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**Africa's  
Economic  
Problems**  
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**COLONIAL LEGACY**

The newly sovereign countries of Africa now face fresh complex problems whose solution calls for stronger political independence and the elimination of every vestige of foreign rule through economic and cultural development.

The colonialist legacy is especially burdensome and hard to overcome in the economy, which in most African countries remains dependent on the imperialist powers and their monopolies. This economic dependence impairs their political freedom and state sovereignty. It is not surprising, therefore, that the national liberation movement in Africa is acquiring new forms and tends to shift to the economic sphere. The African revolution has entered a new stage—that of accelerated economic growth and struggle for economic independence. In these new conditions the Africans will need to put up as hard a struggle as they did to win their political independence. The long standing foreign domination had greatly retarded them economically, and in this respect they lag far behind the leading countries of the world.



National income per head is a general indicator of economic development. For Africa (excluding the South African Republic) the figure is \$90 a year, or only 7.7 per cent of that of the industrially developed countries. The harsh reality of Africa's low income is brought home by the poverty of its people, their malnutrition and poor housing, the lack of schools and hospitals, the prevalence of disease. As a direct consequence of the low income level, it has an acute shortage of qualified national personnel, limited possibilities of accumulation for new investment, an embryonic transport, power industry and industry in general, and wide use of unproductive manual labour.

The chief economic task of the African peoples who have embarked upon the road of independent development is to overcome this backwardness and to attain the level of the highly developed countries within a historically short period.

The struggle for economic advancement demands above all the elimination of the forces and conditions that have turned Africa into a backward economic area. The establishment of sovereign African states, however, was only a first step in this direction. Despite the achievement of political independence the economy of many African countries remained saddled with the economic legacy of colonialism. The majority of them were drawn by the colonial powers into a system of economic ties and relations which keep them in an unequal and dependent state even after political liberation.

Colonialism has retreated in Africa politically, but has retained its economic positions. Moreover, imperialism is seeking for new methods and extending the old methods of exploitation and economic plunder of the peoples of Africa.

### **1. The Colonial Structure of the Economy**

Under colonialism, the internal needs of the African countries were ignored and commodity production was geared to the economic interests of the colonial powers. The African countries, like a number of other dependent countries, were converted into suppliers of raw materials and market outlets for the industrial goods of the metropolitan countries.

Here are some of the basic ways in which Africa was drawn into the capitalist economic system:

1. The advent of colonialism in Africa accelerated the demand for new consumer goods among the Africans. While flooding the continent with imported goods, the colonial authorities deliberately hampered development of African domestic production. This trade was carried on by foreign merchants who made fat profits on the purchase of African products and the sale of European industrial goods. It is not surprising therefore that foreign capital was concentrated in the sphere of exchange: trade, banking, insurance and shipping. Wherever the exchange relations



were not yet well established, the colonial authorities used coercion (such as taxes) to plunder the population. To pay their taxes, the Africans were compelled to grow export crops.

2. Mining for export was carried on mainly by foreign companies. Foreign capital worked only the richer fields which, coupled with cheap African labour, brought them tremendous profits. The copper of Katanga and Zambia and the gold of South Africa tell part of the tale. Mining was greatly intensified after the Second World War and new industries made their appearance in various countries: oil, in Nigeria, Libya and Algeria; uranium, in the Congo; bauxites, in Guinea and the Cameroon; manganese and iron ore, in Gabon, etc.

3. White settlers' farms and plantations producing the bulk of the sisal and pyrethrum and a considerable part of the coffee, bananas, citrus fruit, olive and palm oil, played an important role in the economy of a number of countries (Kenya, Southern Rhodesia, Tanganyika, Somalia, Tunisia, Algeria, etc.).

As a result, Africa became an important world source of raw materials, and even today provides the world market with 96 per cent of diamonds, 69 per cent of cobalt, 63 per cent of gold, 34 per cent of chromium, 32 per cent of copper, 66 per cent of cocoa, 65 per cent of palm oil, 60 per cent of sisal, 40 per cent of olive oil, 95 per cent of groundnuts, 24 per cent of cotton, 25 per cent of coffee and a large part of the other vegetable and mineral raw materials. On the whole, Africa

produces mainly agricultural raw materials which make up 67 per cent of the value of its exports.

Africa's role as a world supplier of raw materials is out of all proportion to its share of the world's industrial output, which is only 2 per cent. To satisfy its own needs in various industrial goods it is compelled to import them, mainly from Britain, France, U.S.A., West Germany, Belgium, Italy and Japan. For them, Africa has become an important market outlet. In Britain's export trade it ranks only after Europe and North America. In 1963, all African countries (not counting South Africa) bought as much from Britain as did the U.S.A. They also remain a stable market for French exports: nearly 20 per cent in 1963, with some commodities reaching a much higher figure: footwear, 90 per cent, chemical products from 50 to 80 per cent, textile goods, 75 per cent, etc.

The specialisation in producing raw materials for external markets has laid a strong colonial stamp on the entire African economic structure.

Agriculture in Africa is the basic and leading industry, employing approximately from 70 to 80 per cent of the entire population, yet its growth rate under colonialism was inadequate. According to F.A.O. gross agricultural output per head in 1960 showed an increase of merely 2 per cent over the figure for 1937. But even this insignificant growth was achieved solely through technical crops, as the output of food crops was only 96 per cent of the prewar yield. Since 1960



the tendency for growth rate, predominantly of the more rapid growth of technical crops, has been on the increase.

Africa's industry is embryonic: its industrial output per head is only 4 per cent of the figure for the economic leaders of Europe and America. The total value of annual industrial output of all the African countries (without South Africa) barely reaches \$3,000 million, which is less than that of Sweden alone. On the average, industry in the African countries accounts for only 14 per cent of the national income.

Mining in Africa accounts for 33 per cent of the extractive industry, as compared with only 10 per cent in the developed countries. Africa extracts nearly 12 per cent of all the minerals of the capitalist world. The extractive industry is most developed in South Africa (nearly 40 per cent of Africa's total mineral output), Zambia and Southern Rhodesia, and the Congo (Leopoldville). In the past few years the extraction of minerals has also been boosted in several other countries: oil, in Nigeria, Libya and Algeria; manganese, in Gabon; iron ore, in Liberia and Sierra Leone; and bauxites, in Guinea.

The processing and manufacturing industry is poorly developed and its territorial distribution is uneven: almost 40 per cent of its output comes from the South African Republic. In some countries under colonial rule, there was some development only of the primary processing of raw materials for export: concentration of ores; timber cutting,

groundnut shelling and cotton ginning. Even today the greater part of the manufacturing industry in a number of countries is working on raw materials for export. For instance, half of Ghana's manufacturing labour force is engaged in wood working. There are also vast possibilities for the development of manufacturing in various other African countries, as most of the exports are still unprocessed.

In the past few years, there has been a noticeable rise in the food and textile industries, and also in the production of building materials. Heavy industry plants and factories are only to be found in a few of the African countries, mainly in the north and south of the continent. There is a developed copper smelting industry in Central Africa (Zambia and the Congo) and alumina is produced in the Cameroon on the western coast. More than 50 per cent of the manufactured goods are produced by small handicraft enterprises.

The lack of industrial development hampered the establishment of close economic ties between the urban and rural areas. African towns were more like purveyance centres and trans-shipment points for the raw materials that flowed to the industrial cities of Western Europe; even the railways were built for this particular purpose. That is why a characteristic feature of most African countries today is the absence of well established economic ties between their various areas and weak domestic trade.



## 2. Dependent Nature of Foreign Trade

Foreign trade plays a vital role in the economy of the African countries, because a considerable part of their domestic production is exported and sold on the world market, whereas most of the industrial goods are imported. Exports constitute 23 per cent, and imports, 30 per cent of their gross national product (G.N.P.), that is, much more than in other countries. For Britain, the world's biggest "shopkeeper", the figures are respectively 18 and 22 per cent, and for India, 5 and 7 per cent. Consequently, African countries are more dependent on foreign markets than other countries. Moreover, these figures do not reflect the colonial nature of this dependence on foreign trade. The trade ties of Nigeria, Senegal or other African countries are basically different from those of Britain or Japan.

In contrast to Africa, the developed countries export manufactured goods and import raw materials.

The majority of African countries have one or two principal export commodities: for instance, coffee comprises 60 per cent of the exports of the Ivory Coast Republic; cocoa beans, 60 per cent of Ghana's exports; the exports of Nigeria and Senegal consist almost exclusively of groundnuts and groundnut oil; coffee makes up 56 per cent of Ethiopia's exports; cotton, 54 per cent of

Sudan's exports; copper accounts for 80 per cent of Zambia's exports.

As a result of their narrow range of export commodities, the economy of most African countries depends mainly on the market value of their basic export commodity. Thus, in the case of Ethiopia, the Malagasy Republic and Angola the economy is virtually determined by the state of the coffee market. Likewise, the state of the cotton market is a similar factor in the economy of the United Arab Republic, Sudan and Uganda, and the cocoa bean market in the economy of Ghana, Nigeria, and the Ivory Coast Republic. The markedly one-sided development of one or two crops clearly indicates that production under colonialist rule had nothing in common with the national interests of the African countries.

The narrow specialisation of agricultural production benefited the foreigners: the larger and more specialised the trade in raw materials, the greater were the profits of the British, French and other foreign merchants. In other words, foreign capital prefers to have the mass cultivation of some single crop, thereby converting African agriculture into a one-crop system.

Specialisation in one or two export crops was the scourge of the African countries' economy. This practice hampered the development of other commodities, including food so that with the growth of the population, particularly in the urban areas, the food problem became more acute and compelled the African countries to make good the



deficit through imports. As a consequence of long colonial rule, the African countries found themselves dependent on a particular market for their raw material exports and on one metropolitan country for their imports.

Africa's political emancipation went a long way to shake this dependence but failed to eliminate it altogether. In 1963 the countries of West and Tropical Africa in the franc zone bought a total of 63 per cent of their imports from France, the figures ranging from 33 per cent for Togo to 72 per cent for Mauritania. France, on the other hand, took 56 per cent of their exports, which ranged from 10 per cent for Mali and up to 80 per cent for Dahomey. Her foreign trade with the Maghreb countries amounted to 50 per cent. The picture is similar in the countries of former British Africa: the erstwhile rulers still have control of their foreign trade.

Africa's foreign trade is based on a non-equivalent exchange. As time goes on, the African countries are compelled to increase the quantity of raw materials in exchange for one and the same amount of foreign industrial goods. The drop in the prices of African raw materials is never compensated by any cuts in the prices of imported industrial goods. On the contrary, the latter continue to soar. This is largely due to the fact that industry is concentrated in the hands of the imperialist monopolies, which have full control of the production and export of industrial goods and refuse to lower prices.

This disparity in exchange favouring the developed countries is illustrated by the following figures: over the decade from 1950 to 1960, the index of world market prices for industrial goods went up from 100 to 124, or 24 per cent, while the price of coffee, cocoa beans and groundnuts dropped by 30 per cent. The fall of prices for Africa's exports despite their constantly increasing volume, considerably decreases its income. Since 1957 Africa has been losing an average of about 2 per cent of its annual income from exports, and its losses now add up to \$2,000 million.

Consequently, Africa's position as a supplier of raw materials for the metropolitan industries and the non-equivalent exchange is a fundamental cause of its retarded economic development and great lag behind the developed countries. It is a factor that continues to operate even today, and the imperialists are staking their main efforts on its preservation in the future.

### **3. Foreign Economic Control**

Africa's disadvantageous position in the world market, due to the specialisation in raw materials, is further aggravated by the fact that the raw material trade and a considerable part of the production is under the control of foreign monopolies. Thus, the mining industry, which in Africa was first established by the colonialists, is still financed and run by foreign firms. The only exception is



the United Arab Republic, which has bought out all foreign property. In the extractive industry all the executive and technical posts are still held by non-Africans with the Africans eligible only for semi-skilled or unskilled jobs.

Domination by foreign capital is having a negative effect on the economic development of the African countries. Take first the case where foreign capital participates directly in production. By organising production in Africa, foreign capital helps to develop the productive forces on the continent, but does this in such a way as to promote its own interests only and never those of the national economy of the African countries, as is amply proved by the poorly developed manufacturing industry and the distorted single-crop economy. Besides, foreign capitalists reinvest only a part of their colossal profits; every year, the lion's share, exceeding new investment, is repatriated. Thus, from 1947 to 1953, out of a total of 23,200 million francs of accumulated company reserves in former French African colonies only 7,200 million francs, or approximately one-third, were ploughed back.

The total profits shipped out of Africa reach a tremendous figure. Foreign capital investments in Africa are estimated at over \$17,000 million. It follows, therefore, that if the rate of profit is 25 per cent and if half the net profits\* are rein-

\* *Net profits* - are the profits retained by foreign firms after payment of taxes, which are estimated at 50 per cent of gross profits.

vested, more than \$1,000 million are repatriated from Africa every year. That is the price Africa pays foreign capital for the development of its productive forces.

The withdrawal of profits made in a given country cuts down that country's national income. The investment of exported capital, therefore, becomes a constant source of revenue for the exporting country, and a systematic drain on the national income of the country of investment. The capitalists of the U.S.A., Britain, France, Japan and other imperialist countries are chiefly stimulated by the higher profits that are as a rule obtained on export capital. Operations by foreign capital have become the chief means of the economic exploitation of the African countries. If the production being organised in Africa by foreign capital were carried on by national firms (private or state-controlled) the total income of the African countries would be much higher, and their economic advance much faster.

The negative effect of foreign capital on the national development of the African countries goes beyond their economic exploitation. As foreign capital increases its investments in production and control of the economy, it exercises an ever greater influence on their domestic and foreign policies. It seeks to achieve this end not only through economic pressure but also through its men in the government administration and economic agencies. The situation in the Congo (Leopoldville), which is run by American and



Belgian imperialists is a glaring example of the constant interference by foreign capital in African politics.

However, not all the foreign firms in Africa invest their capital in industry. Most are established in the sphere of exchange: trade, banking and insurance, and act as brokers between the producers of African raw materials and their consumers in Western Europe and North America. Producing little, or nothing at all, such foreign firms batten at the expense of the Africans.

Take foreign banking. Most of the banks are commercial and specialise in short-term credits to trade and industry. Until recently, such banks rarely agreed to grant the long-term credits required for capital investments. Their records indicate that except for the period of crop purchases, their business operations were generally passive and amounted to accumulating new capital reserves through the issue of stock and the attraction of deposits. The floating funds are constantly shipped out of Africa and invested in the banks of London, Paris and Brussels. In practice, therefore, the foreign banks act like a pump, for they channel floating funds to the metropolitan countries where they are used as additional sources of short-term credit to their own economy or government. Foreign insurance companies operate in a similar manner.

The facts show that foreign banks have greatly extended their activities in Africa since the war. The largest of the British banks, Barclays Bank

(Dominion, Colonial and Overseas) increased the number of its branches in the former Federation of Rhodesia and Nyasaland from 34 in 1938 to 102 in 1959; and the total number of its branches in Kenya, Tanganyika and Uganda from 27 to 109. In the last 10 years, the British Bank of West Africa operating primarily in Nigeria, Ghana and Sierra Leone has also trebled its volume of business. The largest of the French banks are Société Générale, Crédit Lyonnais, and Banque Nationale pour le Commerce et l'Industrie. In addition, new banks have opened their branches, among them the leading American banks, First National City Bank, the Bank of America, and the Chase Manhattan Bank.

It is barbarous to drain the African countries of floating funds at a time when they are direly in need of money for their own development. In doing so, foreign capital retards internal accumulation in the African countries and thereby the formation of their national capital and technical progress in the traditional branches of the economy.

At the present stage of their development, the African countries need foreign capital and cannot do entirely without it, although many African public figures admit its detrimental effect on national development.

There are favourable conditions for the investment of foreign capital, particularly in industry and construction, in almost all African countries.



Many governments aim to develop their national productive forces and to increase employment and are prepared to pay a certain tribute to foreign capital. The problem which arises is to find the appropriate terms for such investments, while securing their adequate control to avoid excessive exploitation. It is of vital importance that such investments should be free from any political conditions and infringements on the sovereignty of the African states.

Most of the African countries are compelled to rely on foreign capital because of their shortage of internal sources of accumulation, lack of technical experience and the impossibility of supplanting foreign firms with national organisations overnight. Many of these states, while allowing foreign investments in the sphere of production, have already started to oust foreign capital from the sphere of exchange, by setting up national foreign trading, banking, shipping and insurance companies. Backed by their governments, the national companies are successfully competing with foreign firms and have gained the advantage of them in several countries: the export of cocoa beans from Ghana, cotton from the United Arab Republic, and coffee from Tanganyika is entirely in the hands of national state-owned companies. Foreign banks have been nationalised in Mali, Guinea and the United Arab Republic, and increased state control over them has been established in Ghana, Nigeria and Tunisia through the organisation of national central banks. The number of African

traders and the share of the co-operatives is steadily increasing in domestic trade.

Despite these national gains, however, foreign capital still retains strong positions, especially in imports, shipping, banking, and in specialised branches of trade as, for instance, automobiles and drugs. Most foreign firms are adapting themselves to the changing conditions: they seek to increase the number of African shareholders, employ more Africans and even change the names of their concerns. Their basic aim is to escape nationalisation, to preserve their sources of profit and control over the economy of the African countries.

There is a growing realisation among forward-looking Africans that there is little prospect for economic development so long as foreign firms retain the commanding heights in the economy. "If we were to count on the foreign capitalists to provide for our economic development," said Modibo Keita at the running in of a cannery in Baginda, "we would have to wait for centuries." To free their economy from foreign monopoly control is therefore the immediate task of the African countries.



#### 4. Traditional Natural Economy and Narrow Home Market

Among the traditional branches of the economy are such staple crops as millet, maize, manioc, batatas and rice. Livestock breeding is an important branch of the local economy in Mali, Somalia, Ethiopia and Libya. Various handicrafts are also widespread.

While the colonial authorities encouraged the cultivation of export crops, they completely ignored the traditional branches. Moreover, by allotting choice lands to foreign firms for their export crop plantations and concessions, and draining the villages of manpower, they played havoc with the local economy.

African farmers, because of their primitive farming practices and implements—the wooden plough and the hoe, dating back a thousand years—have the world's lowest yields: in grain and cotton, they are from 30 to 50 per cent of the world average. Statistics indicate that one U.S. farmer grows food for 12 people and a Ghana farmer only for 1.5.

The productivity of livestock is also low. Only a small percentage of the livestock is sent to the slaughter-house or exported. The cattle population, mostly of poor stock, increases at a slow rate due to high losses and lack of water in pasture areas.

Primitive agricultural methods restrict the African farmers' opportunities in creating any

surplus product.\* Exchange in the villages is very limited, and even today the natural or semi-natural economy prevails. Until recently, commodity production in the countryside was confined to export crops. Most of the peasant households have small farms to provide for their own food requirements and to grow some commercial crop on a small field or plantation.

The fact that farmers tend to produce mainly for themselves is a drag on the growth of the domestic market, whose volume and rate of increase are an important factor in the development of the national economy.

The narrowness of the home market is due largely to the absence of widely established commodity-money relations, that is, relations based on the exchange of commodities involving the use of money and the predominance of small-scale commodity production in town and countryside.

The market is known to determine production which in turn has an effect on the market. Small-scale production predominates in Africa, and this is well illustrated in the following figures related to Ghana, one of its more developed countries. Her industrial census for 1962 recorded a total of 101,525 industrial enterprises, of which only 3,000 (or approximately 3 per cent) employed more than 10 persons, 76.4 per cent employing from 1 to 5 persons. The percentage of such small

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\* *Surplus product*—is that part of the product which is over and above what is required for personal consumption.



enterprises was even higher in manufacturing, 85 per cent; in mining and building it was 25 and 59 per cent respectively.

As small enterprises generally use manual labour, the growth of small-scale production tends to increase the number of workers employed thereby increasing the demand for consumer goods, but it does not create any demand for machines or a market for machine-building and metallurgy. The modest demand for hand tools is met by local handicraft workshops.

The limited African demand for consumer goods on a narrow consumer market is determined by low income levels, and the low living standards are reflected in the pattern of consumption and demand: the largest share of consumer spending goes on food and 15 to 20 per cent goes on non-durable goods, such as fabrics, clothes, footwear, etc. A very insignificant share is spent on durables including bicycles, watches, radios, automobiles, etc.

In the postwar period, there has been a growth of commodity-money relations and a widening of the internal market in the African countries, mainly due to the following reasons: growth of the African population, especially in the cities, development of transport, influx of foreign capital, increase in wage labour, growth of export-crop production, and increase in the cash incomes of producers.

The internal market is developing, and this is vital to the African countries. From year to year,

it has a more potent influence on their economy, tending to modify the entire structure of commodity production, which although still oriented to the world capitalist market, is being reshaped more and more to meet the national demand. In this respect the "Africanisation" of the economy has started.

While noting the growth and the tremendous importance of the home market for the young African economy, it is necessary to have a clear picture of its mechanism and its prospects.

Despite its relatively fast growth over the past 20 years, it has retained its main flaws: narrowness and one-sidedness. The internal base and resources for the economic, especially industrial, development of the African countries still remain limited. The home market tends to have a lopsided impact on the structure of production, boosting only the consumer-goods industries. Under its current influence, African production is developing slowly, although the question of growth rate is of cardinal importance for bridging the economic gap.

The growth of a home market, whose laws govern production, builds up the economic potential of the African countries, but parallel with the progressive economic changes it objectively paves the way for capitalism. It is not surprising, therefore, that in the West, the African home market is evaluated only from the standpoint of investment.



Many foreign firms, taking advantage of their technical superiority and the weakness of national capital, have commenced to exploit the home market of the African countries and are rapidly increasing the number of their industrial enterprises working for it. In 1963 the Anglo-Dutch financial group, United Africa operating in Tropical Africa, had an interest in nearly 50 industrial enterprises, including 7 breweries, 2 textile mills, 5 bicycle assembly factories, in plants producing cement, furniture, packing materials, plastic goods and in radio assembly shops. With the exception of plywood factories, all the other enterprises were producing for the home market. Sixty per cent of United Africa's annual investments went into industry.

Those of the African countries which consistently defend their national interests, while encouraging small-scale production, take steps to check the chaotic elements of the market and the emergence of big national capital. The extension of state and co-operative trade has become a most important method among the many used by a number of African countries to control the market. Price controls, licences, tax and credit policies are also being used for that purpose.

The narrowness of the domestic market hampers the accumulation of national capital. In most countries, the African bourgeoisie consists of owners of small shops and handicraft factories; the rural bourgeoisie in several of the countries are owners of small plantations growing export

crops. Although Africa has been supplying the major capitalist countries with raw materials for nearly 100 years, it had not developed a big national bourgeoisie by the time of its political emancipation.

The domination of foreign capital in all the branches of export production has been the prime factor in retarding the accumulation of African capital. As a result, African merchants had no access to the world market and were confined to trade within the narrow home market. Yet even there, African capital was restricted to a subordinate, subsidiary role, acting merely as an intermediary in the purchase of export raw materials and retail sales of imports.

The postwar development of the African countries' home market accelerated the accumulation of national capital. Apart from trade, investments were made in road transport, housing construction, forestry, the fisheries, etc. The accumulation of national capital, however, has not yet reached that quantitative stage when capitalist production acquires qualitative distinction from small-scale peasant or handicraft production. With the exception of motor vehicles in transport and the motorboats in fisheries there are hardly any other machines employed by national capital.

African traders and entrepreneurs are faced with the vital problem of credit. In the past, foreign banks had either refused to grant it to them or had demanded special guarantees. Special state banks and funds have been set up in many



countries to provide credit for African business, but the demand is considerably in excess of credit facilities.

Due to the weakness of national capital and the predominance of small-scale commodity production, the economic development of the African countries is faced with a number of complex problems. Because local national capital is scattered and small, it is unable to act even as broker or contractor in implementing the African governments' economic measures. In view of the weakness of national capital, the national governments have been extending the state sector of their economy.

The poor development of the domestic market accentuates the importance of the export branches of the economy which, because of their commercial value, are of prime importance to Africa's economy, although they do not account for the major share either of employment or the G.N.P. They are the African countries' chief source of foreign exchange earnings on which depends the volume of imports and, consequently, the level of consumer-goods consumption. In a similar way, the African countries can accumulate means of production (modern machines, buildings, transport facilities) only by marketing their export goods. Under the present economic structure, therefore, the cultivation of export crops is the chief means for the economic advancement of the African countries.

Export crops are also the chief sources of income for the sovereign African states, and consequently, a source for financing their social services: education, public health, housing construction and social insurance.

Finally, exports yield the bulk of the Africans' cash income, whose levels largely determine the level of demand and production in other branches of the economy. No wonder an all-out effort is being made by most African countries to develop the export branches of production in every possible way.

However, in spite of the economic importance of the export branches, the African states are in no position to decide on their output, or plan their growth rate in advance, since the demand for such produce depends entirely on the economic outlook elsewhere, primarily in Western Europe and the U.S.A.

Moreover, it has become evident over the past 5 or 7 years that the demand for African raw materials lags considerably behind the growth of production in the industrialised countries. It turned out that African countries are unable to keep pace with the growth of production in Western Europe and the U.S.A., and it has become obvious that the system of economic relations imposed on Africa by the colonialists dooms it not only to continued dependence but also to increasing economic backwardness.

Africa's present external economic relations impede its economic and social progress. Within



their framework, any progress is purely a matter of chance, such as an extremely favourable market outlook for some commodity or the discovery of rich mineral deposits.

Africa's inequitable and unprofitable economic relations with the capitalist market have come down from the past. In recent years their nature has become even more obvious in view of the steady tendency for prices to fall. But in contrast to the past the dependent nature of economic relations is in sharp contradiction with the political changes: the independence gained by the majority of African countries. To overcome this contradiction, Africa faces the need for radical changes in the structure of its economy and the entire system of its external economic relations.

The achievement of economic independence is a task of paramount importance for the emergent African national states. It will become possible only through a radical change in Africa's position within the world economy, and its complete freedom from imperialist exploitation. The African countries need to overcome the one-sided structure of their economies—a legacy of the colonialist past—and establish a diversified national economy.

**TASKS AND METHODS  
OF ECONOMIC  
DEVELOPMENT**

If the African countries are to overcome their economic dependence it is indispensable for them to basically change and develop their national economy. Structural changes must also be made to establish a diversified agriculture, and to enhance the role of manufacturing industries. On the whole, structural changes must be made in production to increase the share of industrial output in the national income.

The need for Africa's industrial development becomes particularly evident in view of the fact that its industrial output per head is only 4 per cent, and agricultural output, 50 per cent of the figures for the developed countries. Whilst priority is to be given to industrial growth, production should develop in accordance with the structure of domestic demand, so as gradually to lessen the dependence on foreign markets, and enhance the role of the home market and production for domestic consumption.

Growth rates become an extremely important factor in the struggle for economic independence,



and must necessarily be high, for the following reasons. Firstly, rapid population growth demands an equal economic pace, as otherwise there will be a drop in per capita income. Secondly, since one of the tasks of the African national liberation movement is to raise living standards by overcoming poverty and eliminating illiteracy, there must be a steady rise in per capita income. In order to ensure a 2 per cent annual rise for a growing population, the economic growth rate (or a growth in real national income) should be about 5 per cent, in which case the national income per head would double only in 35 years; for a quicker rise in the standard of living, still higher growth rates would be required.

Finally, the economic pace will eventually determine how soon the African countries overcome their economic lag and catch up with the industrialised countries. Thus, it is of primary importance for countries seeking to attain economic independence to maintain high growth rates of development, particularly in industry. According to the United Nations Economic Commission for Africa, an annual industrial growth rate of 7 or 8 per cent would be required for the African countries to reach the present level of the industrialised countries within 40 or 50 years.

The majority of African countries have intensified their economic development since political liberation but their economic pace is still slow. Higher labour productivity and large capital

investments are required to solve this problem, with social reforms playing a significant part.

The experience of liberated African and Asian countries shows that in the struggle for economic independence and for progress in national production, the basic measures are: reconstruction of agriculture, industrialisation, economic planning, extension of the state sector and external economic ties with a maximum number of countries, including the socialist countries. Close economic co-operation between the African countries is an important factor in their development.

#### **1. Development and Diversification of Agriculture**

The development of agriculture is of vital importance for African states building an independent economy since it is the principal sphere of material production contributing the greatest share of the national income. On its development and capacity to supply the needs of the population in food and industry with raw materials and man power, depends the growth of other branches of the economy.

The African countries are faced with the tasks of increasing agricultural output in general, and commodity output, in particular. The latter, being the marketable product, is not consumed on the home farm.



Under colonialism commodity production was, as a rule, confined to the cultivation of export crops. The tasks of establishing an independent national economy, however, make the following demands on agricultural commodity production:

1. To increase the output of food to satisfy the needs of the population, thereby freeing the African countries from the need to import foodstuffs. A decrease in food imports will allow the African countries to increase their imports of equipment, agricultural machines and transport vehicles, all of which will serve to accelerate the economic pace.

2. To boost technical crop production, required for the national processing industry, for example: sugar cane for the domestic sugar industry; tobacco for the tobacco industry; cotton for the textile industry; and fruit and vegetables for the canneries.

3. To extend agricultural production for export, since the export of agricultural raw materials is still the basic means of acquiring industrial goods. The African countries need more and more export resources for their economic growth, in particular for importing the means of production. The task, therefore, of increasing commodity production and raw material supplies for the home industries is not to be solved by curtailing export crop output. On the contrary, the plans for economic development of most African countries envisage a large increase in the output of export crops. In its seven-year plan, for instance, the Republic of Guinea is contemplating an increase

in the output of banana from 50,000 to 100,000 tons, and of pineapples, from 6,000 to 20,000 tons.

4. To establish a diversified agriculture in order to supply the home market with all the necessary agricultural produce. The cultivation of new crops which could be marketed abroad would ensure a steady income from exports, thereby lessening the African countries' dependence on the market for a single commodity.

There are two ways of increasing agricultural commodity output: extension of sown area by ploughing up virgin and fallow lands (extensive farming), or increase of productivity of labour and crop yields on cultivated lands (intensive farming). Both methods are applicable for the majority of African countries.

The total area of waste and fallow land in Africa is almost 1,500 million hectares. Since the development of virgin land is often beyond the possibilities of small farmers, this task in many countries is being solved in an organised manner, under government plans. Young people are invited to establish co-operatives on the new lands and are granted state subsidies for housing and the cultivation of perennial crops.

However, the increase of agricultural output through the extension of area under crop is only a temporary solution since the availability of cultivable land is limited. Moreover, only small plots of land can be tilled by hand. That is why the method of extending the sown areas must be accompanied by an intensification of farming as a



whole. High crop yields and a high productivity of livestock raising are the ultimate basis for the development of agriculture and an increase in commodity output.

To achieve these aims, African countries need to extend and basically reorganise the material and production basis of their agriculture. Artificial fertilisers and farming machines are at present mainly employed on European farms and foreign-owned plantations. If productivity of labour is to grow in agriculture as a whole, the African rural areas have to be supplied with farming machinery, tractors and mineral fertilisers, and the Africans taught how to operate the machines and make use of modern farm practices. Reorganisation of agriculture in most African countries is, indeed, tantamount to a revolution.

The development of agriculture in many regions of Africa depends on the extension of irrigated lands, the building of such irrigation systems as the Aswan High Dam in the United Arab Republic, Akosombo in Ghana, Djibba on the Niger in Nigeria, and Shair in Malawi, are becoming important landmarks in the agricultural development of these countries.

The reorganisation of the material and technical basis of African agriculture requires tremendous capital investments for there is the need to build not only irrigation networks, but also farming machinery and tractor works, fertiliser plants, etc.

The reorganisation and modernisation of agriculture involves problems other than purely

technical and financial. The use of new means of production requires a new social organisation of African village life, and social reforms and transformations are at least as important as technical reconstruction.

First of all it is necessary to set up large farms, because increase in the productivity of labour and the most effective use of machines are possible only on the basis of large-scale production. An important factor also is the choice of the social type of large-scale production: is it to be of the farmer producer co-operative or state-farm type? The choice there will largely determine the future of the African countries, for the farmer type implies a development of private capitalist enterprise, whereas the co-operatives open the way for non-capitalist development.

The co-operative idea is fairly widespread in Africa, and the movement has made some headway. There are favourable conditions for its development in Africa for in most of its countries communal landownership is widespread and there is as yet no private landownership. Common land hindered the stratification of the African peasants into wealthier or poorer classes, and ingrained in them the habits of collective labour and mutual help. Africa's progressive forces are striving to preserve this feature of African rural life, which creates the prerequisites for the development of agricultural producer co-operatives.

But the existence of communes does not in itself determine whether African rural development will



go along the capitalist or non-capitalist path. Karl Marx wrote that dualism was characteristic of the commune: collective landownership and private enterprise on it. The dualism of the rural commune "allows of the alternative: either the proprietary principle will take the upper hand over the collective principle or vice versa".\*

The development of commodity-money relations in the peasant economy is undermining communal landownership. Thus, the cultivation of perennial commodity crops (coffee, cocoa, and rubber) has led to a spread of hereditary holdings of the tracts of land in question. In general, however, communal relations in many African countries have not undergone any radical break-up and the bulk of the African peasant farms remain predominantly consumer, with an extremely low standard of living. The common land facilitates the establishment of co-operatives in the provinces and potentially offers the possibility of adopting large-scale production with a high productivity of labour that could provide African peasants with a rising standard of living. But this calls for an active agrarian policy and material assistance on the part of the state. It must also make efforts to rid the village communes of tribal survivals, eliminate the exploitation of its rank and file by the tribal chiefs, provide education for the masses, and develop their social initiative.

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\* Marx, Engels, *Works*, Vol. 19, Moscow, 1961, Rus. ed., p. 419.

More and more African states are adopting the co-operative form of agricultural production, and farming co-operatives now have a total membership of 2,700,000. The establishment of peasant co-operatives has become a component part of the national agrarian policy in the United Arab Republic, Ghana, Guinea, Mali, Algeria, Tunisia, Tanganyika, Senegal, Cameroon, and others, but credit, supply and marketing co-operatives still prevail in most of the African countries.

This is due to the fact that African peasants are exploited mainly through the sphere of exchange, and co-operative credit and trade provide some protection against the ruthlessness of commercial capital and the moneylenders. Moreover, the colonial authorities had encouraged credit, supply and marketing co-operatives in order to extend their purchases in the provinces. Such co-operatives, together with the price and credit mechanism, induced the peasant farms to specialise in the production of export commodities for markets in the former metropolitan countries.

Producer co-operatives in the African countries are still poorly developed, and are as a rule, the lowest forms of co-operation, such as joint tilling of land, mutual aid, etc. Since these forms of co-operation are usually based on the means of production available in individual peasant households, their economic effect is still insignificant. The establishment of modern co-operatives equipped with the latest farm machines requires an active policy and considerable financial aid



from the state. The majority of the African countries, however, lack the necessary resources for large investments in agriculture.

The co-operative movement is developing in struggle, as different concepts are held of its tasks by various social circles. Bourgeois elements regard the co-operative method only as a form of technical progress in agriculture, and are trying to develop it within the framework of capitalist relations. The revolutionary democratic forces of the liberated countries, on the other hand, are striving to by-pass the private capitalist way by basing economic development on the collective nature of co-operative property. They regard the co-operatives as something more than a form of technical progress. They see it as the embryo of new social relations in the countryside, and the co-operative movement in Guinea and Mali is of great interest in this context.

The Democratic Party of Guinea has set itself the task of preventing the growth of capitalist relations in the country, preserving the collective nature of property in the economy, and to equip the co-operatives with modern means of production through state assistance, thereby raising the national productivity of labour and standard of living. The social and class character of the peasant co-operatives ultimately depends on the active role of the state. The Government of Guinea is laying stress on the organisation of producer co-operatives, and has enacted a number of laws to exclude the exploitation of man by man. The most

important ones are: a decree on the closure of co-operatives established by the French administration; a decree banning the lease or sale of communal land; a decree setting up mutual help societies to develop agriculture; and a decree on the new co-operative Rules. A co-operative movement, similar in form and social content is also under way in Mali.

The provision by the state of new farm machines is crucial to the establishment of new relations of production in the co-operatives of Mali, Guinea, and other countries.

The co-operative movement in the African provinces encounters various difficulties, primarily, the shortage of financial resources. The co-operatives' own resources are insufficient, and the bank credits as a rule carry a high rate of interest, while government investments in agriculture are slow and are limited by a general shortage of funds.

Another drag is the shortage of qualified personnel and simply people who can read and write. The organisation, therefore, of national co-operative schools and courses for training the needed personnel is becoming one of the most pressing problems for the African countries.

In addition to the inexperience of the newly established co-operatives, the financial and organisational difficulties compel the governments of the young states to only a slow, step-by-step progress in the co-operative movement. In Guinea, the government adopted a plan for the gradual socialisation of the means of production and transition



to social labour. As the first stage, it recommends extension of the activity of existing co-operatives through the collective use of light farm machinery (threshers, peeling mills, oil presses, etc.). At the second stage, it suggests the mechanised cultivation of collective fields, the setting up of collective poultry and small livestock farms, the establishment of indivisible funds ranging from 10 to 30 per cent of the total earnings, with the remainder being distributed among the members according to their work. The third stage envisages the collective cultivation of all the fields leaving only the gullies for individual use, the organisation of collective livestock and pig breeding and the training of animal farmers. The transition from stage to stage is to be carried out with the growth of economic and technical experience and in accordance with the changes in economic and political conditions.

Economic growth, therefore, insistently demands the development of producer co-operatives. In the more up-to-date villages of Africa, the co-operative system is a vehicle of progress and efficiency in production, and a means of increasing the productivity of labour and raising mass living standards.

As it grows and strengthens, the co-operative movement in the African countries brings culture to the provinces, helping to improve the welfare and social services. It can stimulate the peasant masses to creative initiative and raise the level of their political activity.

The development of the co-operative movement tending to become a mass peasant movement in the liberated African countries brings to the fore the crucial question of its political leadership. The struggle to win this leadership is, therefore, one of the tasks of the progressive African parties. Guided by democratic and progressive forces, the co-operative movement can become an important social force in the struggle for a stronger national independence and non-capitalist way of development.

There are great tracts of waste land in Africa and the problem of agrarian reforms in general is not as acute as it is in South-East Asia or Latin America. But that is not to say that the land problem has been solved and that there is no need for agrarian reforms. In a number of countries, like the United Arab Republic, Morocco, Tunisia and Algeria, there are still many landless peasants, while large feudal and private farmer estates remain. In Kenya, Southern Rhodesia and the South African Republic huge tracts of the most fertile land are held by white settlers. Agrarian reform, the transfer of the land to those who till it, is a crucial task facing many African countries.

Several of them have set agrarian reforms in train, and a few are doing it step by step. Nearly a million peasant households received land in the United Arab Republic between 1952 and 1961 as a result of the agrarian reforms. Foreign-owned lands in Algeria, Tunisia and Kenya are being nationalised, and peasant co-operatives and state



farms established on them. West African countries, like Mali, Ghana, Guinea and Senegal, pursue an agrarian policy which aims to prevent the spread of private landownership.

## 2. Basic Tasks of Industrialisation

Poor industrial development, a sign of economic backwardness, is characteristic of all the developing countries of Asia and Africa. It is not surprising, therefore, that their national economic programmes give priority to industrialisation, which is regarded as the key in liquidating the old colonial-type economy and the main lever for increasing their national income and overcoming their economic lag.

The share of industry in creating the national income, which is the generally accepted indicator of industrial development, reaches 80 per cent in the advanced countries and an average of only 14 per cent in the African countries.

Industrial growth is the basis of industrialisation, which in practice, however, implies much more than mere industrial growth. Not every kind of development in industry is equivalent to industrialisation. Thus, for example, the growth of the extractive industry without the establishment of industries for subsequent mineral processing is not industrialisation in the full sense of the word. Industrialisation rests on the development of the

various processing industries based on large-scale machine production.

The entire economic and social development of the African countries can be revolutionised through the development of large-scale processing and manufacturing which will create demand and bring to life new branches of raw material production, electric power supply, metallurgy, building materials, etc. It will multiply employment, change living conditions, distribution of population, habits and requirements. Machine production will markedly increase the productivity of labour, national incomes, raise living standards and consumption and improve social services. Finally, the development of manufacturing will free the African countries from the burdensome need of buying manufactured goods from the imperialist countries. Industrialisation, on the whole, will work a fundamental change in Africa's position within the world economic system.

Thus, to sum up: industrialisation alone can modify the structure of the national economy, ensure growing productivity of labour, raise the standard of living and free the emerging countries from economic dependence. It must rest on a diversified manufacturing industry.

*Historical Conditions of African Industrialisation.* Since Africa started to industrialise later than other countries, it can benefit from their industrial experience by choosing the most rational path and methods. But the conditions in present-day Africa are distinctly different from those of the industrial



revolution in Western Europe or of the industrialisation of the U.S.S.R.

The principal difference lies in the initial levels of their development at the start of industrialisation, and their economic potential. The West European countries were the first to start industrialisation and did so at a time when they had already attained supremacy in the world. Present-day African countries, on the other hand, started out on this path without adequate economic development and have to buy equipment and means of production abroad. To pay for these imports, they are compelled to develop the export branches of production and accumulate export resources.

Africa's possibilities to finance its industrial development differ from those of the West European countries for the latter's internal sources of capital accumulation were largely supplemented by the plunder of the colonies, including those in Africa. The export of gold, diamonds, spices and slaves accelerated the industrial development of Britain and France, while retarding the economic growth of Africa.

In their efforts to create internal accumulations for investment in industry, the African countries are handicapped by their economic backwardness. What is more, they are still being drained of their national wealth, although the forms in which this is being done have changed. The influx of foreign capital and aid falls far short of the economic losses they incur through non-equivalent exchange

on the world market and the exploitation by foreign companies.

Africa's industrialisation is taking place with technology and the productive forces at a higher level than in the 19th century. Britain started her industrialisation with the invention of the steam engine, but Africa is basing its on electricity. This factor has a twofold effect on the African countries. Industrialisation based on the most modern means of production greatly accelerates their economic development and creates the preconditions for the transition from the semi-natural economy to large-scale machine production, by-passing the intermediate stages of development. Given favourable social and political conditions, the new technology and plant make it possible for them to avoid capitalist development.

Upon the other hand, the new technology and plant clash with the entire system of social and economic relations prevailing in the African countries and considerably complicate the whole process of industrialisation, particularly at the early stages. Thus, new technology calls for large-scale mass production, which means greater expenditures, and presents a difficult problem for the majority of countries owing to their lack of material and financial resources and the narrowness of the home market. The new machines need skilled men to run them, and most African countries have either very few technicians or none at all.

While on the subject of economic and technical conditions for the industrial development of the



African countries, mention must be made of the political conditions, for in most of these countries it is precisely the factor of favourable political conditions which ultimately determines the necessity and possibility of industrialisation. The development of national industry, and industrialisation as a means of modifying the national economic structure, became feasible only after the political liberation of the former colonies. The success of the national liberation movement, the emergence of sovereign African states, have created the conditions for the next stage: accelerated economic development through industrialisation.

Africa is industrialising in a very different international situation. In the early 1930s, when the U.S.S.R. was building its first industrial giants, any capitalist assistance in this respect was entirely out of the question. In the hostile capitalist encirclement, the first socialist country was compelled to pay solid gold for the purchase of machinery and equipment or make them itself.

In this respect, the African countries find themselves in a more favourable position. The existence of the socialist countries and the growth of their economic might open up new possibilities for Africa's industrial development. To begin with, the socialist countries are rendering Africa disinterested aid in this direction. The very possibility of obtaining machinery and building materials from the socialist countries has breached the industrial monopoly of the capitalist states. Yesterday's colonial rulers are compelled to change their

tactics and make certain economic concessions to the African countries.

While doing so grudgingly, the imperialists seek to retain their industrial supremacy, and have been inventing and spreading various "theories" levelled against the industrialisation of African and other developing countries. Their argument runs like this: in this age of atomic energy, electronics, automation and the international division of labour, it is impossible and unprofitable for the new countries to set up their own industries for the production of costly modern machines and devices, which could be bought from the more developed countries. The African countries, they claim, should concentrate on improving their one-crop agriculture.

Thus, in the course of their industrialisation, the African countries will need to overcome various forms of resistance on the part of the imperialist powers.

*Specific Features of Africa's Industrial Development.* The ultimate aim of industrial development in Africa is the achievement of economic independence. The choice, however, of any particular industrial enterprise must be decided upon by each country in the light of its real possibilities and concrete conditions. Capital should be invested wisely to produce the maximum economic effect. It is important that each industrial project should operate at a profit and provide maximum employment, be closely sited to the local raw material



source and market outlet, and, as an integral part of the national economy, serve to boost it.

In the course of industrial development, as in any other branch of production, it is dangerous to skip any indispensable stages, but it would also be a mistake to rely completely on haphazard economic development. The tasks of the African national revolution are to accelerate industrial development, to reduce to a minimum the intermediate stages in the process of transforming the agrarian African countries into industrial ones.

Although the industrialisation of Africa is already under way, it is still slow and in most countries it has not yet passed beyond the initial stage, that of mainly developing the primary processing of agricultural raw materials and the manufacture of consumer goods for domestic consumption.

Many African countries in their plans set the task of laying the groundwork for industrialisation; so far, however, the heavy industries are being built in practice only in the United Arab Republic. Ferrous metallurgy is to be found only in the United Arab Republic, in the Republic of South Africa and Southern Rhodesia. In 1960 the Republic of South Africa produced 1,900,000 tons of pig iron and 2,100,000 tons of steel ingots. The corresponding figures were respectively, 159,000 and 80,000 for Southern Rhodesia and 127,000 and 172,000 for the United Arab Republic. Small metallurgical hot-shops have been or are being built in Nigeria and other countries.

Whereas the national metal-working industry of India, for instance, is able to meet 25 per cent of national requirements, the figure for the countries of Tropical Africa comes to only 5 per cent. The picture is similar in basic chemical production. Thus, in the sphere of industrial development, the African countries are still faced with big unsolved problems.

The supply of cheap electricity to run machine tools and mechanisms is another important factor in industrialisation, and the current construction of power stations by a number of African countries is, therefore, an indispensable step.

Until recently, Africa was thought to be poor in energetic, particularly mineral resources. Coal is mined on a fairly large scale only in the Republic of South Africa and Southern Rhodesia. In Nigeria, the Congo (Leopoldville), Mozambique, Algeria and Morocco coal output does not exceed 500,000 tons a year in each of these countries.

The expansion of geological prospecting has resulted in a considerable reassessment of Africa's energetic resources. Since the end of the fifties, there has been a rapid growth in the output of oil especially in the northern areas. Africa's total oil production in 1963 was well over 50 million tons as compared with 23 million in 1961. Extraction figures are: Algeria, 24 million; Libya, 22 million; Nigeria, 4 million; and the United Arab Republic, about 5 million tons. Oil is also being extracted in small quantities in Gabon and Angola, and in



1963 was discovered in Tunisia and the Republic of South Africa.

Africa's rich hydropower resources are its greatest electric power potential. Its mighty cascading rivers—the Congo, the Zambezi, the Niger, the Nile, the Volta and the Orange River—are potentially great power sources. Africa possesses more than 20 per cent of the world's total hydropower resources, but only 2 per cent of its electricity is derived from water power, the rest being generated by thermal power stations.

Africa's total electric power output in 1961 amounted to 43,000 million kilowatt hours, or only 1.75 per cent of the world's total. It should be also borne in mind that 90 per cent of it was produced in 6 countries, namely, the Republic of South Africa, the United Arab Republic, Southern Rhodesia, the Congo (Leopoldville), Algeria and Morocco. Consequently, the building of power stations is indispensable for African industrialisation, and in their development programmes most African countries allocate sizable funds for this purpose.

Electric power production and its consumption is a simultaneous process, for its peculiar feature is that it cannot be "canned" or stored up, say, for use the next day. Therefore, power stations, particularly large ones, should be built simultaneously with the industrial enterprises dependent on their power supply. The Aswan project in the United Arab Republic and Akosombo in Ghana are examples of such joint industrial and power facilities.

It is the task of industrial development in the African countries to solve a number of their economic and social problems, specifically the chronic deficits in their trade and payments balances which they inherited from colonialism.

The African countries are almost completely dependent on the import of industrial goods. If they are to develop their energetics, transport and industry, they must obtain increasing quantities of machines and equipment, metal structures and building machinery. The population's growing incomes create ever greater demand for consumer goods, thereby tending to increase the imports of manufactured goods. In a number of countries postwar export earnings have been growing slowly and with the fall of export prices present a sharp problem in the payment of imports. Most African countries are, therefore, compelled to cut down on their imports.

Due to the unfavourable trade conditions on the world market, some of the countries are trying to substitute domestically produced goods for imports. There is a growing local output of such items as sugar, beer, cigarettes, fabrics, footwear, aluminium kitchenware, etc. The domestic production of consumer goods aimed at replacing imported ones, enables the African countries:

- 1) to ease their dependence on foreign sources of supply;
- 2) to increase the productive employment of their population;



3) to widen the home market for domestic agricultural produce; and

4) to increase the number of their industrial workers.

In addition, it allows them to concentrate their export resources for the purchase of plant and equipment, increase their capital investments in industry, thereby accelerating the development of the national productive forces.

African industrial development, aimed at replacing consumer imports, was started fairly recently and still remains an unsolved task for most countries. A considerable part of the export earnings is still being spent on the purchase overseas of consumer goods, which could be easily made at home. The proportion of consumer to total imports averages more than 50 per cent for the continent, which means that it is much higher for some countries.

However, the development of the light industry for replacing consumer imports should be regarded as a temporary measure, as an intermediate stage, and not as the final goal. Important as the consumer branches of industry are today, they do not offer any solution for the problem of economic independence. For if these countries confined themselves to the development of the light industry, their inequitable position in regard to the advanced countries would merely be perpetuated.

By gaining experience in organising the light industry, training national personnel and building

up their material resources, the African countries are fast approaching the point where they will find it imperative to establish their own heavy industry: metallurgy, basic chemistry, machine-building and electronics. These are the principal branches which will enable them to transform their economic structure and convert their agrarian countries into agrarian-industrial and industrial countries. Besides, it is machine-building and metal-working, chemistry and man-made materials that will provide the population with vast possibilities for productive employment, ensure rapid national development and growth of national income.

There is no insurmountable barrier between establishing the light and the heavy industries. Although, on the whole, the African countries are at present in the process of solving the first-stage problems of industrialisation, some of them are planning or have already started to build heavy industry plants and complex industrial units, like the aluminium plant in Ghana, or the chemical works in Senegal to operate on local raw materials. Oil refineries are also being built or are already operating in many countries.

The African countries will need to make intensive and laborious efforts to raise their productivity of labour in order to close the economic gap. Basically, this may be achieved in two ways: 1) by raising the general education and technical levels of the gainfully employed



population; and 2) by the substitution of machines for manual operations.

Industry is a most vital factor in ensuring the growth of labour productivity: the greater the proportion of the population employed in industry, the greater is the number of people working with machines, and consequently, the higher is the average productivity of labour. The level of industrial development and the capacity to provide the national economy with farm machines, tractors, mineral fertilisers, hoisting and hauling equipment, etc., ultimately determine the productivity of labour in other branches, such as agriculture, civil engineering and transport. In this respect, African industrialisation should be seen in a wider context: not only as simple industrial development, but also as a process of reorganisation and saturation with machines of all the branches of the economy, and a steady growth of the productivity of labour.

No matter how important machines may be, industrial production implies the interaction of mechanisms and operating personnel in a single process. Despite the fantastic development of engineering and automation, it is still man who is the active force in production, and machine, the passive. The advances in modern technology are actually the effect testifying to the cause: man's all-round development.

Many African countries tackle the problem of raising the skills of their national personnel by broadening their system of education, organising

special courses and technical schools and sending their nationals to acquire industrial training in other countries. As a result, the general technical level of their national personnel is gradually rising.

But it is the development of a national industry, that is the most radical method for solving this problem, for it alone can produce all the skilled men a country needs. Industry creates the material basis for the existence and reproduction of skilled workers and specialists, but progressive social conditions are also necessary: there must be freedom from exploitation, progress in education, health protection and the right to work. These are the basic conditions which go to mould the active and creative producer capable of handling any machine or system of mechanisms.

Industry will help to solve such an important socio-economic problem as employment, which in Africa has been growing more acute from year to year. The growing unemployment in the cities is due mainly to the lag of economic development behind the population growth. In addition, the higher urban standard of living is an incentive for the peasant population, the younger generation, in particular, who flock to the cities in search of work.

It is a virtual impossibility for the African countries to solve the unemployment problem under their present economic structure, since the predominance of agriculture and the slow development of industry under capitalism increase



unemployment. The development of industry, specifically of manufacturing, is the best solution for this problem in a country with a progressive social system. Industry based on private capital does not ensure society against unemployment, as can be seen from the example of the U.S.A., where there are millions of jobless. In the light of these facts, therefore, more and more African economists and statesmen are coming to realise that the socio-economic effect of industrialisation depends on the methods used and the interests served.

There are two known methods of industrialisation. That of Western Europe and North America was achieved through capitalist private enterprise and the free play of market forces. Industrialisation there while enriching the capitalists, brought ruin to the petty producers of town and country and reduced them to paupers. It is a method which only produced an economic effect, for it established a highly developed economy based on large-scale industrial production, but gave no solution to social problems, like unemployment. Although the absolute figure of employment grew with the process of industrialisation, no Western country has ever been able to achieve full employment, because unemployment is a built-in feature of the capitalist system of private enterprise.

The other method of industrialisation is the socialist one. The public ownership of the means of production and the guiding role of the state in the economic and social spheres make it possible

to put the entire process of industrialisation on a firm and planned footing. Planning extends to both economic and social development. The projecting of industrialisation, the setting of the growth rate and scale of development for the entire economy and its several branches are closely worked in with questions of employment and the training and placing of personnel. The question of employment can be radically solved only through all-round planning, for it welds maximum results in the economic and social spheres, ensuring the working people a rising standard of living. In short, there lies the secret of the socialist method and its economic success and social progress, a secret that has enabled the socialist countries to be rid, once and for all, of that social scourge, unemployment, and its consequent calamities for the population.

Besides their basic social distinctions, the capitalist and the socialist methods differ also in the time they take to effect industrialisation. It was spun out over more than 100 years the capitalist way, whereas the Soviet Union needed only a quarter of that time. The growth rate of industrialisation and the time it takes are of primary importance for African countries, whose main economic task is to bridge the economic gap in the shortest possible time. It is in the national interest of the African countries to stride rapidly along the socialist way, and the programmes of many of them reject the capitalist path and capitalist methods of industrialisation.



### 3. State Sector and Economic Planning

The policy pursued by sovereign African states is a strong stimulus to economic development. In many of them, a state sector has emerged and is being extended due to active state intervention in the national economy. In that sector the means of production and the goods produced are publicly owned and belong to the state. In the hands of a national government, the state sector is becoming an important instrument for accelerating economic development and industrialisation, and for eliminating foreign control of the economy.

There are several reasons which make imperative the need to develop the state sector, one being the African countries' desire to plan the development of their economy. The advantages of economic planning are obvious from the experience of the Soviet Union and other socialist countries. It allows the African countries to concentrate their efforts and material resources on economic tasks of primary importance, to avoid dispersal and waste of material means, and to accelerate the economic pace. The state increasingly determines how and where the material resources are to be used, and what particular branches of industry are to be invested in.

Nearly all African countries have economic development plans. Planning practice shows, however, that this method is really effective only when the basic means of production and the

system of distribution are in the hands of the state.

But planning is not just one of the alternatives for the development of the African countries. It has become the only condition for the acceleration of economic growth rates. Here is how Sékou Touré explained the need for economic planning: "Planning is indispensable because economically we are in a state of national mobilisation. Ours is a country which is not just underdeveloped, but undeveloped. We should bear this difference in mind to understand the tasks of national economic mobilisation. . . . Planning is necessary not for its own sake but as a function of the demands of our social evolution, which is being adapted to our political line."

Economic mobilisation can be achieved only by a state capable of concentrating in its hands all the internal and external sources of accumulation and of using them for industrialisation and to boost the economy.

The African countries' development programmes and long-range plans go beyond the allocation of state investments; they also envisage investments of private capital, but this takes the form of recommendations and is not obligatory even under a national plan. Profit remains the private sector's chief incentive to investment.

Thus, the planned method of economy which accelerates the economic pace, is one of the fundamentals for the existence and development of the state sector. Another objective factor, making



economic planning imperative, is the weakness of African national capital. Imperialism and colonialism have left the African countries without any large national accumulation in private hands. Small African capital concentrated mainly in the sphere of trade, is incapable of developing large-scale national production, that is, building modern plants and factories and establishing large national trade, transport, building and other enterprises. In present-day Africa, the state is the only national force capable of mustering the resources to develop industry, energetics and transport. In this context, the development of the state sector is becoming the most effective method for liberating the African economy from foreign control.

The rapid development of the state sector in a number of countries like Ghana, Guinea, Mali, the United Arab Republic and Algeria is due to the fact that there it is regarded as a precondition for the building of a socialist society, and its extension expressly pursues not only anti-imperialist but also anti-capitalist aims.

The state sector in Africa has emerged and is extending mainly in two ways: through the nationalisation of private (chiefly foreign) enterprises, and growing government investments in the national economy. The state sector in the United Arab Republic, Mali, Guinea and Algeria is based on the nationalised industrial and commercial enterprises and banks.

The United Arab Republic's state sector has traversed a complex course, consisting of two distinct stages. The first began in July 1956 with the nationalisation of the Suez Canal and this was followed by the nationalisation of foreign banks, insurance companies and trade firms. As a result, the state sector took up decisive positions in finance and foreign trade in a number of industries. The second stage opened in mid-1961, when the state sector was extended through the nationalisation of enterprises belonging to the big and partly the middle Egyptian bourgeoisie. All banks and insurance companies were nationalised, in addition to 44 industrial and other companies. The state acquired at least a 50 per cent interest in 83 private joint-stock companies. As a result the state now holds 90 per cent of the large-scale industry, with only the retail trade, handicraft workshops and small enterprises remaining in the hands of private persons.

The state sector also plays an important role in the economy of Ghana, where it employs 60 per cent of all wage labour. The state has full control of the railways, 75 per cent of all exports, 60 per cent of construction, 50 per cent of the gold mining industry, power production and commercial credit, between 15 and 20 per cent of manufacturing, and 15 per cent of all imports.\*

Ghana has also nationalised foreign companies, such as gold mining and some commercial

\* See *Ghana. Economic Survey 1962*. Accra, 1963.



enterprises. However, its state sector is being extended mainly through state investments in new branches of industry and agriculture, taking between 50 and 60 per cent of total annual investments.

The state sector in Mali is also growing and strengthening. The government has taken over a large enterprise, L'Office du Niger, and has nationalised river transport, power stations and railways. It has set up a state export-import company, the National Development Bank, and the Mali Credit and Deposit Bank. The state owns a road transport company, the Air Mali airline, and several industrial enterprises.

In most other African countries, the state sector on the whole, occupies an insignificant place, the bulk of production being still in private hands. But the economic power of the state and its influence on the development of the national economy have grown significantly, primarily because the state is organising production on a relatively large scale. With natural and small-scale commodity production prevailing in the African countries, the modern machine industry is becoming an important economic instrument in the hands of the state. Moreover, the influence of the state on the private sector is not limited to the size of its assets or direct participation in production. It is considerably enhanced through the control of exports and the regulation of imports, and also the state's financial and credit institutions.

State influence on the national economy may be exercised by various political forces and be of different social content, as the examples of numerous African states very aptly show. In the Republic of South Africa where white supremacists are in power, the basic content of the state economic activities is the establishment of economic privileges for the wealthy farm owners and the promotion of foreign investments in industry. In the United Arab Republic, Algeria, Guinea, Ghana and Mali, the economic policy of the state is different in principle because, there the development of the state and the co-operative sectors of the economy are an instrument for the social transformation of society and the liquidation of colonial survivals in the economy. Consequently, it is the political orientation of the ruling circles and parties that determines the social content of a state's economic activity.

Yet even in a favourable political situation, when the ruling circles are representative of the people, it is not always possible to increase the state sector by limiting the private sector. In some instances sovereign countries were compelled to return to private trade after having established a monopoly on certain commodities: imports to Guinea, and timber exports in Ghana. The basic factors hindering the development of the state sector and economic planning in these countries are the chaotic elements of small-scale production and trade, and economic sabotage on the part of big foreign companies.



Some African countries have found it advisable to usher in a transition period in the course of which the state allows small-scale enterprise by national capital and operations by foreign capital in production. Ghana, for instance, has a 20-year transition period, whose content Kwame Nkrumah has formulated as follows: "In order to achieve our economic targets, Ghana will need to maintain a mixed economy for some time with a strong state and co-operative sector existing alongside the private sector. It should be clearly stated, that our socialist aims demand that the state and co-operative sector should attain a maximum growth rate, particularly in the vital branches of production on which this country's economy is greatly dependent." He stressed Ghana's resolve to see to it that the operation of the mixed economy should lead to socialist transformations, instead of a failure of her socialist aims. He has urged: firstly, to promote the maximum development of the state and co-operative sectors; secondly, to regulate capital investments by the state with priority for the productive spheres; and thirdly, to safeguard Ghana's independence and socialist policy by determining and controlling all the forms and terms of foreign investment.

The development of the state sector in the economy of the African countries is limited by the real possibilities for accumulation. The state will be able to exercise its power in limiting the private sector and ultimately go on from co-operation and competition with it to its liquidation only as it

accumulates material wealth and acquires control of the system of distribution.

The state sector in the African countries has better prospects of accumulation than the private sector for the following reasons: first, by establishing a state monopoly on the export of basic products, the state is able to accumulate a considerable part of the surplus product created within the private sector. Second, the state collects taxes on a large part of the profits made by the big concerns, owned mainly by foreign capital. In Ghana, for example, foreign firms pay a tax of 11 shillings a pound on profits reinvested in the country, and 13 shillings (or 65 per cent) on profits repatriated. Third, as the state apparatus gains strength and increases its control over the economy, an ever greater number of enterprises and merchants are taxed directly or indirectly, through licences and other forms of levy. Finally, the state receives income and profits from operating state enterprises and companies.

The state sector in the African countries is also receiving solid support from the socialist countries in the form of technical assistance and financial and commodity credits. Under the impact of the new forms of co-operation between the socialist countries and the African states, and as a consequence also of the political course pursued by the latter, foreign capital is becoming more inclined to grant credits to the African states rather than risk direct investments.



#### 4. Financing and Foreign Aid

Most African states face the pressing problem of attracting foreign capital. This is largely due to the burdensome legacy of long colonial exploitation as a result of which the young states find themselves ill-prepared for solving the basic tasks of national development. For while they possess adequate natural resources and have a potentially large labour force, they are only able to use an insignificant part of them for rapid progress. The newly developing countries do not have the indispensable complex of modern technology, their inadequate export income does not allow them to import the required plant and equipment, and they are handicapped by an acute shortage of qualified national personnel.

Let us take a closer look at the situation in the African context. If the newly developing African states are to overcome their economic dependence on imperialism in a historically short time, they need to boost their economic growth rates, so as to close the big gap between their level of development and that of countries in Europe and North America. This, in turn, requires a very high level of accumulation, which, in the case of the African countries, is limited by the size of their national income. It turns out that even an accumulation identical in percentage to that of the developed countries cannot accelerate the economy of the African countries to any appreciable degree. Thus,

with an equal share of accumulation in the national income, the per capita figure is \$3 for Sudan, and \$40 for Britain. The gap may even tend to grow. Practice shows that, because of their smaller G.N.P., the African countries find themselves unable to maintain a level of accumulation equal to that of the industrialised countries.

There are other reasons why there is need for financial, technical and economic assistance. The point is that the economy of the African countries should develop on the basis of modern technology and the latest achievements of science and engineering. Modern plant and equipment, however, can only be obtained abroad, and this gives the capital shortage problem a new twist: the problem of a capital shortage for accumulation in general is turned into the problem of a capital shortage in its foreign exchange form, since new plant must be paid for.

African export earnings cover only a part of the requirements in foreign exchange. Moreover, even this part tends to shrink because of the growing spread between the soaring prices of industrial goods which African countries buy, and the falling prices of the primary products, food and raw materials which they sell. The Geneva Conference on Trade and Development, held in 1964, gave a graphic illustration of the losses suffered by the newly developing countries from the plunderous terms of trade with the West.

The objective demand for foreign financial and technical aid is also determined by the need to



train national personnel capable of utilising the advantages offered by modern engineering, scientific achievements and organisation of production for the benefit of national economic development, which otherwise, becomes impossible.

The objective need for foreign aid is admitted by virtually all the African states, as will be seen from development plans. Whether it is Ghana or Nigeria, Sudan or Tanganyika, they all envisage the financing of a considerable part of their capital investments from abroad.

The influx of foreign capital may take two forms: private investments, or state aid to the developing African countries.

The monopolies of the imperialist states of Europe and America have long been investing their capital in the African countries and there has been a surge of capital into Africa in the post-war period. According to official American statistics, direct private U.S. investments alone went up from \$287 million in 1950, to almost \$1,000 million in 1960. It should be said, however, that in this respect the United States is still far behind some of the old colonial powers. Thus, between 1947 and 1958 French private investments came to over \$4,000 million.

Foreign private investments do, of course, promote economic development to some extent, but they also bring the recipients many dangerous consequences. For one thing, the strengthening of foreign capital in the economy increases the African countries' dependence on imperialism,

which is incompatible with their struggle for economic independence. In addition, foreign capital is invested exclusively in the most profitable branches of the economy, above all, in the extractive industry. As a result, Africa is drained of its mineral wealth, and profits are repatriated at a rate exceeding that of new investments.

Thus, from 1953 to 1962, \$4,500 millions' worth of private capital was exported from the U.S.A. in the form of direct investments in the developing countries. In that same period, the U.S. monopolies repatriated \$14,400 million in profits on their investments in Asia, Africa and Latin America. It will be easily seen that the difference of \$10,000 million for the ten years, or an average of \$1,000 million a year, is the net foreign exchange loss of the developing countries. This is blood letting with a vengeance, with the young countries as victims of the exploiting, predatory operations by the monopoly exporters of capital.

As a result, the developing countries are compelled to spend an ever greater share of their export earnings to pay foreign investors interest and dividends. Thus, in 8 African countries, whose payments balances were scrutinised in a special U.N. survey, this share had risen from 9.9 per cent in 1951-55, to 11 per cent in 1956-59. Consequently, the growth of foreign investments ultimately leads to a reduction of the foreign exchange resources of the developing countries, which are inadequate as it is.



At the present stage, the African countries are obviously in no position to do without foreign investments altogether and, as a rule, encourage them. Their laws provide for guarantees to foreign investors, and some African countries have even concluded special guarantee agreements with the U.S.A. Upon the other hand, certain measures are also being taken to restrict operations by foreign capital or to control it by reducing the maximum percentage of profit which can be repatriated.

At the same time it is obvious that these measures by themselves do not provide for the fulfilment of the main task at the present stage, namely, that of securing economic independence. It is necessary to take steps eventually guaranteeing state control of the commanding heights in the economy. A noteworthy example in this respect is the Republic of Mali, one of whose foreign investment statutes stipulates that all enterprises set up by foreign private capital shall, after a given period guaranteeing the receipt of normal profits, be handed over to the state gratis. This shows that the developing countries should attract foreign capital in the form of government aid, which they could dispose of at their own discretion.

The developing countries had been subjected to long colonial plunder and therefore consider themselves entitled to receive aid from the imperialist states. It is an established fact that for decades the peoples of colonies and semi-colonies had been compelled to finance the development of

the Western countries with their own wealth and labour, and now have every right to demand at least partial compensation. The aid being rendered to the African countries by the former colonial powers, President Nasser told the First Conference of African States in Addis Ababa on May 24, 1963, is their duty, a compensation for the plunder to which they had subjected and are still subjecting the Asian and African peoples.

This is certainly a fair attitude to take. The imperialists, however, refuse to acknowledge this right of the liberated countries. Attempts are being constantly made by the ruling circles of the United States, the world's richest capitalist country, either to reduce or shut off all aid to the developing countries. The ruling circles of West European capitalist states take a similar line.

Nevertheless, despite their reluctance, the imperialists are compelled to render aid to the developing countries, including the newly liberated states of Africa. New political factors have emerged on the international scene since the fifties, forcing the imperialists to modify their economic relations with the former colonies and semi-colonies. Of these factors, the two most decisive ones are: 1) the collapse of the capitalist colonial system, and 2) the formation of a world socialist system.

With the collapse of the colonial system, the young states became a great force in world political affairs. They set themselves, as their foremost task, the achievement of economic independence



by overcoming their age-old backwardness. Open disregard for the liberated countries' national interest centred on economic development would have jeopardised the imperialist positions in these countries.

At the same time, the formation of the world socialist system worked a radical change in the balance of forces in the struggle between the two opposed socio-economic systems. The socialist camp became a guarantor of the achievements of the national liberation movement. The establishment and rapid growth of mutually advantageous co-operation between the developing countries and the socialist states confronted the imperialists with international economic relations of a new type.

Although the socialist countries bear no responsibility for the colonial plunder, they willingly render aid to the liberated countries of Asia, Africa and Latin America, and this disinterested support has greatly enhanced their prestige in the former colonial areas of the capitalist world. Imperialist efforts to halt the further growth of friendly co-operation between the newly sovereign states and the socialist world was another strong factor that impelled the imperialists to render some help to the developing countries.

In the light of these facts, Western aid to the developing countries appears to be no more than a forced concession to the world liberation movement on the part of the ruling circles of the

imperialist powers, who nevertheless, sought to tie up this aid with their own interests.

The imperialists use their aid primarily as a reward for the concessions, or "good conduct" on the part of the government leaders of some young states, as, say, for permission to establish military bases. Prior to 1954, American aid to the African countries was insignificant: a total of \$6.5 million was allotted to 4 countries over a period of five years (1949-53). After 1954, however, U.S. imperialism sharply intensified its policy of forming war blocs against the socialist community of nations. As a result, American aid to Africa jumped to \$125.4 million, of which 62.5 per cent went to 5 countries whom the U.S.A. supplied with arms and equipment for military bases and to whom it sent its military advisers.

One of the chief aims pursued by the imperialist monopolies in offering their aid is the expansion of their exports and the export of private capital to the developing countries. That is why Western governments, in offering state aid, demand of the recipients privileges on their markets and guarantees to private investors. The policy of the Common Market countries is an illustration of this principle.

The imperialists also use their aid as an instrument of direct pressure on the liberated countries to compel them either to refrain from taking some political or economic step or, on the contrary, to make them take it, if it suits the imperialist purpose. The Africans are well aware of the



numerous imperialist actions to this effect. A case in point is the U.S.A.'s penalising Egypt for nationalising the Suez Canal—its refusal to help Egypt build the Aswan Dam. Another well-known example is France's imposition of an economic blockade against Guinea when her people unanimously voted for independence. There are also the repeated West German attempts to exercise pressure on the African states, by threatening to suspend all aid to countries recognising the G.D.R.

The imperialist powers also pursue their own strategic interests when deciding on the structure of their aid to the developing countries. Its chief feature is the conspicuously small proportion of resources earmarked for industrial growth, and a disproportionate amount for developing the so-called infrastructure.\* Here, for example, is the breakdown of the aid given by the European Development Fund (per cent, end of 1962):

Transport and Communications	42.0
Agriculture and Irrigation	24.9
Social Services	30.6
Miscellaneous	2.5

Thus, even assuming that aid under the head of "Miscellaneous" all went into industry, the figure for industrial growth is not greater than 2.5 per cent.

\* *Infrastructure*—roads, ports, railways and communications.

On the whole, for most recipients of imperialist aid, the share of equipment for industrial development does not average more than 5 or 10 per cent. Even in the case of the United Arab Republic, a country which has made significant industrial headway, this type of aid amounted to only 14 per cent.

It thus follows that the imperialists are least of all concerned with helping the developing countries to solve the basic task of economic development, that of industrialisation. Moreover, in this sphere the imperialists practise a kind of "division of labour": most of the state "aid" goes into the state-controlled infrastructure, while aid for industrial development is channelled into the private sector. Thus, the imperialists are doing their utmost to establish in the developing countries an economic structure identical to that of the developed capitalist countries with the least profitable branches operated by the state and serving the interests of private capital which dominates in the sphere of production.

Thus, imperialist aid to the liberated countries serves selfish imperialist ends and is designed to push the young states along the capitalist way of development.

But imperialist aims apart, it does not follow that every dollar's worth of their aid will serve their ends, for the days of undivided imperialist rule are over. In the final analysis, therefore, the actual role of any particular portion of aid in the development of a country depends on the balance



of forces between imperialism, on the one hand, and the world socialist system and the national liberation movement, on the other. There are increasing possibilities for the developing countries to wrest fresh concessions from imperialists and make them change the type and terms of their aid.

The attitude of the socialist states in support of the developing countries is of tremendous importance. The U.S.S.R. renders assistance to Algeria, the United Arab Republic, Kenya, Tunisia, Mali, Ghana, Guinea, Sudan, Ethiopia and Somalia, and has concluded agreements on economic and technical co-operation with a number of other African countries.

The socialist countries' assistance is based on principles which fully correspond to the national interests of the developing countries. It is given on easy terms and consists mainly of badly needed industrial plant and equipment and meets various other primary wants. The very existence of the socialist countries, quite apart from their disinterested aid, enables the liberated countries to wring fresh concessions from imperialism; consequently, in their struggle against imperialism the liberated countries receive not only direct aid from the socialist countries but also indirect support.

A memorandum presented by the Soviet delegation at the Geneva Conference on Trade and Development was hailed by all the liberated countries as fresh confirmation of the U.S.S.R.'s role in this respect. Backed by the friendly support

of the socialist countries, led by the U.S.S.R., the developing countries are enabled to use Western investments in their national interest. This does not mean, of course, that they should rely solely on foreign help, because all sound development must rest on the rise of a nation's own material and manpower resources. But rational use of foreign capital in the national interest can accelerate this development and hasten the achievement of economic independence for the African countries.

The efficacy and speed with which the African countries will be able to solve this important economic task depend on the over-all balance of forces in the world and within the African countries, and also on the degree to which their actions are instilled with the spirit of unity—the unity of Africa and the unity of all the progressive forces of the world.

#### **5. Unity for Economic Independence**

The degree of mutual co-operation between the African countries will largely determine their national prosperity and economic progress. Intra-African co-operation is a vital means for stimulating the economic development of the entire continent.

The imperialist seizure of Africa was accompanied with its political and economic



dismemberment. Africa is more subdivided than other continents. Of its 55 countries, only three—Nigeria, the United Arab Republic and Ethiopia—have a population of over 20 million; 25 of them have less than 5 million, and 13, less than a million. Compared with Africa, for instance, the average country in Latin America has 11 million, and in Asia, 43 million. The small population is a factor greatly limiting the African countries' economic potential. As long as they remain divided, each, and the continent as a whole, has little chance to rise from economic backwardness.

At present the majority of African states favour close economic co-operation. Their economists and government leaders are working out concrete ways and means of economic unification. The Organisation of African Unity (O.A.U.) was established in 1963 with the aim of promoting the solidarity, co-operation and defence of the African countries. It has a special commission to deal with economic and social questions.

The African countries are concentrating on the following objectives:

- 1) development of intra-African trade and establishment of a common African market;
- 2) co-ordination of economic development plans, particularly in industry;
- 3) consolidation of the African Development Bank.

Until recently, there were very weak trade ties between the African countries which consisted mainly of trade in agricultural produce. According

to U.N. figures, continental trade over the period from 1950 to 1957, did not exceed 10 per cent of Africa's foreign trade. In some countries, the figure was even smaller: 1 per cent for Nigeria, 2 per cent for Sierra Leone, and between 4 to 6 per cent for other West African countries. Southern Rhodesia and the Republic of South Africa carried on the most lively trade with other African countries.

With the achievement of political independence, the African countries expanded their trade with each other, gave it a new content. From 1960 to 1962, there was a noticeable increase in trade between the United Arab Republic and Guinea, Mali, Ethiopia, Somalia, Nigeria and Sudan.

The chief obstacle to the expansion of continental trade lies in the nature of their exports, which consist mainly of agricultural and frequently of similar products. Moreover, trade growth is also hampered by the poor transport facilities, and the existence of various customs unions and currency areas.

At present the Organisation of African Unity is studying the possibilities of establishing an all-Africa free trade area and the setting up of a single import tariff to protect African industry. It is also looking into the questions of establishing a mutual fund for stabilising African raw material prices, the gradual extrication of national currencies from foreign dependence, and the creation of an all-Africa currency zone. These measures will promote the expansion of intra-



African trade and accelerate the economic development of the African countries.

To boost trade, the African countries render each other all the financial aid they can afford. Thus, Ghana granted a credit of £10 million to Guinea, and gave Mali financial assistance totalling \$9 million. The United Arab Republic granted Guinea a 10-year loan of \$18 million at a 2.5 per cent per annum, to pay for Egyptian manufactured goods.

The development of trade between the African countries considerably strengthens their position on the world market, lessens their dependence on the imperialist states, and provides opportunities for securing more favourable terms of trade with the economically developed countries of the West.

Intra-African economic co-operation is of particular importance for the development of industry. In most African countries the domestic market is not large enough. The small population, low income levels and the poor development of commodity-money relations in rural areas make for a low level of purchasing power. In these conditions, the building of industrial enterprises solely with the efforts of one country is extremely costly and economically inexpedient. In order to build modern industrial plants capable of mass production, it is necessary to have either a market of sufficient volume within the country, or the possibility of exporting industrial goods. Most African countries cannot compete against American or West European manufactured goods on

external markets, and the easiest way for them would be to widen the industrial goods market by integrating their small markets on a continental or regional basis.

Joint efforts will enable the African countries to establish national industries on the basis of the most rational utilisation of the continent's rich material and manpower resources, and avoid duplication in building industrial enterprises. Joint efforts make it easier and cheaper to build large plants and power stations, to develop the means of transportation.

There can be no rational and concerted industrial development without planning industrial production within the framework of the entire continent, and co-ordinating the development plans of the various African countries. Today this is no longer a purely theoretical problem, and many states are in the process of giving it a practical solution. Thus, the Cameroon, the Congo (Brazzaville), Chad, Gabon and the Central African Republic have agreed on the joint construction of an oil refinery in Gabon; the Cameroon and Chad are to build a cement mill. At a joint conference in June 1964, Togo, Dahomey, the Upper Volta and Niger discussed and coordinated their industrial plans.

A project for the building of a metallurgical mill in West Africa has been under study for more than a year, with only the selection of its site remaining to be decided on. It has been calculated that the construction of a single plant with



capacity of 700,000 tons of steel annually will fully provide for West Africa's needs in ferrous metals. The plant will employ from 4,000 to 5,000 workers, and the entire cost of the project, including the coking batteries and the agglomeration plant, is estimated to range between £40 million and £50 million. It will be situated on the coast of Nigeria, Ghana, Mauritania, Sierra Leone or Liberia, the final choice to be made from an analysis of the effectiveness of production.

An important form of economic co-operation for the African countries is the joint development and use of water resources. Togo and Dahomey have decided on the joint use of their frontier river the Mono. The ministers of public works of Guinea, Mali, Mauritania and Senegal discussed the exploitation of the Senegal. Nine countries—Guinea, Mali, the Ivory Coast, Dahomey, Niger, Nigeria, Cameroon, Chad and the Upper Volta—agreed on the joint use of the Niger. Countries of the Chad basin have regular meetings on joint research into the lake's resources.

African co-operation is also expanding in the sphere of transport. The construction of a latitudinal transcontinental railway is now being studied.

An agreement for the establishment of the African Development Bank was signed at Khartoum in August 1963 by the ministers of finance of 22 African countries. It started to function on September 10, 1964, and by November its membership, for which only sovereign African

states are eligible, increased to 25. Its key posts are to be held only by Africans.

The bank's capital of \$200 million is made up of contributions by members, the minimum and maximum ranging from \$1 million to \$30 million, depending on a country's gross national income, tax revenues and export earnings. The number of votes on the board of directors depends on the contribution. Half of the capital must be paid up within 5 years, the remainder payable on demand. The bank may have recourse to foreign loans but non-Africans may not participate in its capital. This stipulation, and the purely African composition of its shareholders and executives is designed to ensure it an independent policy free from the influence of foreign financial groups.

Since its aim is to promote economic and social progress in Africa, it is to finance economic projects in which several states have a stake, and which are to serve as a mutual supplement to their economy and extend their economic ties. The bank is also to become an instrument for attracting additional capital from external sources, including private investments, which the bank is to underwrite.

African economic unity implies some form of political union or association which would solve numerous problems: frontier conflicts and customs and currency barriers. It would facilitate capital investments and increase the possibilities for extensive and rational planning in industry and other branches of the economy. Collective efforts



would considerably accelerate the entire process of the African countries' economic and social development.

While African unity is an important means of economic development, it is simultaneously the most effective safeguard of national interests against imperialist and neocolonialist encroachments. The imperialists have not abandoned their "divide and rule" policy. With the aid of their henchmen, they seek to obstruct Africa's unification and deny the possibility of establishing an all-Africa market. To exploit Africa economically, they are pooling their efforts and their capital to preserve its political and economic division. They are setting up joint concerns for the development and export of Africa's raw materials, international banks with the participation of the monopolies of France, U.S.A., West Germany and Switzerland, and collective aid funds, such as the fund set up by the Common Market countries, etc.

To withstand the imperialist policy of division, the progressive African countries have proclaimed the principle of unity, for their united action considerably restricts the possibilities for colonial and neocolonial intrigues. The O.A.U. should serve as a powerful shield against the moves of the imperialists and their supporters.

Unity for the African countries, therefore, is indispensable not only for gaining the full benefit of their rich resources, but also for overcoming the forces that are attempting to preserve them as raw material appendages.

The solution of this problem is one of the major tasks facing the African countries. In their endeavours to achieve this unity, however, they are hampered by the imperialists and opposed by certain sections of their own population. Economic development in Africa has not yet brought about a clear distinction between classes, but the path to be taken by Africa's economy is already a live issue on which, it is also quite obvious, the various African states do not see eye to eye.

The idea of anti-imperialist African unity, however, is gaining ground. Its success, despite the numerous obstacles, shows that it is not an invented idea, but is a pressing and objective need for the continent's revival.

The problems of Africa's economic development are not purely economic, for they have a deep social content and are closely tied up with the policies pursued by African governments.

Economic progress is the basis of the African peoples' national development. It helps to overcome their tribal divisions and provides a material basis for safeguarding their national interests against imperialism and foreign monopoly exploitation. Since it is the African peoples' chief means for overcoming their social and cultural backwardness, it is of all-Africa significance and unites the various sections of society: peasants, farmers, workers, intellectuals, handicraftsmen and small businessmen. It is the national interest of the African countries that demands their rapid economic development.



If the African countries are to solve this major task, they must ensure rapid economic growth, and this leads them up to the inevitable choice of the path to follow for national development. The overwhelming majority of the African national parties, their leaders and the new governments, favour the socialist path of development. They reject the capitalist way. They believe that socialism offers a short-cut in their development.

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