis

Looking at fig. 1 below one realises the various economic trends of different categories of developing countries taken since 1967-87 and recognised that for sub-saharan Africa the trend since 1975 continued to decline signalling an economic crisis.

Fig. 1 : Gross National Income per Capita in Sub-Saharan African and othe Developing Countries; 1967 - 87



Source: World Bank data.

As we all know, the Gross National Income Per Capita is given as $\frac{Y}{P}$ where Y is the level of National Income of the country and P is its population level. Therefore, it is generally apparent that the factors which influence the level of investment and population explosion in some developing countries have been favourable but for sub-saharan Africa countries these factors have been working in negative direction. This can be exemplified by the components of Per Capita Income Growth of the countries in sub-saharan Africa indicated below in table 2.

Table 2. Components of Per Capita Income Growth in Sub-Saharan Africa.

	1961 - 73	1973-80	1980-87
Population Growth (Average annual growth rate (%))	2.6	2.8	3.1
Per Capita GDP growth (Average annual growth rate (%))	2.0	-0.1	-2.6
Investment Rate (Percentage of GDP)	15.0	20.6	15.9
Rate of return on investment (Average annual returns (%))	30.7	13.1	2.5

Source : Adapted from Sub-Saharan Africa from crisis to sustainable Growth Report 1989.

The figures above indicate that the rate of population growth since 1961-87 have been on increase. The per capita GDP growth on a decrease between the same period. The rate of return on investment have been dwindling followed by the low investment rate. All those indicators illustrates quantitatively the extent of the sub-saharan economic crisis.

5.0 Future Projections of the Economic Performance of African States

5.1 Debt Service Payments, Interest Payment and Current Account Balance - Projections

From Annex 1 it is predicted that the debt service payment, interest payments and current account balance by 1975, might all have reduced from their current levels to 22.2, 10, and -3.3 percent of export of goods and services - given the favourable econo-political environment of the day.

5.2 Total External Debt

Again as indicated on Annex II, the African external debt might decrease up to 190.9 million US \$ by 1995 from 230 million US \$ where it is now-assuming conducive econo-political environment exists in the African States.

5.3 Output and Foreign Trade Projections

As indicated on Annex III, it is predicted that Annual change, in Percent of the real GDP between 192-95 might have increased to 8.2% while in the same period, the Annual Change

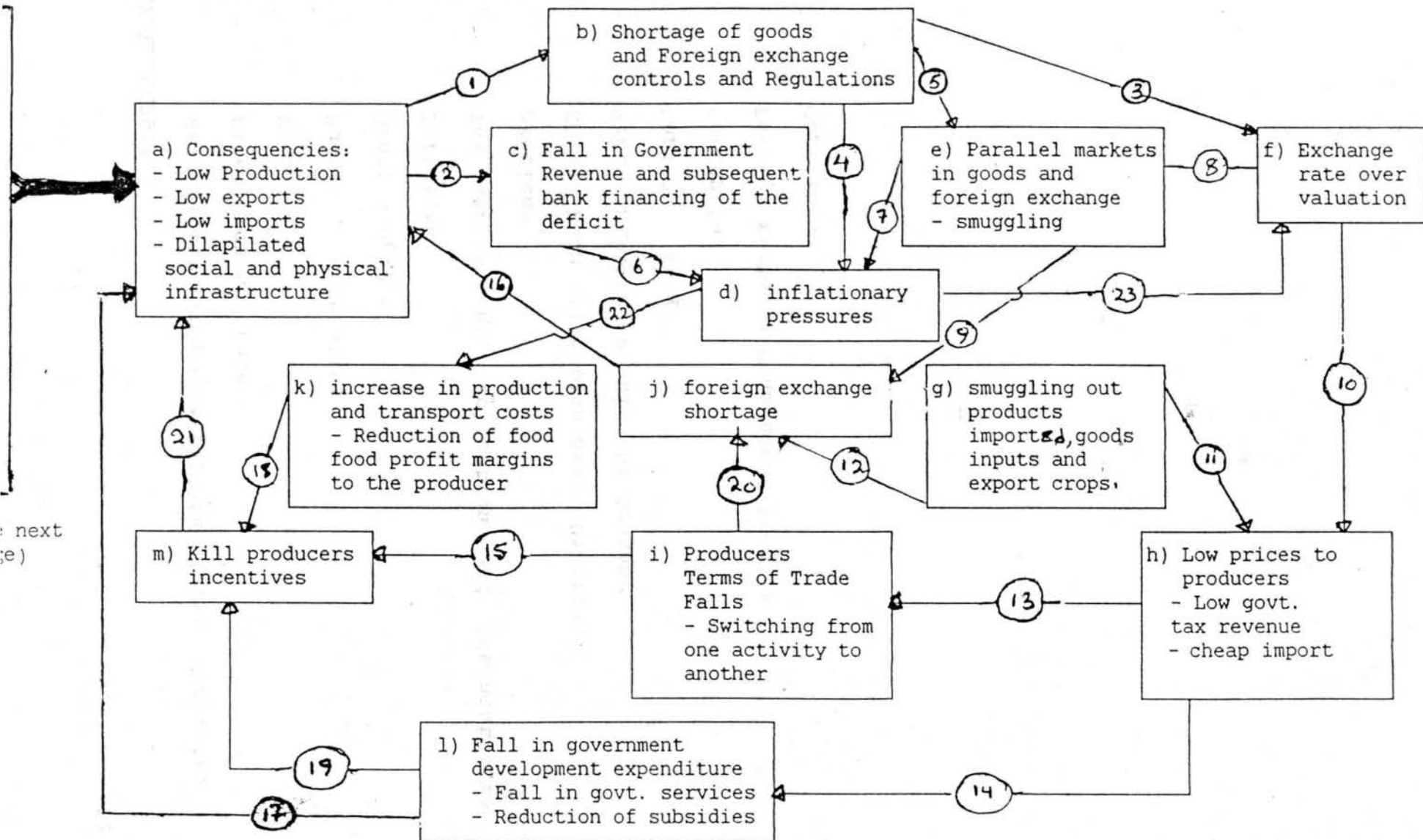
in percent for export and import volume might be the same at level of 2.7% in the same period.

In Summary, African states are facing a very serious challenge of reversing their declining economic trends. Perhaps as pointed out in the World Bank Report (1989) the pre-requisites to achieve sustainable growth include:- environmental protection, capacity building, population policy, Food security and regional integration and cooperation all coupled with emphasis for channeling aid into these priority programmes. All those will assist to "build a better future for Africa" (page 27)

6. Constitution and the Economy of Uganda : Key Issues to Safe-guard:

Uganda since 1970's has been characterised by instability violation of human rights, lack of human legal and social development which have all epitomised in coup d'etat and civil wars. These situations acted as both the cause and consequences of a systematic economic breakdown hence economic crisis as indicated below.

ECONOMIC CRISIS IN UGANDA : A CAUSATIVE AND EFFECT ILLUSTRATION



Source : Adapted from Uganda Economic Association Paper 1990

Key To Figure 2

- A - Restrictive Economic Policies (Price Controls)
- B - Fixed Exchange Rate
- C - Wars
- D - Budget in Discipline
- E - Money supply
- F - Inflation
- G - Tax assesement, Collection and Administration problems
- H - Skewed Loan Allocation Among Districts
- I - Rent - Seeking Within the Economy
- J - Capital - Flight
- K - Corruption
- L - Foreign Exchange Management Problem
- M - Conflicts

By reviewing the Uganda's economic crises, one realises areas which need constitution consideration namely:-

- i) Pricing policies
- ii) Exchange rate policies
- iii) Budget discipline
- iv) Money supply policies
- v) Inflation policies
- vi) Taxation policies
- vii) Rent-seeking policies
- viii) Capital Flight policies
- ix) Foreign exchange management policies
- x) Methods of resolving conflicts

7. Conclusion

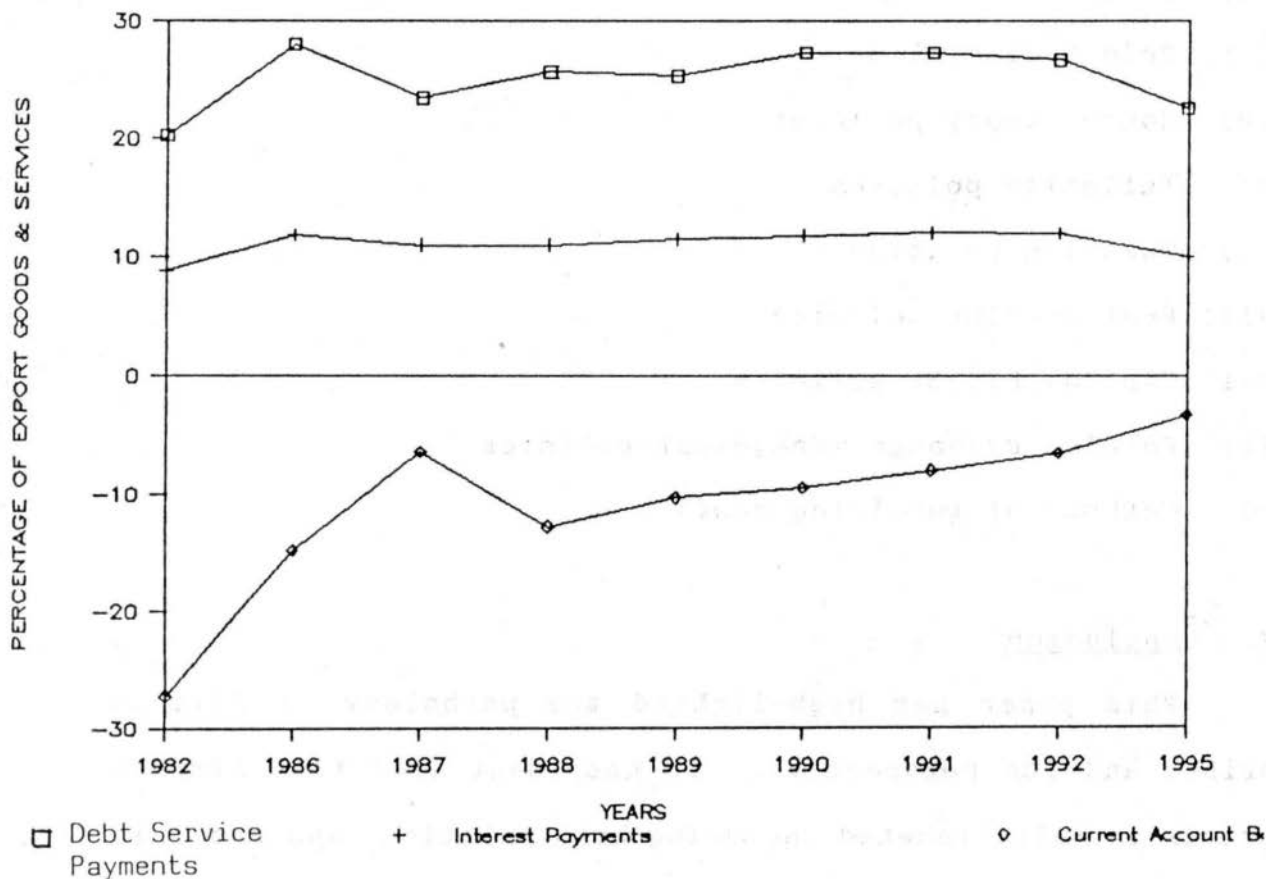
This paper has high-lighted the pathology of African crisis and its perspective. It has identified that African crisis is multi-faceted including both political and economic issues. But when African leaders met at Kampala Forum, they high-lighted more on political issues which need constitutional consideration than economic ones.

African leaders realised the urgent need to transform there states and observed that "African countries should adopt Liberal economic policies that will attract capital, a factor of production in which African states are enormously deficient" (page 10). This observation stresses the need for African states to strengthen their financial sector if they are going to transform their economies. The strengthening need not only simple policy reforms but even constitutional considerations of African states of today and tomorrow.

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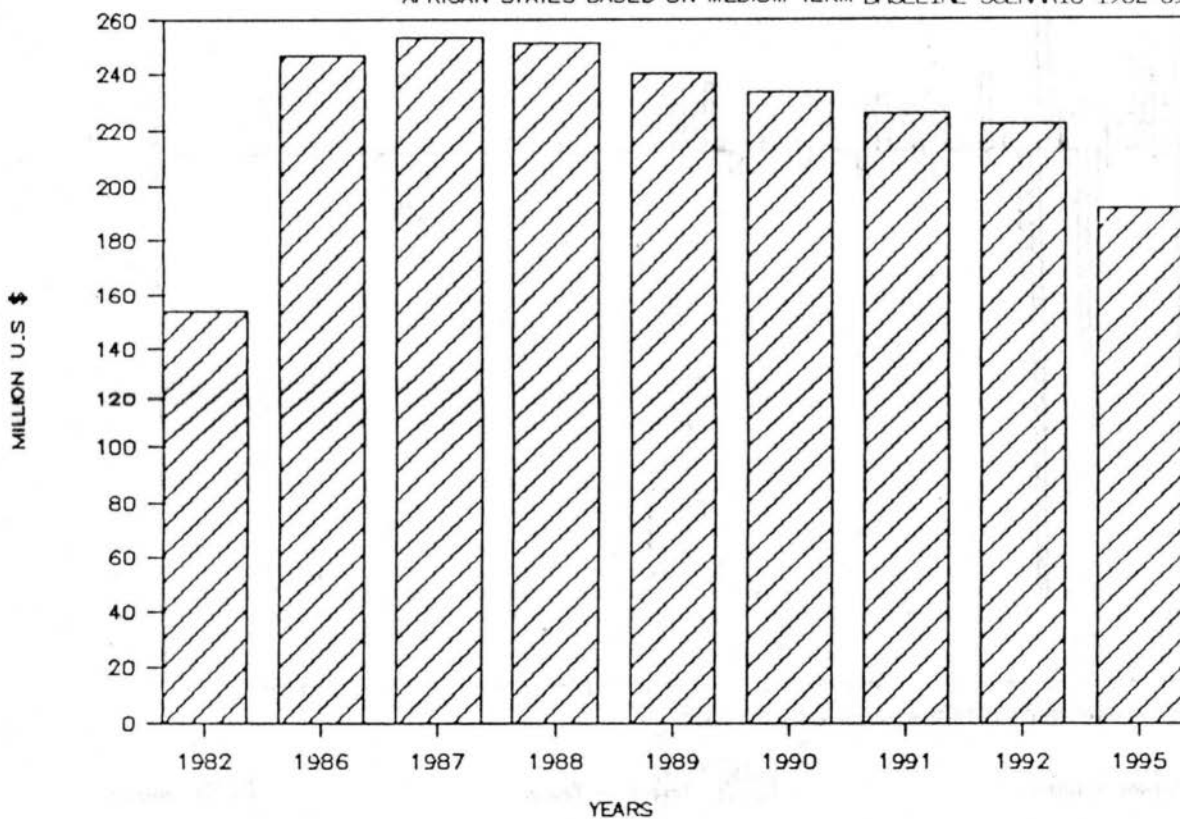
CURRENT ACCOUNT BALANCE, INTEREST PAYMENT AND DEBT SERVICE PAYMENT PROJECTIONS FOR AFRICAN STATES BASED ON MEDIUM-TERM BASELINE SCENARIO 1982-85



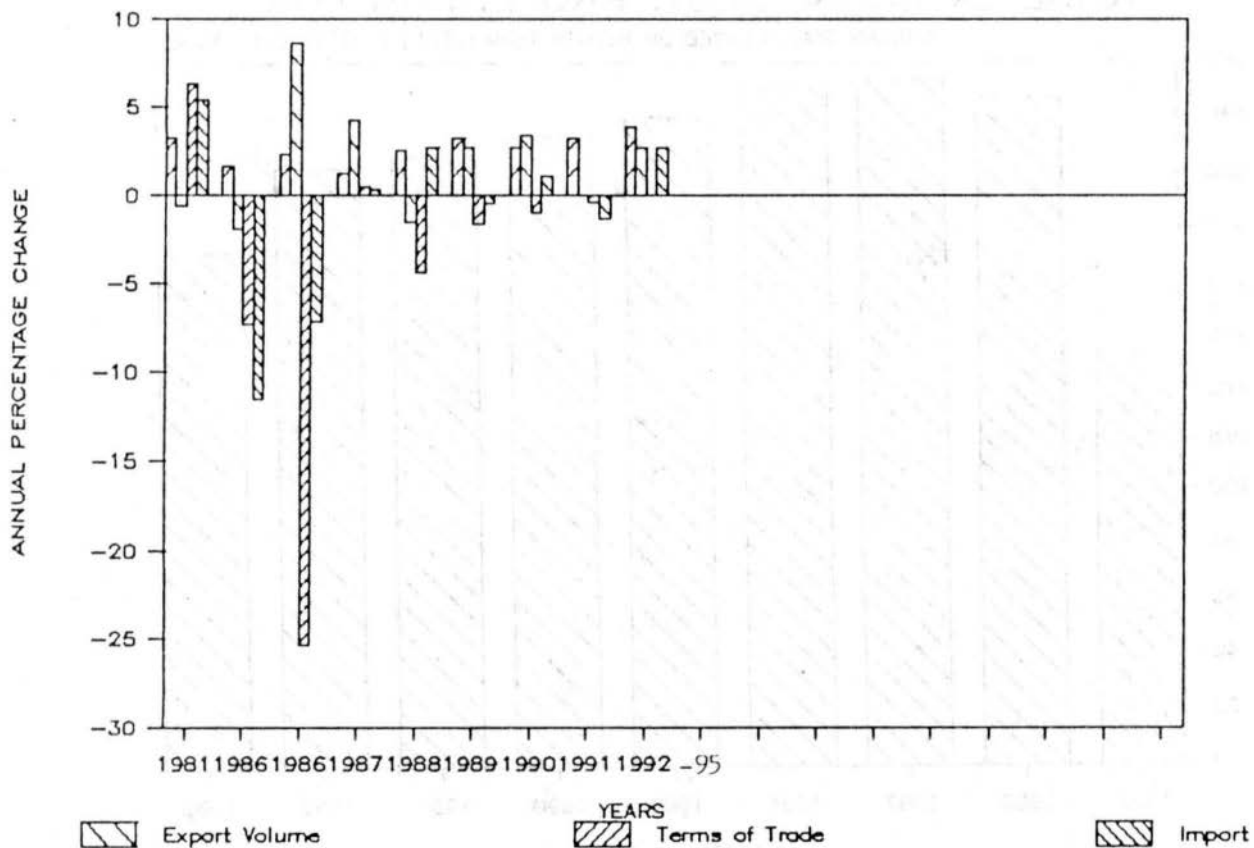
SOURCE: Adapted from World Economic Outlook Report 1990

TOTAL EXTERNAL DEBT. PROJECTION FOR

AFRICAN STATES BASED ON MEDIUM TERM BASELINE SCENARIO 1982-85



OUT-PUT AND FOREIGN TRADE PROJECTIONS BASED ON MEDIUM TERM BASELINE
SCENARIO 1972 - 95 OF AFRICAN STATES



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