

# Neo-Colonialism in West Africa

Samir Amin



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by Samir Amin

Translated by Francis McDonagh

While the economic and historical literature on the English-speaking countries of West Africa is comparatively rich, little comparable study and analysis have been accomplished for the French-speaking portion. This study does not deal with the whole geographical region, but only with the nine French-speaking states, Ghana and the Gambia. What the author presents here is essentially the political economy of what was formerly French West Africa.

The first part of the book analyzes the historical stages of outward-directed colonial development, going back as far as is necessary for each country to understand the present structure of its economy. The second part discusses the impasses into which this outward-directed development has led West Africa: the permanent crisis of public finances and the foreign dependence which resulted from this, the fragmentation of the area, and the directing of economic growth outward with a resulting impoverishment and underdevelopment of the inner economy. The various attempts at solutions to these problems, liberal and conservative alike, have not changed the situation, and Samir Amin attempts to understand and explain why these attempts to achieve economic independence have not succeeded. At the end of his economic analysis, he reaches the "unambiguous conclusion" that "the fragmentation of economic area which West Africa has undergone constitutes an irresistible pressure for the maintenance of colonial structures and policies and colonial 'development,' and that these in turn no less irresistibly produce foreign domination and underdevelopment."

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Samir Amin has previously written authoritative studies on the economic situation in various parts of Africa, including Mali, Ghana, Ivory Coast, Guinea, Senegal, and the Congo. He is the author of a major study of development and underdevelopment, *Accumulation on a World Scale* (Monthly Review Press, 1974) and of *Le Développement Inégal*, an English translation of which will shortly be published by Monthly Review Press. Dr. Amin was born in Cairo in 1931 and has Egyptian nationality. He took a doctorate in economics at Paris in 1957. For three years he was a civil servant in Egypt, and he then became advisor to the government of Mali. He has taught in the Institut Africain de Développement et de Planification at Dakar, and in the universities of Poitiers, Rennes, and Dakar.

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*Translated from the French  
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## Introduction

It is possible today to draw up a fairly accurate balance-sheet for the economic development of states in West Africa at the end of their first decade of independence. It is a balance-sheet, however, which raises rather more questions than it provides answers, and only historical research can further reveal the true nature of the problems.

This work certainly makes no claim to be an economic history of the area. Such a history is still beset by serious obstacles.

The first of these is the basic documentation, which is reputedly extremely poor. Still, there are records, even if our economists make little use of them, and our statisticians take a poor view of the information – quantitative as well as qualitative – collected by the administrations of the past. In fact this information is often superior to that collected at great expense in recent years. I discovered this for myself in studying the economic development of the French Sudan between 1928 and 1959.<sup>1</sup>

The second, and more real, obstacle corresponds to the gaps in the university system. The division of work between the different disciplines of social science isolates each group of researchers. Economists are ignorant of social facts and of the historical process which formed the structures within which the phenomena they study exist. Historians are unable to use the tools of quantitative economic analysis; and sociologists, under the sway of traditional ethnography, take little interest in the great transformations by which the Africa of the towns and the decisive rural areas has been integrated into the 'world market', but concentrate on isolated, vanishing tribes and their religion. In addition, the French universities are dominated by a juridical attitude

1. Samir Amin, *Trois expériences africaines de développement, le Mali, le Ghana et la Guinée*, Paris, 1965, Chapter I.



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which handicaps them considerably by comparison with their Anglo-Saxon counterparts. And those who work overseas are hindered by an extreme shortage of resources and by the 'metropolitan' character of men and programmes. There is a refusal to promote African research in any context other than that of traditional 'African studies'; and, above all, to let the work be led by Africans, who are so much better placed to see the issues. It is only in areas where several disciplines converge, for example among geographers or economic anthropologists, that anyone has considered economic problems in their wider context.

This explains the acute poverty of our written sources. On the one hand, there are a few mediocre traditional catalogues of events, meticulous and fanciful, supplemented for modern times by detailed biographies of the proconsuls commanding the colonial army; accounts of administrative squabbles about area boundaries and the division of micro-responsibilities among the various services, decorated with complacent lists of 'projects completed': so many kilometres of roads, so many hospitals, etc. On the other, there are static economic descriptions which rapidly date. The sterility of the universities produced a reaction in the 'practical men' and encouraged them to despise a culture which they confused with the drawing-room conversation which had taken its place. In the developed countries the appeal of technocracy found a natural ally in economism, which in its impoverished colonial version became the servile imitation of changing fashions and the unthinking use of conventional tools.

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The origin of the present problems is often to be found in that decisive period which preceded the colonial conquest: between 1830 and 1880. Almost the only people in France to have realized the importance of this period are Henri Brunschwig and Catherine Coquery. Brunschwig has written:

From the African point of view, this long liberal period entailed an incubation of European influences which took a much stronger hold than any foreign influence in the past . . . Black Africa was shaken and changed, just as Europe had been by the coming of the inventions and discoveries which brought it out of the Middle Ages . . . The evolution

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took place at the pace of the Black, who was free to accept or refuse the novelties: the African did not feel dominated or constrained. In general he dealt on equal terms with the foreigners and did not feel himself being carried away in spite of himself on to a path which was alien to him. This evolution could have continued. It was interrupted in the last quarter of the nineteenth century. The European conquest did not give a different direction to the path on which the African had now started. The break did not come from a change of direction, but from a brutal thrust which took away from the Africans control over their progress.

Brunschwig's conclusion is: 'Black Africa was already being westernized when it was divided.'<sup>2</sup>

The origin of the trading economy goes back to this period. In pre-capitalist exchanges between societies unfamiliar with one another, and involving products whose real costs of production are not measured everywhere in the same terms, the essential profit goes to the middleman. In this case the principal middleman was already the European colonial trading company, which managed the sea transport.

The subsequent development of the trading economy during the colonial period was not to be a progression, but a step backwards, and one for which Africa is still paying heavily. Before the colonial period the European monopoly had stopped at the coast; African states and merchants carried on from there. Colonization destroyed these states and merchants and replaced them with the *petit-blanc*, the administrator or colonial trader. Without this destruction, Black Africa today would be much closer to the pattern existing in the East or Latin America, with its 'comprador' bourgeoisie. Instead, only now is a bourgeoisie forming; and at a time when this class in other places has long ago exhausted the range of its possibilities.

The history of this period is beginning to become known in English-speaking countries, where Dike's study will for long be a model.<sup>3</sup> We make no claim here to fill this gap for French-speaking West Africa. We shall merely throw light on certain

2. H. Brunschwig, *L'Avènement de l'Afrique noire*, Paris, 1963, pp. 212 and 177.

3. K. Onwuka Dike, *Trade and Politics in the Niger Delta 1830-1885*, Oxford, 1956.

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problems in Dahomey and Togo by considering this background. The economic history of Senegal will have to be written in the same way one day if we want to understand the present problems of the oldest French colony in the area.

What were the reasons for this situation? France was a great world power at the time of its centralized monarchy and Napoleon. Subsequently she fell behind the more dynamic capitalism of her new competitors. French society, which had remained largely rural, aristocratic, bureaucratic and hierarchical, possessed an army which it used outside Europe. At the end of the Napoleonic wars this army of peasants and small farmers busied itself with the rebels of Algeria; and, after the defeat of 1870, it exhausted itself in the reach for Timbuctoo and Lake Chad. Colonization in Africa was not the work of French industry, itself dominated by a mass of small businesses with little dynamism and sheltering behind a protectionist administration (which explains the legal rather than commercial outlook of university training); it was the work of the soldiers. For this reason all the inhabited coastal areas were abandoned to English traders, with the colonial army of France preferring the vast spaces of the savanna. The race for Chad, an exploit ideally suited to the romanticism of the primary schools in the Third Republic, cannot be directly explained by economic interests. And in the interval, the English took possession of the Gold Coast and Nigeria. Their colonial 'enclaves' in West Africa turned out to have a population two and a half times as numerous and more than four times as dense as that of the areas conquered by France (excluding the Saharan region of French West Africa), and therefore made possible a much more rapid exploitation. In 1860 the English decided to concentrate on palm-oil; the French, on groundnuts. A century had to pass before it was realized how much more profitable the former is. The plan for a Trans-Saharan Railway, designed to bring black marksmen swiftly to the battlefields of the Vosges; the millions wasted by the Niger Office in an attempt at European-style agricultural colonization; the recent 'Operation Swallow', which doubled the cost of transporting Niger's groundnuts in order to avoid crossing Nigeria: all show how little economic motives had to do with this colonization.

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The trading economy, which was based on an agricultural production for export obtained without any modernization of techniques, corresponded to the mediocrity of metropolitan capitalism. Made possible only by investments in a transport infrastructure financed without security by the public authorities, it allowed the colonial trading companies to make easy monopoly profits out of the system without either risks or investments.

Senegal provides a good example. The geographical growth in the area of the trading economy was very slow. In fact, on the eve of the Second World War, colonial exploitation had touched little more than the territory of Senegal, with the rest of French West Africa still an unexploited 'reserve'. A first series of studies in quantitative economic history, giving the order of growth rates for Senegal and the other French West African territories, shows that the present problems – agricultural stagnation, inefficient administration, balkanization, the difficulty of any serious industrialization, and so on – have their origin in this colonial period. These problems are in no sense the product of independence, but of colonization.

The period which opens with the plans of the Fonds d'investissement pour le développement économique et social des colonies (FIDES) in 1947 and goes up to the present marks no break with the one before, but only an acceleration of the process. Thanks to various studies in quantitative economics, the mechanism of this extension by the colonial economy is today slightly better known.<sup>4</sup>

Expressed throughout in francs at 1960 values, public investments in the whole area of French West Africa and Togo went from 3,400 m. in 1946 to 21,300 m. in 1948 and 33,200 m. in 1960. The annual average for the thirteen years 1948–60 was 36,000 m. (1960 values), or half the overall total of public investments in all the French colonies in tropical Africa (French West Africa, Togo, French Equatorial Africa, the Cameroons and Madagascar). The French public sector undertook the financing

4. IEDES, studies by the research group led by B. Maldant (see Bibliography, p. 282).

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of two thirds of these investments,<sup>5</sup> which went mainly into the transport infrastructure (ports, roads and railways) and the accompanying social infrastructure, chiefly urban development (water supply, electrification, housing, schools and sanitary equipment). It made possible a rapid extension in areas of production for export and the generalization of the trading economy. Expressed in current values, exports from French West Africa went from 28,900 m. francs in 1948 to 69,900 m. in 1953 and 134,400 m. in 1960. The growth in exports over this period was equivalent to an annual average of 14% at current prices; the growth in public investment financed by France, equivalent to a rate of 18%.<sup>6</sup> The effectiveness of public investment in infrastructure and its capacity to produce a growth in exports was thus rapidly declining.

In parallel to this public effort in the field of equipment, the external private financial contribution has been estimated at 215,000 m. francs (at 1960 values) for the whole period 1948-60, or an average of 16,500 m. per year.<sup>7</sup> Until 1955 almost the whole of this contribution was directed to the light industries of the area round Dakar.

The accelerated colonial exploitation of this postwar period produced a crisis in the public finances of the colonies even before independence. Growth always lagged behind the current public expenditure that it made necessary. This is always the case with 'outward-directed' growth, i.e. growth based on external demand and external financing. The need to meet a growing proportion of current expenditure out of the budget of the metropolitan country was a sign of this crisis. At current values, current public transfers from France to cover the civil expenditure of French West Africa rose from 1,200 m. francs in 1948 to 32,900 m. francs in 1960; giving an average annual increase of some 33%. In addition to this, the military expenditure borne by France went from 6,000 m. francs (at current values) in 1948 to 43,300 m. in

5. IEDES, *Les Investissements publics nationaux et extérieurs dans les pays francophones de l'Afrique tropicale 1946-60*, Paris, 1964 (duplicated paper).

6. Maldant, Duverger, Younès, Govedarica, *Multiplicateur et théorie de la croissance dans les économies de l'Ouest africain*, IEDES duplicated document, n.d.

7. *ibid.*

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1960.<sup>8</sup> Even before reaching independence, the French African colonies were unable to bear the cost of their administration; and 'aid' – technical assistance and various types of financial contribution – prolonged this basic dependence beyond 1960.

According to the results of certain studies, economic growth paralleled the growth in the external contribution: as measured by the total of exports, public investments financed by France, current public transfers and the contribution of private financial transfers from the metropolitan countries.<sup>9</sup> Exports from French West Africa went from 77,000 m. francs (1960 values) in 1948 to 134,000 m. in 1960, while the contribution of the other items in the external balance went from 47,000 m. to 138,000 m. (at the same value) between the same dates. The real annual growth rate of export earnings was thus 4.7%, while the growth rate of all income from abroad was 6.8%. If we were to accept the thesis of a parallel growth in the gross domestic product (GDP) and the total external resources, the share of exports in the GDP would be seen to have diminished sharply, from 18% in 1948 to 15% in 1960. It seems more probable that the real growth rate was less than 6.8%.<sup>10</sup>

In addition, according to other estimates,<sup>11</sup> the growth rate of exports from the whole colonial territory made up of French West Africa, French Equatorial Africa and Cameroon was 10% a year; from a value of 36,000 m. francs in 1948 to 113,000 m. in 1960. The considerable difference between the two rates mentioned reflects the influence of the terms of exchange on any estimate of the growth in the economy of countries whose exports are liable to violent fluctuations in prices. The figure for the growth in export earnings is largely determined by the choice of a base year for estimates at constant prices. According to the same estimates, the rate of growth in food production was 4.7% a year (an increase from 107,000 m. francs in 1948 to 186,000 m. in

8. *ibid.*

9. Maldant, *Esquisse d'une théorie de la croissance équilibrée dans les économies de l'Ouest africain (A.O.F., A.E.F., Cameroun)*, Min. F.O.M. duplicated document, 1957.

10. Maldant, Duverger, Younès, Govedarica, *Multiplicateur et théorie de croissance*.

11. *ibid.*

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1960, at 1955 prices); in investment, 7% (from 32,000 m. to 72,000 m.); in other 'modern' activities – industries, commerce and transport – 6.7% (from 65,000 m. to 141,000 m.); and in the administrative services 14.5% (from 17,000 m. to 86,000 m.). Therefore overall the GDP, which rose from 257,000 m. to 598,000 m. at 1955 values, showed a growth rate of 7.3% a year.<sup>12</sup> According to this analysis, the share of exports in the GDP went from 14% in 1948 to 19% in 1960, and this is probably a more accurate reflection of the true situation.

Whatever the margin of uncertainty in our scientific knowledge of the economic growth of the French African colonies between 1948 and 1960, certain characteristics of this growth seem to have been established beyond dispute. These are, first, that the overall real growth rate was relatively higher than for the previous period, or between 5 and 7% (in our opinion, nearer 5%). Secondly, that this accelerated growth was made possible by an immense increase in investment. Thirdly, the growth in the administrative services shows rates two to three times as high as those characteristic of the material base of the economy, which presumably had a rate one point lower than the GDP.

The speeding-up of colonial exploitation after the Second World War accentuated the structural characteristics of underdevelopment in this part of Africa. It transformed the area from the stage of being a primitive 'reserve', virtually outside the world market, into that of a true underdeveloped economy: dominated by and integrated into the world market, and with a 'dualistic' appearance; characterized by an increasing inequality in the distribution of growth between the various sectors and of the *per capita* product. The outward-directed character became more marked and there was an increasing dependence on the centre, which stimulated and maintained this growth from outside.

An idea of the break in rhythms can be obtained by comparing the growth rates for external trade and public expenditure in each of the two periods 1920–40 and 1948–60. Between 1920 and 1940 the external trade of French West Africa, like that of Senegal itself, which made up three fifths of it, doubled in real volume; giving a growth rate of 3.5% per year, which was two or three

12. *ibid.*

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times lower than the postwar rate. We may note that it is only after 1947 that Senegal's share declined (at the same time as the colonial exploitation of the Ivory Coast began). And within twenty years this share dropped from 60% to 25% of the total for the region.<sup>13</sup>

The same is true of public expenditure. According to certain estimates, the growth in current public expenditure during the twenty years between the two world wars was around 4% for French West Africa and 5.5% for Senegal. After the Second World War, the rate increased to 11.6% for the whole of French West Africa between 1948 and 1958, but to only 7.8% for Senegal. Public expenditure on investment rose gradually from 11% of total public spending for French West Africa in 1920 to 20% in 1939; leapt to 40% in 1948; and levelled off around an average of 35% between 1948 and 1960. The role of external finance is brutally clear. Negligible until 1939 – at less than 2% of total public spending – it represents on average during the period 1948–60 almost two thirds of public expenditure as a whole.<sup>14</sup> The balance of financial transactions for the West African monetary union, drawn up regularly by the Central Bank of the West African States (BCEAO),<sup>15</sup> in the absence of a true balance of payments, illustrates this qualitative change in the structures of financial support.

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This study does not deal with the whole geographical region of West Africa, but only with the nine French-speaking states, Ghana and the Gambia. What we are presenting here is thus essentially the political economy of the former French West Africa. The economic and historical literature on the English-

13. Mamadou Talibé Diallo, *Évolution du commerce extérieur et des finances publiques de l'ex-A.O.F. et du Sénégal, 1920–1968*; Bassemba Keita, *Évolution de la population et de la production agricole du Sénégal, 1920–68*; Mamadou Diouma Barry, *Évolution de la population et de la production agricole de l'ex-A.O.F., 1920–68*, duplicated IDES reports, Dakar, 1970.

14. Diallo, *Évolution du commerce extérieur*; Keita, *Évolution de la population*; Barry, *Évolution de la population*.

15. Published annually in the BCEAO's *Notes d'information* under the heading *Les Règlements extérieurs des États de l'Afrique de l'Ouest*.

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speaking countries of the area is in any case much richer than that dealing with the French-speaking countries, and interested readers are referred to the Bibliography at the end of the book.

A comparison between the political economy of the former French colonies and that of Ghana shows that British colonization produced essentially the same results, although Britain made an earlier start on the exploitation of its territories, possessed greater financial resources, and was more systematic in its economic planning, which was less under the control of an irresponsible administration. The reader will see that the 'Ivory Coast miracle' of the present is merely a reproduction, sixty years later, of what happened in the Gold Coast under British rule.

Nigeria alone has more people than the sixteen other states and territories of the geographical region; and it must be a matter of regret that there is at the moment no general economic study of this country, the most important African state. The other West African territories not covered here are Liberia, Sierra Leone, Guinea-Bissau, the Cape Verde Islands and the Spanish Sahara.

The history of Liberia, the only state in black Africa to have been untouched by direct European colonization, began to all intents and purposes after the Second World War; since, until then, the population of black American origin, installed at Monrovia in the nineteenth century, had formed a tiny colony isolated from the rest of the country, which was still all but totally unexploited. The political economy of present-day Liberia has been studied by Clower, Dalton, Harwitz and Walters; and we could have done no more in this book than summarize their results, with which we are in complete agreement.

The most interesting chapter in the political economy of Sierra Leone cannot, for its part, be separated from the history of Nigeria. It was the trading station at Freetown, where the British navy assembled the freed slaves, which stimulated the formation of the 'creole' bourgeoisie which spread along the whole of the western coast in the nineteenth century and filled the role of a *comprador* bourgeoisie for British capital. But this class disappeared at the end of the last century, when the English executed their main creole trading rivals on the pretext that they had taken part in the Temne and Mende revolts. Isolated from the rest of

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the Empire and relatively abandoned, the colony fell into a doze from which it has not yet emerged.

We have included the Gambia because this enclave is an extension of the groundnut-producing basin of Senegal, and its political economy as regards the marketing of groundnuts differs from that of its neighbour.

Guinea-Bissau was a small territory little known outside the Portuguese-speaking world before the war of liberation led by the PAIGC. Nonetheless, despite current prejudice, the Portuguese African colonies were no worse exploited than the other territories of the continent. The Cape Verde Islands were a sort of first edition of the American colonies, and enjoyed a period of splendour at the beginning of Portuguese mercantile capitalism in the fifteenth and sixteenth centuries, before entering a decline with the rise of the Antilles and Brazil. Finally, the Spanish Sahara, on the borders of North Africa, is a piece of the Mauritanian desert, regarded as uninteresting until the recent discovery of huge phosphate deposits.

In the first part of the book I shall analyse the historical stages of outward-directed colonial development, going back as far as seems necessary for each country to understand the present structure of its economy. Thus, for Senegal, we have to go back to the second half of the nineteenth century to understand the country's present problems, the cessation of growth and the crisis of the groundnut economy. The same holds for Ghana, whose cocoa plantation economy was established at the end of the last century. For the Ivory Coast, on the other hand, whose real development began in 1950, there is no point in going back further than that. Development in Mauritania and Guinea also did not begin until after independence, and was organized around mining. Togo and Dahomey again point us back to the distant past; for this is an area which was prosperous before conquest, in the period of the slave trade and above all during the period of legal trading in the nineteenth century, but whose prosperity was then blasted by conquest. The countries of the interior, for their part, show the impossibility of outward-directed colonial development. In the French Sudan, the failures of the Niger Office between the wars and then after the Second World War foreshadow the difficulties

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which continue to hamper independent Mali. In Niger the artificial colonial frontiers have never ceased to constitute a heavy burden, from the origin of the colony until today. Finally, the only prospect for Upper Volta has been to provide the Ivory Coast with manpower, when the latter's development was under way.

The second part discusses the impasses into which this outward-directed development has led West Africa. The permanent crisis of public finances, and the tight foreign dependence which this entails, visible even before independence, was aggravated by the balkanization of the area, itself also a result of outward-directed colonial development. And if the increasing deficit on the external balance of payments, which almost automatically accompanies outward-directed growth, creates no problems immediately, this is only because the retention of 'solidarities' from the colonial period prevents their appearance.

What were the answers of the newly independent states to these perpetual and exhausting financial problems? 'Liberal' solutions, which involve playing the game of profitability and free transfer of capital, can be tolerated for a time only by countries which are entering on the first stage of their exploitation, such as the Ivory Coast and Mauritania. Then there are conservative policies, which sacrifice development to established interests; as in Senegal, Togo, Dahomey or the unexploited reserves of the interior. Three states in the area, Mali, Guinea and Ghana, tried to find an escape from the impasse in inflation and control of foreign relations. The failure of at least two of these three experiments has been sealed by military *coups d'état*. We shall try to understand why these attempts to achieve economic independence did not succeed.

## **Part One: Outward-Directed Economic Development**

## I The Groundnut Economy of Senegal and the Limits of Light Industrialization (1880-1970)

Among all the territories which made up the old French West African empire, Senegal provides the most instructive example of a trading economy; in this case based on groundnuts. A large part of this analysis has now been made easier by the recent publication of André Vanhaeverbeke's monumental work, from which we shall take not only figures but the basic conclusions.<sup>1</sup> We shall see later how this specialization, which is related not to the natural potential of the country but only to the interests of France, is at the root of the social distortions handicapping the economy. The chapter ends with a brief look at the recent evolution of the Gambia, whose economy is similarly based on groundnuts.

### I. THE MECHANISMS OF THE EXTENSION OF GROUNDNUT CULTIVATION

#### (i) *The Growth of the Groundnut Economy*

The colonial development of Senegal preceded by several decades that of the other colonies in the group which made up French West Africa. It was based on the extraordinary development of groundnuts, production of which began on a large scale over the area served by the first railways in 1885. Production in 1884-5 was 45,000 tons unshelled; it passed 200,000 tons in good years before 1914 and spread between the wars to new areas, notably Sine Saloum. The 1936-7 harvest reached 600,000 tons. The industry then took a new spurt after 1950, spreading to Casamance and eastern Senegal, and passed one million tons in 1965-6. The adjusted growth curve shows a rate of 8.8% a year

1. André Vanhaeverbeke, *Rémunération du travail et commerce extérieur*, University of Louvain, 1970.

for 1885-1914 and 2.7% a year for 1918-40.<sup>2</sup> There was then stagnation until 1950, when growth began again at the very high rate of 7.7% a year during the decade 1950-60, but then fell to a rate of 4% for the following decade (1960-9). Not only does growth seem to have remained at this level for some years, but there are even signs of a regression, shown by a reduction in the area of surfaces sown for the first time in the history of the country, except for the period of the Second World War. The record harvest which produced a sale of 1,011,000 tons in 1965-6 was followed by three mediocre harvests: 786,000 tons in 1966-7; 834,000 in 1967-8; and 598,000 in 1968-9.<sup>3</sup>

Is the peasants' withdrawal from the groundnut economy caused by the decline in the real purchasing power of the producer? This decline is at least in part due to the deterioration in the terms of trade on the 'world market' during recent years; a deterioration even more severe if measured by its effects on peasant producers. As well as an increase in the price of imported products, there have been increases in local taxes; but the purchase price for a kilo of groundnuts in Dakar, fixed at 22.75 francs between 1959 and 1965, has since been gradually reduced to 18 francs. What relation is there between this decrease in rural income and the problems of marketing organization, and how far is the 'socialization' of the latter responsible for the decline in production?

According to André Vanhaeverbeke,<sup>4</sup> the initial growth was based on the utilization of excess productive capacity. The traditional peasant was in a situation of 'forced leisure'; his workforce and the land available would have allowed him to produce more than he did with the techniques of cultivation available. But once his own food needs were satisfied, he had no reason to produce more. The establishment of a transport and marketing infrastructure during the colonial period, by providing a potential outlet for his produce, encouraged this initial growth without necessitating any reduction in the food crop.

This type of growth was possible as long as there was no

2. Vanhaeverbeke, *Rémunération du travail et commerce extérieur*, p. 15.

3. *BCEAO Bulletin*, May 1969 and May 1970.

4. *op. cit.*, pp. 24ff.

restriction on the amount of land available. It has been calculated that the area of cultivable land required fully to use one 'unit of labour' is 3.75 hectares in the north of the groundnut-producing area, 2 hectares in the central region, and 1.66 hectares in the Serere area. This allows for diminishing average yields from south to north as rainfall decreases. And with traditional methods of cultivation, these yields are 900 kg per hectare in the south, 700 in the centre, and 500 in the north. Allowing 80 units of labour per 100 inhabitants and 80 cultivable hectares per square kilometre (taking into account the fallow years necessary with traditional methods of cultivation), this means that the maximum rural population density the country can support is 27 inhabitants per square kilometre in the north, 50 in the south and 60 in the Serere area. Just such saturation densities were in fact reached: in the north between 1900 and 1910, in the centre between 1920 and 1930, and in the Serere area between 1930 and 1940.<sup>5</sup>

The colonization of new areas made it possible to overcome these restrictions. On the new lands of the interior of Saloum, brought into production between the wars, labour again became the limiting factor, making it necessary to recruit seasonal workers. The numbers of these *navétanes* have been reckoned at 60,000 a year between 1935 and 1940; 40,000 between 1949 and 1958; and only 11,000 between 1959 and 1962. They ceased almost completely to be employed when the permanent local population of these new lands reached a higher demographic threshold.<sup>6</sup> These seasonal workers were responsible for 8% of the groundnut production in Senegal between 1935 and 1940, and 6% between 1949 and 1958.

The substitution of groundnuts for millet is another way of

5. Vanhaeverbeke, Chapter III. In this discussion I follow the geographical divisions of the country suggested by Vanhaeverbeke. The northern region stretches round the town of Louga; the central region reaches from Diourbel to Kaolak, and covers the southern part of the territories occupied by the Wolof people; and the area occupied by the Serere people is situated on the west coast, around M'Bour and Fatick.

6. Vanhaeverbeke, *op. cit.*, Chapter IV. *Navétane* is the name given in Senegal to seasonal immigrant agricultural workers, who usually come from Mali.



avoiding the full use of the productive factors.<sup>7</sup> Given a ratio of 1.85 between the average yields per hectare of groundnuts and of millet (850 kg per hectare for groundnuts and 460 kg per hectare for millet), and a ratio of 1.28 between the amount of work that the peasant has to put in to growing groundnuts and growing millet (480 hours for groundnuts and 375 for millet), the substitution of groundnuts for millet is worthwhile if the ratio between the price per kilo of millet (or a substitute cereal) and that of groundnuts is less than 1.45. This means, for example, that if a peasant receives 18 francs for his groundnuts he gains nothing by substituting groundnuts for millet unless the rice he buys (which has the same nutritional value, weight for weight, as millet) costs him less than 26 francs. If a peasant has to pay a higher price for rice (and at present he has to pay 45 francs), his logical course is to reject the substitution and give priority to satisfying his own nutritional needs.

Little is known about the growth in the production of millets and sorghums for food, but during the decade 1950-60 it seems to have been more or less stationary at around 320,000 tons (in an average year); giving a growth rate at best of 1% a year, or less than the rate of population growth.<sup>8</sup> It seems, therefore, that a substitution of groundnuts for millet did take place during that decade. In contrast, if the figures are reliable,<sup>9</sup> millet production appears to have increased at an average rate of 8% between 1960 and 1968. This would be explained by a return to food production; and, indeed, this return has been clearly marked in recent years.

Once the maximum population densities were reached, an improvement in yields became essential. Agricultural techniques had remained unchanged until 1950. Since then, effort has been concentrated on reducing the labour force by the use of animals, and on increasing yields per hectare by the more widespread use of fertilizers and better-quality seed. In theory, the sowing mach-

7. Vanhaeverbeke, *op. cit.*, Chapter IV.

8. *Atlas économique permanent*, Senegal volume, Ministère de la Coopération, Paris, n.d.

9. *Troisième plan de développement économique et social 1969-1973*, Dakar, 1969, p. 10.

ine and the animal-drawn plough, correctly used, make it possible to increase the area cultivated with the same labour from 1 to 1.5 hectares. The use of these machines has become general in the last ten years, as has that of better-quality seed; and with the intelligent use of fertilizers (which increased from 21,000 tons in 1962 to 48,000 tons in 1967),<sup>10</sup> this made it possible to increase the average yield per hectare by 50%. According to the availability of land, the Senegalese peasant can increase the area he cultivates from 3 to 4.5 hectares; the annual expenditure required to modernize cultivation methods is 18,000 francs with an increase in area, or 13,000 francs without an increase. From this it can be seen that with a price for groundnuts of 18 francs per kilo modernization is not worthwhile unless land is available and is situated in areas with the necessary rainfall (the centre or south). Vanhaeverbeke has calculated the advantages of modernization in these terms as a percentage of returns on the traditional methods. Assuming that there is enough land available to operate the optimum agricultural programme on areas of 4.5 hectares, the advantage ranges from 53% in the northern area to 76% in the centre and 88% in the south. On the assumption that a shortage of land limits the size of cultivated units to 3 hectares, the advantage of modernization is reduced to 13% in the central area and 20% in the south; while it is negative in the north.<sup>11</sup>

From another point of view, it is important to realize that the move from traditional to modern agriculture means an increase in the amount of work required for weeding, the spreading of fertilizers, care of animals, etc. This increase is at least 35% if the cultivated area is 3 hectares, and 50% if it is 4.5 hectares. Thus, because of the decrease in the marginal productivity of labour produced by the change to the more intensive methods of modern agriculture, real earnings for the working day fall where an increase in the area cultivated is impossible (because of rural density); and remain almost unchanged, even if this increase is possible, in the northern area. In the central and southern areas, modernization under the best possible conditions brings an increase in earnings for the working day of no more than 20-25%.

10. *BCEAO Bulletin*, No. 162, May 1969.

11. Vanhaeverbeke, *op. cit.*, pp. 83 and 84.

The economic incentives to adopt new methods are thus relatively slight; but modernization would be essential if an increase in groundnut production were taken as the goal, that is, if Senegal's development continued to be seen as inevitably based on the cultivation of groundnuts. In fact, the results of this form of modernization are open to dispute. In well-watered areas with a low density of population – that is, in the new areas – mechanization has definitely produced an increase in *per capita* production (and even a modest increase in wages); but in densely populated areas, this increase in productivity has either meant breaking the rules of the fallow system (and so endangering the future), or released surplus labour to swell the numbers of the urban unemployed. It has also constituted a powerful factor of social transformation; tending to concentrate farms and create 'kulaks' in the country.

The most important factor in the extension of the groundnut economy has been the development and improvement of transport. The cost of sea transport has been gradually reduced from 11% of the value of groundnuts reaching European ports in 1890–1900 to 5% in 1927–8 and 3.5% in 1958–9. The real cost of inland transport has similarly been much reduced by the substitution of lorries (beginning in 1925) for pack animals, to get produce from the farms to the point of sale: a reduction in cost by more than half between 1925 and 1935, from 20 to 9% of the value of groundnuts at the point of sale for an average journey of 20 kilometres. Constant improvement of the road network and the increasing efficiency of lorries reduced this by a further 80% between 1935 and 1965; while the development of the railways reduced the real cost of rail transport by 45% between 1900 and 1962. Overall, expressed as a percentage of the value of exported produce at European ports, the real cost of inland and sea transport has fallen by between 60 and 80% for the various areas of production between 1890 and 1965.

These conditions have made it possible for groundnut production, which was unable to spread beyond the area served by the railway in the nineteenth century, to spread to all parts of the country.

(ii) *Unequal Trade and the Fall in the Senegalese Peasant's Earnings*

The Senegalese peasant has received poor compensation from the 'world market' for his efforts to adapt to its requirements. The price of groundnuts, expressed in constant values, has not dropped with the clear regularity which is sometimes too hastily alleged. Between 1885 and 1914 the price was relatively stable overall. The period 1925–40 was one of acute depression; followed until 1950 by total control of prices, at the very low level of between 50 and 65% of what they had been in both 1880 and 1938. The system of guaranteed prices, which began in 1952 and continued until recently, meant that between 1952 and 1965 France made an excess payment, over and above the world price, of about 4,200 m. CFA (French African Community) francs per year; though there was, on the other hand, an excess payment by Senegal for its imports from France, estimated at an average of 2,200 m. CFA francs per year.<sup>12</sup> This system of relatively stationary purchase prices to the peasant (fixed at 21 francs in 1953; raised to 21.70 in 1955 and 22.75 in 1959; and then reduced to 18.40 in 1967) did not prevent a sharp deterioration in the terms of trade during the last decade, because the prices of Senegalese imports rose at the same rate as French prices. This deterioration was around 20% between 1957 and 1966, and will probably prove to have increased as a result of the decision by the European Economic Community (EEC) to bring its prices into line with 'world prices'.

While the relative price of groundnuts remained roughly stable from 1880 to 1968, the double factorial terms of trade deteriorated steadily and substantially. The double factorial terms of trade are the commodity terms of trade multiplied by the ratio between the labour productivity index for Senegal and the labour productivity index for France. They express the change in the quantity of labour contained in one 'basket of imports' exchanged for the variable quantity of groundnuts obtained from a constant quantity of Senegalese labour.

In France labour productivity has increased regularly and at a

12. *Rapport du conseil économique et social*, Dakar, 1967.

rapid rate; while in the Senegalese groundnut economy the only important progress made before 1950 was in transport, with a slight improvement in labour productivity since. This means that, taking 1938 as 100, the double factorial terms of trade for Senegal ('starting from the real wage rate in the bush') have deteriorated at the very high annual average rate of 4.2%; falling from an index of 320 in 1911 to 186 in 1920 and 53 in 1957. This deterioration reflects a growing inequality in trade at the expense of the Senegalese peasant,<sup>13</sup> who receives less than a seventh of what he received less than a century ago in terms of the value contained in the products exchanged. Without this growing inequality in trade, i.e. this constant devaluation of Senegalese labour, the commodity terms of trade would have had to improve considerably for Senegal; so far as to entail a price for groundnuts to the producer (in real value, or purchasing power) about *six times what it is at present*. If unshelled groundnuts were bought from the producer at 100 francs (instead of 17 francs) and delivered to the oil manufacturers at 105 francs (with the cost of transport and marketing at 4.25 francs) instead of 32 francs, the price of groundnut oil would increase 2.5 times. These figures are based on the assumption that the nuts represent 65% of the price of the oil and that other costs (salaries, gross profits, etc.) remain unchanged at 35%. This adjustment would simply bring the price of groundnut oil into line with the prices of olive oil and walnut oil. Does the comparative usefulness of these different culinary oils justify the enormous discrepancies in their present prices? This is what theory would have us believe, with no other argument than tautology: because the consumers are willing to pay the difference, therefore the value of the products is different. In fact, the French consumer in the nineteenth century used walnut oil. He was encouraged to use groundnut oil because this could be obtained more cheaply in Africa - where the peasants could be made to work for so much less money - by being told that there was nothing better than groundnut oil. And now today he is being told in the same way that olive oil is much better. Olive

13. See the development of this theory in A. Emmanuel, *Unequal Exchange*, London, 1971.

oil costs more in fact only because the European producer has to be paid more for his labour than the African peasant.

Even a crude attempt to measure the amount of income transferred from the Senegalese peasant to France by this deterioration shows how far 'the world market mechanism' is a synonym for robbery. If groundnut production is today worth 15,000 m. CFA francs to the producers, this means that in ninety years Senegal has lost 1,800,000 m. CFA francs at present value; or the difference between what is in fact received and what it would have received if the commodity terms of trade had changed to make up for the changes in comparative labour productivity.<sup>14</sup> This astronomical figure represents an average of 20,000 m. CFA francs a year at current values, for a population which in the middle of the period numbered little more than two million; or 10,000 CFA francs per Senegalese at current values. In fact, the groundnut economy, far from contributing to Senegal's development, is making possible the plunder of its economy and its continuation in a state of underdevelopment.

(iii) *Changes in the Social Structure and Nationalization of the Marketing Network*

In the groundnut-producing areas of Senegal, concentration of wealth is based on a concentration of the means of production (tractor-drawn equipment), which the main beneficiaries of modernization have acquired and hire out to those less fortunate. How have the cooperatives in practice encouraged this concentration? Who are the beneficiaries, and what is the relation between modern forms of social differentiation and traditional forms (castes, clans, marabouts, etc.)? These are important questions.

While we have little detailed information on this process of social differentiation in the country areas, there is no doubt that it is taking place. The agricultural survey of 1960-1,<sup>15</sup> though

14. See graph, p. 34, and Table 1, p. 35.

15. Two studies of this material are C. Diarassouba, *L'Évolution des structures agricoles du Sénégal* (thesis), Paris, 1965, and B. Delbard, *Les Dynamismes sociaux au Sénégal*, ISEA, Dakar, 1966, pp. 19-30 and 102-10.

now outdated, reveals a close parallel in that period between the concentration of farms (particularly in the new areas) and the concentration of equipment, with cattle as a money substitute and the appearance of a 'wage-earning' labour force (25% of the labour force on farms of more than 15 hectares, which already made up more than 14% of cultivated land). Since then, inequalities have increased within the cooperative system itself, even though the object of the cooperatives is to promote a more equal access to equipment among all peasants.

Parallel with the establishment of cooperatives, the public authorities began to bring the marketing system under state control. There is no doubt that the setting-up of the Agricultural Marketing Bureau (OCA) corresponded to the wishes of the peasants. People in the rural areas had always regarded the colonial trading companies as the principal instrument of their exploitation; and certainly these had been the main channel for the deterioration in the relative price of groundnuts. Nevertheless, the setting-up of the state system for training rural leaders, distributing credit and marketing the crop involved an ambiguity from the start. The new system had, in fact, two contradictory aims. On the one hand it was to liberate the peasants from colonial exploitation; but on the other it was intended to transfer to the Senegalese state the margin of the surplus which had in the past been drained off by private (and usually European) business, in order to finance the development of the country as a whole. In other words, this development would have to be paid for, at least in part, by the rural areas.

The nationalization of groundnut marketing took place too late, in a period when marketing had lost its former considerable profitability. Until the 1950s, the slow development of French capitalism had left the colonies dominated by the least dynamic sectors of metropolitan capital, notably the group of old trading companies in Bordeaux and Marseilles. This mercantile capital was free to make enormous profits in the colonies. But from the 1950s onwards, the modernization of France and the demand for competitiveness between French capital and capital in the other member countries of the European Common Market (in particular West Germany) shifted the centre of gravity of dominant

capital in France. The old colonial companies gradually lost their relative strength, and their margins were trimmed to the advantage of the more dynamic sectors, with a consequent deterioration in the terms of trade and an adjustment to 'world prices'. In order to come to terms with this adjustment, a systematic effort was made to increase productivity in groundnuts, both at the stage of production and that of transport, along with plans for modernization and the development of the infrastructure.

The state has nonetheless been able to tap the rural surplus by means of public marketing bodies. Transport and marketing costs are now steady at 4.25 francs per kilo of unshelled groundnuts, while the purchase price to the peasants has been gradually reduced from 20 to 17 francs. Groundnuts are supplied to the oil manufacturers at prices which vary according to the 'world situation'. In recent years, for instance, prices have risen from 26 to 32 francs because of the particularly favourable 'situation' produced by the troubles in Nigeria. The Groundnut Stabilization Fund had a margin of between 2 and 10 francs, depending on the year, and between 1965-6 and 1968-9 it accumulated a reserve of 650,000 m. francs. This profit, which went into public funds, was enough to finance 26% of public investment.<sup>16</sup>

But the contradiction between this national aim and the demands of dominant foreign capital (as expressed by the fall in the price of groundnuts) finally made the situation untenable. This policy of milking the rural economy is always difficult. It is even more difficult in a balkanized Africa, and particularly in Senegal; for the 'historical accident' of the Gambia makes this policy impossible to implement, if groundnuts can be sold on better terms there. The peasants prefer to crush a portion of their produce themselves by home-made methods and sell their oil directly, when the ensuing profit more than makes up the loss involved in the use of local methods rather than industrial processing. The oil manufacturers, who established themselves by emphasizing Senegal's 'specialization in groundnuts' and developing their nut-processing capacity to a million tons, are

16. IBRD (International Bank for Reconstruction and Development) *Situation et perspectives économiques du Sénégal*, duplicated report, Washington, 1970, vol. I, pp. 54-5.

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the victims of this boycott by the peasants of Senegal. This has led to a crisis.

The nationalization of marketing has also transformed social relations in rural areas. Under the private trading system, most money was made by the intermediate African traders, local collectors for the colonial companies, the Lebanese, and the money-lenders, who are often themselves village notables (marabouts, traditional chiefs, and so on) or in alliance with them. With the introduction of the state system new relations replaced the old, and the state administration – which distributed credits, collected produce, and so on – took the place of the private traders. This produced a mixture of cooperation and competition between the administrative organization and the big producers over the division of the surplus. The widespread attack on the state trading system should cause no surprise. The big producers and the private traders, who grew rich through the system, have now decided that the time has come to shake off a protection which has become restrictive. Similar situations have developed in other parts of the continent, as in Tunisia recently. A return to 'private enterprise' may be no more than a false solution, however. Either private enterprise will be able to buy the nuts at a much better price than the state organization does at present, which will mean that the state loses the surplus which at present contributes to public funds, or the revenue going to the state will be held at the present level (by specific indirect taxation, for example), and the peasants will continue to boycott groundnuts.

#### *(iv) Senegal's True Agricultural Potential*

Colonization created the belief that the land of Senegal could produce nothing but groundnuts. For a century development effort was directed almost exclusively into the groundnut basin, which was provided with an infrastructure enjoying few rivals in tropical Africa. All agronomic research was devoted to groundnuts, with the centre run by the IRHO, the institute for research into oil and oil-producing substances, at Bambey a notable example of this.

In fact, Senegal's real agricultural potential probably lies elsewhere. Three areas of the country have real agricultural potential:

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the River valley, the Niayes, and Lower and Central Casamance. If the thousands of millions invested in infrastructure for the groundnut basin had been invested instead to provide a proper irrigation infrastructure in these three areas, intensive cultivation and modern forms of agriculture could have been developed here on a large scale: for high yields of rice and sugar cane, and high-quality produce (early vegetables and fruits, oil-palms in Casamance). The main potential of the present groundnut basin, too, is not in fact groundnuts, but intensive modern livestock rearing and the cultivation of fodder such as beetroot in rotation with millet and groundnuts. Use could also be made of the remarkable range of waste products which are at present squandered, such as oil-cakes, cereal chaff and fish scraps. A further possibility is deep-sea fishing, for which conditions on the coasts of Senegal are exceptionally favourable. Technical problems certainly exist; but so far they have not been seriously studied, even though it is almost certain that they can be solved.

These choices were not made because the colonial state was not interested in the development of the colony, but in its usefulness for home needs: to provide very cheap oil for French consumers by underpaying the African peasants for their work. The mistake was to continue the concentration on groundnuts after independence. Foreign technical assistance put all its weight behind this choice, and Senegal failed to give adequate priority to the training of proper economists – economists who would be capable of planning a strategy for real development.

The result has been an extremely low rate of real growth, estimated by the IBRD as 1.5% a year (at constant prices) for agriculture in the narrow sense between 1959 and 1969, compared with 6.1% for livestock rearing and fishing; or a total of 3% a year (or 3.2% at current prices) for the three sources.<sup>17</sup> Allowing for the growth in population, this means a *per capita* growth rate of almost zero (0.5 to 0.8% a year). The Third Plan retains this priority for groundnuts, and sets a target of 1,450,000 tons for 1974, which seems ever more impossible to reach.

Efforts undertaken with small resources in other directions, however, have produced promising results. In livestock rearing,

<sup>17</sup> *Situation et perspectives*, Tables 6, 7 and 9.

small-scale support for traditional efforts (improvements in water supplies, vaccination, and so on) has generated a relatively high growth rate. Fishing has doubled its production (from 73,000 tons in 1959 to 133,000 tons in 1967) without much effort. But work to develop the areas which could be irrigated has remained far below what is both necessary and possible. Instead there is talk of 'diversification' in another debatable area, cotton, which was introduced into Eastern Senegal in 1963 and produced a yield of about 10,000 tons in 1969. Cotton is similar to groundnuts in being a 'poor' crop; its price depends on the world market and its prospects are declining as a result of competition from synthetic fibres. The countries which have specialized in cotton (Chad, the Central African Republic, etc.) have problems similar to Senegal's.

Agriculture in Senegal was promoted in ways which ignored the natural potential of the country but served the needs of the colonial power and the world market. The development of the country as a whole has been the victim.

## 2. GROWTH BASED ON 'INTERNATIONAL SPECIALIZATION': SLOWNESS AND DISTORTIONS

### (i) *Difficulties of Industrialization, 1959-69*

Senegal's relative advantages over the other territories of the former French West African empire are not limited to the country's agricultural development. On the basis of the internal market created by this, a light import substitution industry was set up, situated almost entirely in the Cape Verde peninsula.

There has been a systematic analysis of the Cape Verde industries.<sup>18</sup> Strict criteria of profitability led French capital, on which this industrialization was based, to confine itself within narrow limits: on the one hand to industries which were given geographical protection in the form of the transport costs and so had to be in Africa (oil manufacturing, packing, canning, cement), and on the other to industries in which cheap labour was a decisive advantage (canning, sugar processing, brewing, tobacco, matches, textiles, etc.). This absolute submission to the criteria

18. *Les Industries du Cap Vert*, ISEA duplicated document, Dakar, 1965.

of profitability within a structure of relative prices imposed from outside – the needs of development imply a structure of relative prices different from that imposed on the underdeveloped countries by the world market – has much reduced the scope and potential of industrialization. One of its consequences has been to give a privileged position to industries which are profitable only at a very low level of wages. This has the effect of encouraging an international division of labour: by which the underdeveloped countries are restrained from training skilled workers, who are the monopoly of the 'rich' countries, and so perpetuating and accentuating underdevelopment. Thus, in the whole of Senegalese industry, supervisory grades represent only 7% of the workforce (with only half of the number Africans) and senior technical staff (only 8% Africans!) 1.4%. In the more developed modern industries, the proportions are 40 and 15%.

The Cape Verde industries were established at different times: mainly during the 1930s, and during and immediately after the Second World War.<sup>19</sup> Since they had been installed to supply a market comprising the whole of French West Africa, Senegal enjoyed many advantages in this respect over the other territories when it became independent in 1960. With 250 factories employing 14,000 workers, it had the only industrial complex in the area. Since 1960 the Ivory Coast has begun to establish a similar complex, but Senegal is still today by far the most advanced state in West Africa. In transformation industries, it has thirty-eight factories (or one factory per 90,000 people): compared with only thirty-six in the Ivory Coast (one per 120,000 people), nine in Mali (which is the only other country of the former French West African empire to have attempted industrialization, and has one factory per 500,000 people), and only five in the five other countries, Dahomey, Niger, Upper Volta, Togo and Mauritania (one factory per 2,400,000 people). Even Nigeria, with its population of 55 million, has only eighty-six factories of this size (one per 640,000 people).

The crisis of Senegalese industry, at its height since 1955, was made worse by the break-up of French West Africa and then of

19. See Suret Canale, 'L'Industrialisation de l'A.O.F. après la deuxième guerre mondiale', *Revue économique de Madagascar*, 1968.

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the Mali Federation. Based solely on criteria of profitability Senegal's industries have very little connection with one another but are geared directly either to agriculture, of which in some cases (oil manufacture) they are no more than an extension, or to final consumption. Furthermore, they import not only all their equipment, but also 35% of their raw materials and semi-finished products. It has been shown that under these conditions their development would quickly reach its ceiling, and they would be able to make only a very small contribution to the balance of payments. Such is the limitation on any policy of 'import substitution'.<sup>20</sup>

Nevertheless, with fewer than 15,000 employees, they are able to meet 37% of local requirements for industrial products. In 1968 Senegal produced 1,100,000 tons of calcium phosphate, 202,000 tons of cement, 190,000 tons of groundnut oil and 16,600 tons of soap, 79,300 hectolitres of beer and 103,500 hectolitres of mineral waters, 550 tons of yarn, 1,080 tons of cloth, 4,800,000 pairs of shoes, 10,200 tons of tinned foods, and so on. Out of a total employed labour force of 125,000, industry and construction employ 34,000 and administration 37,000; with the rest employed in transport, commerce and services.

The present rate of urbanization (7% a year) puts an additional 10,000 adult males on to the Cape Verde labour market each year. If we accept that one job in industry creates a total of four jobs in the urban areas (this was the actual proportion of paid employment outside the government service in 1960-1), simply to maintain the relative level of employment in 1960 would have required the creation of 25,000 jobs in the transformation industry between 1960 and 1970. Even this crude calculation shows that light import substitution industry ceased to be a possible means of development in Senegal some time ago. In addition to this, the main industry (oil production, which makes up 35% of the total) is dependent on a stagnant agriculture; and the rural market, an essential part of the market for those industries catering to local consumption, is also stagnant for the same reason.

Senegal, therefore, has no choice. It must escape from the trap

20. This has been shown by ISEA, which has analysed inter-industrial relations in Senegal, *Les Industries du Cap Vert*.

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of industries simply transforming primary products for export (which represent half of industrial turnover) or light industries producing for local consumption (the other half). It must create industries which provide an outlet for industry itself; equipment industries. This, however, is impossible within the double limitation of a market as small as that of a small African state, and 'liberal' integration in the franc zone and association with the European Common Market.

According to official estimates, the growth rate in industry at current prices between 1959 and 1969 was around 7.7%: a rate reduced in the IBRD estimates to 7.3%, or 6.3% at constant prices.<sup>21</sup> Average annual growth rates in physical production between 1959 and 1968 were 5.6%: which included 10.3% for electricity, 32% for the extractive industries, 4.5% for oil, and 8.5% for textiles and shoes. The IBRD calculated these rates as 8.9% for energy, 28% for mining, 3.3% for food industries, 10% for textiles, and 8.7% for other industries. (This last figure is misleading, since it includes the opening of the SIES - Senegal Fertilizer Company - factory, which accounts for most of the increase in this sector.)<sup>22</sup> An examination of the physical indices for the main branches of production shows that for many of the traditional industries of Cape Verde growth rates were very low, and sometimes even negative. The underlying causes of this situation are clear. The industries of Cape Verde were established to supply the former French West African market and have fallen victim to the balkanization of the area. The limitations of the home market oblige many to work at less than full capacity, with a consequent increase in costs. Industries stagnating in this way include cement, tobacco, matches, beer and mineral waters, textiles, shoes, chemicals, and grain and flour. For this reason also the main success in industry during the past decade has been in the sector aimed at the foreign market. The production of phosphates went from 407,000 tons in 1961 to 1,110,000 tons in 1968. Production of refined oil increased from 36,000 tons in

21. IBRD, *Situation et perspectives économiques du Sénégal*, Tables 5 and 7; *Troisième Plan quadriennal de développement économique et social 1969-73*, duplicated, Dakar, 1969, pp. 13, 14. See Table 2 below.

22. Sources: the IBRD report previously mentioned; *Troisième Plan*; *Les Industries du Sénégal*, an industrial survey published in Dakar in 1965.

1961 to 56,200 tons in 1967; and of crude oil from 116,700 to 120,800 tons. Nut-processing capacity was increased to 1 million tons. Development of several new industries, particularly the canning of tuna fish and the SIES fertilizer factory, have also improved the indices. The rest has been due to an increase in electricity production of 10% a year, and the building of the SAR petroleum refinery.

During this decade, Senegal made every effort to attract foreign private capital. The investment code which came into force in 1962 could scarcely be more alluring. There is complete tax exemption for eight years; 50% tax relief on distributed profits; deduction of reinvested profits from taxable income; refund of customs duties on materials used in re-exported goods; and a guarantee of no increase in taxes for twenty-five years. There are protective tariffs of between 40 and 70%, with in many cases a total ban imposed on competitive imports. And there are credits at favourable interest rates from the Senegal National Development Bank. The result is that industry's contribution to tax revenue is exceptionally small: 4,200 m. francs compared with total profits after tax of 5,200 m. francs for all industries in 1962. Of this amount 3,300 m. was paid by the oil manufacturers and some other food industries, and only 900 m. by all others. Such represents about 18% of pre-tax profits. Most of this contribution also consists of indirect taxes, which are borne essentially by the consumer.<sup>23</sup>

Senegal nevertheless has an undoubted industrial potential. The possibilities for exporting the ore of Mauritania suggest ship-building and the construction of a West African merchant fleet. The urban infrastructure and the potential for training senior management would make Senegal a suitable site for important sectors of an integrated West African basic industry, particularly in chemicals. But, just as concentration on groundnuts has never been questioned, so there has been no serious research into the possibilities for industry. The result has been very slow industrial growth, in the absence of interest from foreign private capital.

23. These calculations are based on figures from the survey *Les Industries du Sénégal*.

(ii) *The Stagnation of the Real Per Capita Product*

During the decade 1959-68, according to official estimates, Senegal's gross domestic product went from 119,000 m. to 177,000 m. C F A francs at current values, an average annual growth rate of 5.5%.<sup>24</sup> There was wide variation from year to year, due largely to climatic irregularities, and in particular a general slowing down from 1965 onwards.

We do not possess a sufficiently comprehensive range of price indices (wholesale and retail, indicating the consumption standards of different social strata, and so on) to allow us to calculate an exact average annual growth rate at constant prices. But if we accept a minimum average annual increase in prices of 3%, which corresponds to the increase in import prices (for example, the average annual increase in French prices) and the increase in the cost of 'European'-style living in Dakar,<sup>25</sup> the real growth rate will have been at most from 2 to 2.5% a year, or the same as the rate of population growth. The average real *per capita* product thus remained stationary for ten years.

The IBRD also reaches the conclusion that the gross domestic product has stagnated. It suggests for the 1960s growth rates at *current* prices of 3.2% for agriculture, livestock rearing and fishing; 7.3% for industry; and 3.2% for the gross domestic product. And it adds that the GDP growth rate has tended to decline: from 4% in the period 1959-64 to only 1.9% in the following period (1965-9). At *constant* prices, the IBRD gives the following rates: 3% for agriculture, 5.3% for industry and 2.5% for the GDP.<sup>26</sup>

Thus, the IBRD calculations assume that the average rate of price increases was very low (0.8% a year), and that the deterioration in the price of groundnuts and groundnut products, together

24. 5.5% is the rate given in the *Troisième Plan* (p. 8). This would be the result of a calculation which ignored the stagnation of the later years. Calculated over the years 1959-68, the growth rate is 4.5%. See Table 3 below.

25. *Troisième Plan*, p. 16. This rate of about 3% is also the increase in the cost of construction index between 1961 and 1967.

26. *Situation et perspectives économiques*, Tables 5, 6 and 7. See also Table 3 below.



### *Neo-Colonialism in West Africa*

with the holding-down of prices for some vital products, largely compensated for the steep rise in some other prices (notably those of imported manufactured goods, as a result of increased indirect taxation on them).

The result is that the *per capita* product at current prices increased by only 1.1% a year (1.9% in 1959-64 and 0.15% in 1965-9). Since private *per capita* consumption rose from 37,700 francs in 1959 to 39,100 francs in 1969, a real deterioration in standards of living, according to the IBRD, is certain; since, even allowing for rural consumption of local produce (which represents no more than 17% in value of total consumption), the increase in final consumer prices was certainly much higher than 4% during these ten years. As for the *per capita* product at constant prices, it was stagnant. The IBRD gives an average rate of 0.14% per year: with a positive figure for 1959-64 (0.9%), followed by a negative one for 1965-9 (-0.8%).

A stationary *per capita* product means serious decline. Not only does the gap between the country and the developed world widen in these conditions, but the stationary real product also produces serious distortions.

#### (iii) *The Social Distribution of Non-Agricultural Income: Unemployment*

The growth rate of the urban population is 6% a year: the population of the towns increased from 700,000 in 1959 (22% of the then total population of 3,150,000) to 1,250,000 in 1969 (32% of the total 3,900,000).<sup>27</sup> With this went an increase of 115,000 or 65% in the potential active urban population (85% of men and 15% of women between the ages of 15 and 59): from 175,000 in 1959 to 290,000 in 1968. The increase in the product of urban activities (industries, services and the administration), on the other hand, remained very low. Official estimates for the non-agricultural product at factor cost give totals of around 80,000 m. francs at current prices for 1959 and 115,000 m. francs for 1968 (or 90,000 m. francs at 1959 prices); that is, an increase of only 13% in real terms. The IBRD estimates the growth of the product at constant prices as 6.3% for industry: -2.8% for con-

27. IBRD, *Situation et perspectives économiques*, Table 3.

### *The Groundnut Economy of Senegal*

struction, 3.7% for transport, 6.2% for commerce, 0.7% for services and -0.1% for the administration: a total for non-agricultural activities of 2.3% a year.<sup>28</sup> Conspicuous features are the negative figure for construction and the low figure for services, both of which are to be explained by the reduction in the European population and the evacuation of the French army. (Construction, however, apparently began to recover in 1965.) Also noteworthy is the figure for the administration, at practically zero. This phenomenon, which is unique to Senegal, reflects the fact that the extension of services and the increase in personnel were accompanied by a freeze on wages (which in real terms meant a reduction in income).

If the urban population increased by 65% in nine years while the product of non-agricultural activities increased at most by 22%, this means that real *per capita* urban revenue decreased by around one third. Since the productivity of the employed was at least stationary (and probably even increased a little), the proportion of actual employment in the urban population must have decreased considerably. On this basis, the towns of Senegal would in 1969 have had 90,000 'theoretical' unemployed: an increase on 1959 of a third of the labour force. This very high figure is not at all unlikely, since the number of people employed in the modern sector was calculated in 1968 at only 125,000 (which included 55,000 in the public sector); a figure little different from that for 1962-3 and 7% lower than that for 1960.<sup>29</sup> The number of registered unemployed is 50,000; but this figure is deceptive. Much effective unemployment is 'disguised' by the more rapid rotation of workers (particularly among day-labourers, who on average work fewer days a year) and by 'independent', non-earning employment which is increasing rapidly while economic activity stays at a low level.<sup>30</sup>

The massive increase in visible and disguised unemployment - from 11 to 38% of the labour force, as the summary in the table

28. *Troisième Plan*, pp. 9-10 and 15.

29. Ministry of Labour, *Situation économique 1968*, duplicated document; IBRD, *Situation et perspectives*, Table 4. See also Table 4 below.

30. This agrees with the conclusions of the IBRD report (pp. 28-30), according to which actual unemployment is considerably greater than the 50,000 registered unemployed.

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below indicates – is not the only transformation which has taken place in the social distribution of urban income in the course of the decade. A high proportion of the urban product in fact leaves the Senegalese population untouched. European salaries in the public and private sectors, the gross income of small businesses owned by Lebanese or *petits blancs*, and the gross earnings of

### Jobs and Urban Unemployment (in thousands)

|                         | 1959 | 1968             |
|-------------------------|------|------------------|
| Labour force            |      |                  |
| Employed: modern sector | 175  | 290              |
| ‘traditional’ sector    | 135  | 125              |
| Unemployed              | 20   | 55 <sup>31</sup> |
|                         | 20   | 110              |

foreign companies in the capitalist sector (industries, trading companies, banks and insurance companies, and so on) constitute about half of the non-agricultural product. It is regrettable that official figures do not show this important component in distribution. But the proportion of 50% – the figure for the Ivory Coast – must also be true, and even an underestimate, for Senegal, where the European and Lebanese population is larger.

The non-African population of Senegal fell from 60,000 in 1959 to 48,000 in 1969. If we estimate the earnings received by this sector roughly in proportion to its employed members (allowing for an increase in average real earnings of 1% a year, since those who left were in the poorest categories), the volume of these salaries fell from 20,000 m. francs in 1959 to 18,000 m. in 1968, at constant prices. The gross earnings of foreign small businesses and companies, if they followed the trend of the non-agricultural product as a whole, will have risen from 25,000 m. francs to 31,000 m. African urban income will then have risen from 47,000 m. francs to 63,000 m., an increase of 33%, or well above the increase in employment (which can have been no more than 12% at the most). And this means, without room for doubt, a more unequal social distribution of income.

The beneficiaries of this transformation are to be found in the

31. This very high estimate correspondingly reduces our estimate of real unemployment.

## The Groundnut Economy of Senegal

higher levels of the public service – the main result of independence – and in business circles, which have made some progress in the course of the decade. On the other hand, earnings as a whole, particularly at the lower levels, have been among the casualties. The guaranteed minimum inter-professional salary (SMIG) was frozen between 1961 and 1968, and raised by only 15% in July of the latter year (bringing it to 50.6 francs an hour), in spite of a much greater increase in urban consumer prices.

### (iv) The Social Distribution of Agricultural Income

Given that the rural population rose from 2,350,000 in 1959 to 2,650,000 in 1969 (an increase of 1.4% a year) and that the product of agriculture, livestock rearing and fishing increased by 3% a year at constant prices, the IBRD estimates that there was a slight rise in the average *per capita* product. This was 15% in the nine years 1959–68: from 17,500 francs in 1959 to 20,000 in 1968 (the agricultural product was 41,000 m. francs in 1959 and 53,000 m. francs at 1959 values in 1968). This overall calculation is deceptive, however, since the product of agriculture in the narrow sense increased by only 1.5% a year, compared with 6.1% for livestock rearing and fishing. It is important to note here that the prices of meat and fish – products largely destined for the home market – did not deteriorate, like the prices of products destined for the export market. This favourable development, which is one more indication that the obstacle to development is situated in the mechanisms of domination expressed in the world market, has stimulated livestock rearing and fishing. Some small sectors of the population have benefited from this advance, although it is not possible to locate the benefits exactly. Did these accrue to the breeders and fishermen, or merely to the middlemen? In any case, it accounts for the improved lot of Mauritanian and Senegalese wholesale and retail butchers and fishmongers.

For the growers, whose *per capita* product at constant prices has remained stationary, it is difficult to say whether their situation has really deteriorated. Their gradual withdrawal from the groundnut economy has allowed them to produce more millet; or to ‘eat better’. On the other hand, their money incomes have decreased, both at face value and even more in real terms. By

how much? To settle this question we would need separate price indices for rural and urban consumption. Nonetheless, we do know that the purchase price of groundnuts to the producer, after having remained stationary for a long time, was reduced (by 3 francs or 15%), while import prices rose by 35% in ten years, and the increases in indirect taxation designed to cover increased public expenditure probably caused even heavier increases in retail prices. Another factor working towards the same result was perhaps an increased margin of profit in rural trade, allowing middlemen to make up for the reduction in their turnover that resulted from the ending of private marketing. We have little information about all these phenomena connected with the price structure, but it looks as though a decline in rural purchasing power of around 40% cannot be ruled out. During an initial period, 1959-65, this gradual deterioration was balanced partly (or perhaps totally) by an increase in productivity. But realizing from this experience that the world market swallowed up the entire results of their efforts the Senegalese peasants have, since, been reluctant to increase groundnut production. Unfortunately, little more can be said, since there are no statistics available on the developing distribution of agricultural income among different categories of producers.

### 3. CONCLUSION

#### *A Critique of the 'Development Strategy'. An Alternative Integrated Strategy Centred on West Africa*

It is instructive to re-read in 1970 the 'Ten-Year Perspective 1960-70' drawn up at the beginning of the decade. This document, and the plans which put it into effect, laid down very high growth rates: 8% for the first plan and 5% for the second (in real terms). The gap between these targets and the reality - 3% - makes it worth while to examine the value of the strategy on which the plans were based. The essence was specialization in groundnuts and development based on a light import substitution industry financed by foreign capital. In my opinion this could lead only to stagnation in Senegalese conditions. But instead of criticizing this strategy for continuing colonial development

policies, critics often limit their attack to the faults of the 'African administration', which thus has to take sole responsibility for a failure which in fact was forced upon it from outside.

It is therefore amazing to find the IBRD, after analysing so clearly the mechanisms of stagnation, proposing a strategy for renewed advance down this same blind alley. The IBRD projection for the period up to 1980, based on a growth rate of 5%, implies an expansion in exports of 6% a year and a gross contribution from private foreign capital rising to 11,000 m. francs in 1974 and 19,000 m. francs in 1980: so as to allow the net contribution from this source to remain constant at 2.8% of the GDP, in spite of the increase in debt charges (which will reach 9% of the value of exports in 1980). On these forecasts, debt charges will in 1980 take up 50% of public income, which will need to grow at a rate of 8% a year to a total of 16,000 m. francs in 1980.<sup>32</sup> It is clear that this makes no more sense than similar projections made ten years ago. Such a growth rate will never be achieved with groundnuts; in such conditions foreign capital will never find an opportunity for 'profitable' investment; public funds will never be able to accumulate such a surplus; and the balance of payments will never allow such a growing surplus to be transferred.

The draft Third Four-Year Plan (1 July 1969-30 June 1973) proposes a target of 1,450,000 tons of groundnuts, to be achieved by more intensive cultivation. The supply of fertilizer will be increased from 75,000 to 135,000 tons, and equipment for the peasants will be supplemented by 80,000-100,000 new items a year of various sorts: seed drills, hoes, lifters, ploughs and carts. The target is, however, impossible to achieve, in view of the reluctance of the peasants to continue in this direction. Will not the giving of this priority to groundnuts merely mean that it will take longer to reach the target of doubling rice production; which should allow imports to be reduced by half and is without any doubt the chief priority in agriculture? The proposed growth rate of 3% in agriculture is in fact based largely on increased productivity in groundnut cultivation. What will happen if, as is likely, the terms of trade continue to deteriorate?

32. *Situation et perspectives*, p. 104.

The proposals for industrialization in the draft plan, which are meant to produce a real growth of 6.4% a year, would require investments totalling some 20,000 m. francs, of which 11,300 m. would be for the renewal, modernization and enlargement of existing plants; 3,100 m. for energy and 3,000 m. for phosphate extraction; with the rest going chiefly to enlarge the oil-producing plant, the tuna-canning industry, the textile industry, and various light chemical industries which supply the internal market. The only projects involving a different type of industry are the extraction of sea salt by the electrolysis of seawater and an electrically operated iron and steel plant. In this field, however, all the projects planned are modest, out of a concern for 'realism'—that is, uncertainty about the possibility of real economic integration in Africa.

It is clear that the policy of establishing import substitution industries on the basis of a restricted market — which in its first stages produced very high growth rates (and still today in the Ivory Coast has rates of 10–20% a year) — has exhausted its possibilities in Senegal. Even more than elsewhere, the only possible solution is a modern basic industry aimed at both a vast organized and integrated market, and export within a fundamentally revised framework of international specialization. Basic industries of the first type could include in Senegal a large iron and steel industry on the coast, using the ores of MIFERMA to build ships on a scale sufficient to give the states of West Africa a merchant fleet to match the volume of their trade, and producing railway equipment to link existing lines. There is no reason for excluding a large heavy chemical industry, especially in co-ordination with the development of the extraordinary energy potential of Guinea-Boké. And there is every reason for including basic industries of the second type to lay the foundations of a new system of international specialization in which Africa would have a fair share. It should not be forgotten that the continent, which produces 70–80% of the numerous minerals necessary for the production of special steels (cobalt, titanium, etc.), also has the best deposits of iron ore (Mauritania, Mount Nimba, Gabon). It is ideally placed to provide the whole world with the special steels which are gradually replacing ordinary steels in heavy

infrastructures. Industries of this type, like those based on chemistry (making use of the continent's extraordinary resources of energy), tropical woods, and so on, could support fair trading, of a sort which would allow Africa to keep a surplus for the modernization of other sectors and the development of light industry.

Is there any meaning in the hypothesis of development based on more 'modest' choices? The draft Third Plan develops at considerable length an analysis of the possibilities offered by tourism. But is there not a confusion, here as elsewhere in the Third World, between what tourism has been able to contribute to certain European countries (Spain, Italy, Greece, Yugoslavia) and what it can contribute to underdeveloped countries? In the first group, industrial growth was held back by a shortage of foreign currency; and tourism, by removing this obstacle, freed forces ready to finance a speeding up of industrialization (private or public capital). In the second group, where this combination of factors does not exist, tourism brings in the main serious economic (and social) malformations: such as 'imitation effects' on styles of consumption, and a drain of the little local capital available into the tertiary sector. In the long term, the volume of direct or indirect imports in tourist spending becomes so great that, in view of the distortions, it is far from certain that the final effect on the balance of payments is positive. Serious study in this field has still to be done, and it will have to take into account the experiences of the Antilles, Tunisia and Kenya.

Indeed the draft Plan betrays its own doubts on the efficacy of its prescriptions by neglecting any analysis of the dynamics of its financing: the flow of capital required, the connected reverse flow of profits, the flow of public income and expenditure, and so on. On this subject the draft plan does no more than suggest 'austerity'. Is there any possibility that such appeals will be heeded? Is it desirable that they should be?

The lead which Senegal enjoyed because of its early development allowed it during the decade 1958–68 to construct the foundations for a system of technical and scientific education superior to that of most French-speaking African states. The draft plan, however, proposes to slow down this effort: it suggests an

annual growth of 4% in the primary sector as against 14% during the previous decade; and in the secondary sector, of 6% as against 20%. One gets the impression that, quite apart from the problems created by the need to adjust aims and from financial preoccupations, there is a confusion between 'planned employment' (the production of specialists to meet the immediate needs of the economy) and planning 'human resources'. This last entails a quite different task; it must take a long view, for the generation now being formed. The contemporary technical and scientific revolution (automation, atomic energy, cybernetics and the conquest of space) and an integrated and autonomous development strategy for Africa both depend on having literate populations and speeding up secondary and higher education. In other words, in this field of human resources the gap between the developed and underdeveloped worlds must not become greater, but steadily less.

#### 4. APPENDIX

##### *The Economic Development of the Gambia 1960-70*<sup>33</sup>

The Gambia is a 'historical accident', an artificial product of the division of Africa between the colonial powers. Its population was estimated in 1969 at 360,000, of whom 32,000 lived in the capital, Bathurst. The rate of population growth is estimated at about 2.2% a year. The number of non-African foreigners is estimated at 1,000. The proportion of the relevant age-groups receiving primary and secondary education was 24% and 7.8% in 1968-9 (compared with 35% and 13.5% in Senegal). The country's economy is based on groundnuts, with an annual production around 90,000 tons unshelled, which is about the same level of production per inhabitant as in the groundnut basin of Senegal. Industry is practically non-existent, apart from the oil plant which exported 4,450 tons in 1963 and 26,240 tons in 1967. There are only 7,000 wage-earners in the country, 4,900 of whom

33. Sources: *Estimates of Gross Domestic Product . . . , Estimates of Recurrent Revenue and Expenditure, Statistical Summary*, official annual publications, Bathurst. See Tables 5 and 6.

are employed by the state; a proportion of 13.6 civil servants per 1,000 inhabitants, compared with 10 in Senegal.

Gambian economic statistics show an average annual growth rate in the GDP of 5.6% between 1961 and 1968, or 5.4% at constant prices. In 1968 the GDP at constant prices was 13.3 m. Gambian pounds, including 4.7 m. for commercialized agriculture, 2.7 m. for subsistence agriculture, and 2.6 m. for administrative services, the rest coming mainly from business and transport. An increase in taxation and public expenditure, which rose from 20 to 28% of the GDP between the dates mentioned, is partly the cause of the increase in consumer prices, at 16% between 1961 and 1969.

The Gambia receives a large amount of public aid from abroad, about 1 m. Gambian pounds a year, which covers the whole of state expenditure on capital goods, or about 8% of the GDP. In 1968-9 income from taxation was 3.9 m. pounds, and current expenditure 3.7 m. (as against 2.7 in 1965-6), leaving a Treasury deficit of 0.7 m. pounds. This contribution is much greater in relative terms than that which Great Britain allows the other African member states of the Commonwealth, and brings the level of 'aid' received by the Gambia to that of Senegal. Here again, this 'aid' has the effect of maintaining a non-viable state and perpetuating the balkanization of Africa. Without it, it is possible that the Gambia would have been forced to seek closer links with Senegal, or even to accept economic union.

The apparent growth rate of the Gambian GDP is largely illusory. Gambian exports - averaging an annual value of 5.2 m. pounds between 1964 and 1968, or 43% of the GDP of 12.2 m. - in fact contain a high proportion of re-exports, of groundnut products arriving from Senegal. This proportion of exports in relation to the GDP, which increased regularly from 34 to 48% between 1963 and 1967, reveals an increasing leakage of groundnuts from Senegal to the Gambia; from the 'traditional' figure of 15,000 tons to at least 30,000 tons in 1969-70. If we reduced the Gambia's exports by the total of these imports (bought by the Gambia Oilseeds Marketing Board at 30 pounds a ton), we would find that the Gambia's true exports were worth no more than 4.6 m. pounds in 1968 (34% of the GDP).

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If we estimate that not only is the GDP artificially inflated the value of Senegalese groundnuts, but that the turnover for trade and transport is also inflated in the same proportion, we obtain a growth rate of 1.7% a year. And if this is so, the Gambia has experienced the same stagnation as Senegal; for the same reasons connected with specialization in groundnuts, and in spite of different economic policies for marketing: all of which contradicts appearances and the ideas widely held in Senegal.

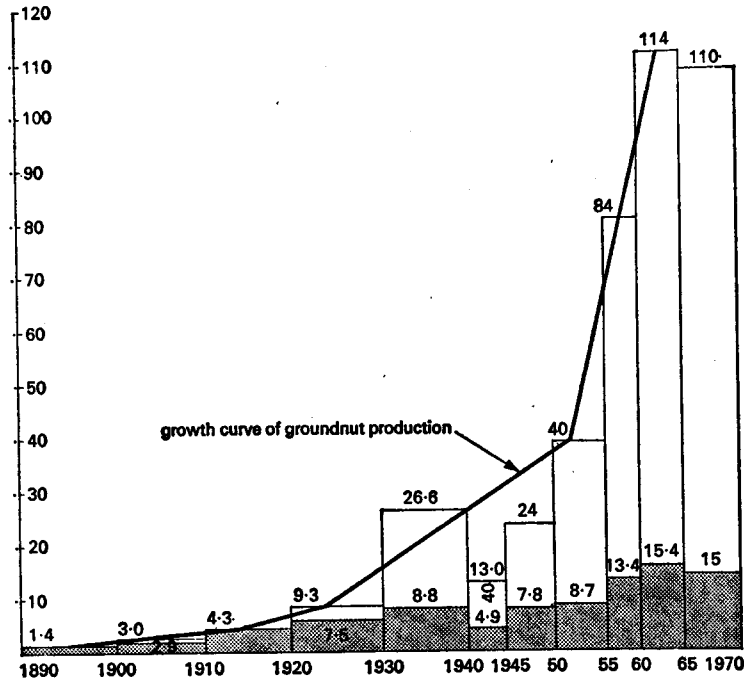
Imports too, which in 1964-8 made up on an annual average over 50% of the GDP, with a definite upward trend (going from 46 to 61% of the GDP), contain at least 3 m. pounds' worth of goods clandestinely re-exported to Senegal (or 40% of the total value of apparent imports).

One may wonder what reasons make Senegalese peasants sell their groundnuts in the Gambia when they can. The price offered them by the GOMB has been higher than the usual Senegalese rate only since 1969. The price to the producer, 27 pounds (18,000 CFA francs) a ton between 1958 and 1968, was raised to 28 and later to 30 pounds a ton (20,000 CFA francs) in 1969-70. Before that it was even lower, and the recent improvement is not decisive. Further, and contrary to what is frequently said, private trading in the Gambia does not give the peasant a better deal than does state trading in Senegal. The costs of transport, shelling and marketing in the Gambia represent 30% of the value of groundnuts delivered to the factory or the point of export, while the real cost of transport - in this case by river - is much lower than that of the land transport which Senegal is obliged to use. The trade margin, which is larger in the Gambia, benefits almost exclusively the private traders, not the peasants. This margin, which was 12.8 pounds per ton in 1969-70, or 8,500 CFA francs, brings the export price of shelled nuts to 47,200 CFA francs. The state must also lose here, because the margin which comes to it, deriving from the difference between the world price and the price of shelled nuts delivered at Bathurst and taking the form of taxes or Marketing Board surpluses, is lower than it might be. Ultimately, however, the Gambian state does not lose, since it receives import duties on products destined for secret exportation to Senegal.

There are in fact two main reasons for the leakage of Senegalese groundnuts into the Gambia. The first is that the peasant is paid in cash there, whereas in Senegal the bureaucratization of the state marketing system imposes very long delays. The second reason, however, is much more important. In purchasing power the CFA franc is overvalued in relation to the Gambian pound. This is in the first place because the French franc is itself overvalued in relation to the English pound, with the result that French exports to Africa start off 15-20% dearer than those from Great Britain and Japan, the Gambia's suppliers. This difference is then made worse by higher indirect taxation in Senegal. From the colonial period, the Gambia has deliberately taxed imports lightly, with the object of encouraging the Senegalese to smuggle necessary imports through its territory. It is also said that traditionally the margins of the French colonial trading companies were larger than those of the more dynamic English companies. All this has made it possible for the Senegalese peasant to obtain much larger quantities of goods (perhaps double) from the sale of his groundnuts in the Gambia than he could by selling in Senegal.

Neo-Colonialism in West Africa

000 m. CFA francs



Surplus Transferred as a Result of the Deterioration in the Double Factorial Terms of Trade (000 m. CFA francs at present values)

The columns represent what Senegal would have received from the expansion of the groundnut economy if the double factorial terms of trade had not constantly deteriorated. The heights are proportional to the production of groundnuts in each period.

The shaded part of the columns represents what Senegal in fact received. The difference represents the surplus transferred as a result of the growing inequality in trade terms.

Table 1. Senegal: Development of the Groundnut Economy 1885-1970

| Production exported. | Index of price of 100 kg unshelled nuts in Dakar <sup>1</sup> | Index of retail prices of imported goods <sup>1</sup> | Commodity terms of trade <sup>1</sup> | Real prices in terms of wages <sup>1,2</sup> | Double factorial terms of trade <sup>1,3</sup> | Value of crop at 1970 prices (20 f. per kg). Annual average. 000 m. CFA francs | Value of crop at 1880-99 terms of trade (000 m. CFA francs, 1970 values). Annual average CFA francs | Surplus transferred. Annual average (000 m. CFA francs) |
|----------------------|---|---|---------------------------------------|--|--|--|---|---|
| 1884-89              | 32  | 20  | 128                                   | —  | —  | —  | —   | —   |
| 1890-99              | 68  | 18  | 125                                   | 346  | 295  | 1.4  | 1.4   | 0   |
| 1900-09              | 146   | 22  | 135                                   | 339  | 290  | 2.9  | 3.0   | 0.1   |
| 1910-19              | 216   | 35  | 101                                   | (379)*                                       | (325)*   | (4.3)  | (4.3)   | —   |
| 1920-29              | 374   | 114   | 102                                   | 255  | 238  | 7.5  | 9.3   | 1.8   |
| 1930-39              | 440   | 75  | 97                                    | 109  | 98   | 8.8  | 26.6  | 17.8  |
| 1940-44              | 244   | 192   | 50                                    | 119  | 112  | 4.9  | 13.0  | 8.1   |
| 1945-49              | 392   | 966   | 57                                    | 101  | 96   | 7.8  | 24.0  | 16.2  |
| 1950-54              | 435   | 2,270   | 130                                   | 68   | 64   | 8.7  | 40.0  | 31.3  |
| 1955-59              | 670   | 2,360   | 148                                   | 50   | 47   | 13.4   | 84.0  | 70.6  |
| 1960-64              | 770   | 2,420   | 120                                   | —  | 40   | 15.4   | 114.0   | 98.6  |
| 1965-69              | 750   | 2,110   | 105                                   | —  | 40   | 15.0   | 110.0   | 95.0  |

1. 1938 = 100.

2. Index of the purchase price of groundnuts as a proportion of the index of average real hourly earnings of labour in France.

3. The index of the real price in terms of wages as a proportion of the index of productivity in the production and transport of groundnuts.

4. Until 1914 only.

Source: Calculations based on A. Vanhaeverbeke's figures.



Table 2. Senegal: Industries, 1959-68  
(000 m. CFA francs)

|  | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 |
|--|------|------|------|------|------|------|------|------|------|------|
| <i>Value added, current prices</i>       |      |      |      |      |      |      |      |      |      |      |
| Power, water                             | 1.7  | 2.0  | 2.3  | 2.5  | 2.7  | 3.1  | 3.5  | 3.8  | 4.1  | 4.4  |
| Mining                                   | 0.1  | 0.2  | 0.4  | 0.5  | 0.5  | 0.6  | 0.8  | 0.9  | 1.0  | 1.0  |
| Agriculture and food                     | 8.1  | 8.4  | 9.2  | 9.4  | 9.9  | 10.1 | 10.9 | 11.5 | 10.8 | 11.7 |
| Textiles and leather                     | 1.4  | 1.7  | 2.0  | 1.9  | 2.3  | 2.5  | 2.8  | 3.2  | 3.6  | 3.5  |
| Other manufacturing                      | 4.3  | 4.6  | 4.9  | 5.3  | 5.6  | 6.1  | 6.8  | 7.4  | 7.8  | 9.0  |
| TOTAL industry                           | 15.6 | 16.9 | 18.8 | 19.6 | 21.0 | 22.4 | 24.8 | 26.8 | 27.3 | 29.6 |
| Independent textile producers            | 0.7  | 0.7  | 0.7  | 0.7  | 0.7  | 0.7  | 0.7  | 0.7  | 0.7  | 0.7  |
| <i>Value added, constant 1959 prices</i> |      |      |      |      |      |      |      |      |      |      |
| Power, water                             | 1.7  | 2.0  | 2.2  | 2.4  | 2.5  | 2.8  | 3.0  | 3.2  | 3.5  | 3.7  |
| Mining                                   | 0.1  | 0.2  | 0.4  | 0.7  | 0.5  | 0.6  | 0.7  | 0.8  | 0.9  | 0.9  |
| Agriculture and food                     | 8.1  | 8.3  | 8.3  | 9.0  | 9.4  | 9.9  | 9.8  | 10.2 | 9.7  | 10.6 |
| Textiles and leather                     | 1.4  | 1.7  | 2.0  | 1.9  | 2.3  | 2.5  | 2.8  | 3.2  | 3.6  | 3.5  |
| Other manufacturing                      | 4.3  | 4.6  | 4.8  | 5.2  | 5.5  | 5.8  | 6.3  | 6.8  | 7.1  | 8.2  |
| TOTAL industry                           | 15.6 | 16.8 | 17.7 | 19.2 | 20.2 | 21.6 | 22.6 | 24.2 | 24.8 | 26.9 |
| Independent textile producers            | 0.7  | 0.7  | 0.7  | 0.7  | 0.7  | 0.7  | 0.7  | 0.7  | 0.7  | 0.7  |

Sources: IBRD report, *Situation et perspectives économiques du Sénégal*, Tables 5 and 7; Senegal government figures revised by the IBRD mission.

Table 3. Senegal: Gross Domestic Product, 1959-68  
(000 m. CFA francs)

|  | 1959  | 1960  | 1961  | 1962  | 1963  | 1964  | 1965  | 1966  | 1967  | 1968  | Average annual growth rates |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----------------------------|
| <i>GDP at (current) market prices</i>          | 154.0 | 158.3 | 167.6 | 177.9 | 180.5 | 187.4 | 192.3 | 201.0 | 201.7 | 208.8 | 3.2                         |
| <i>Constant 1959 prices</i>                    | 40.8  | 43.3  | 44.6  | 47.3  | 46.7  | 48.8  | 51.7  | 55.3  | 54.6  | 53.3  | 3.0                         |
| Agriculture and independent textile production | 16.3  | 17.5  | 19.1  | 19.8  | 20.8  | 22.3  | 22.2  | 25.0  | 25.5  | 27.6  | 6.3                         |
| Construction                                   | 6.1   | 5.6   | 5.3   | 5.4   | 4.2   | 4.4   | 4.3   | 4.5   | 4.6   | 4.3   | -2.8                        |
| Transport                                      | 7.6   | 7.6   | 7.6   | 7.9   | 7.9   | 8.9   | 9.3   | 9.6   | 10.0  | 10.5  | 3.7                         |
| Trade  | 20.1  | 21.3  | 23.7  | 25.5  | 28.0  | 28.5  | 29.7  | 30.5  | 29.4  | 34.3  | 6.2                         |
| Other services                                 | 12.0  | 13.0  | 12.0  | 11.7  | 11.9  | 11.5  | 11.3  | 11.6  | 11.7  | 12.7  | 0.7                         |
| Public administration                          | 29.4  | 29.8  | 30.0  | 30.7  | 30.6  | 30.6  | 26.9  | 27.0  | 27.6  | 27.2  | -0.1                        |
| GDP at factor cost + indirect taxes            | 132.3 | 137.0 | 142.2 | 148.2 | 150.2 | 154.9 | 155.8 | 163.5 | 163.4 | 170.2 | 2.5                         |
| GDP at market prices                           | 154.0 | 157.6 | 165.1 | 172.1 | 173.8 | 178.8 | 179.0 | 186.2 | 186.6 | 193.3 | —                           |

Source: *Situation et perspectives économiques du Sénégal*, Tables 5 and 7.

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*Table 4. Senegal: Numbers in Paid Employment, 1960-8*

|                           | 1960                | 1965           | 1968          |
|---------------------------|---------------------|----------------|---------------|
| Agriculture, fishing      | 3,410               | 4,080          |               |
| Mining                    | 2,230               | 1,520          | 1,340         |
| Transformation industries | 12,640              | 15,950         | 16,740        |
| Construction              | 13,950              | 14,780         |               |
| Power, water              | 2,790               | 3,010          |               |
| Banking and commerce      | 20,300              | 16,860         |               |
| Transport                 | 10,520              | 15,920         |               |
| Other services            | 23,030              | 12,400         |               |
| Public administration     | 45,700 <sup>1</sup> | 35,140         | 36,850        |
| <b>TOTAL</b>              | <b>134,570</b>      | <b>119,660</b> | <b>54,930</b> |

1. Including 'foreign' administrations (French West Africa, Mali Federation, France).

Sources: Ministère du travail, *Situation économique 1968*; IBRD, *Situation et perspectives économiques*, Table 4.

*Table 5. The Gambia: Public Finances, External Trade and Prices, 1963-70*

|                                   | 1965/6 | 1966/7 | 1967/8 | 1968/9 | 1969/70 |
|-----------------------------------|--------|--------|--------|--------|---------|
| <b>Budgets<sup>1</sup></b>        |        |        |        |        |         |
| Income                            | 2,724  | 3,278  | 3,034  | 3,904  | 3,141   |
| Expenditure:                      |        |        |        |        |         |
| current                           | 2,744  | 2,940  | 3,441  | 3,713  | 3,303   |
| capital                           | 972    | 832    | 978    | 849    | 1,208   |
| Treasury deficit                  | 992    | 494    | 1,385  | 658    | 1,370   |
| British contribution <sup>2</sup> | 1,478  | 857    | 695    | 800    | 1,145   |
| <b>External trade<sup>3</sup></b> |        |        |        |        |         |
| Exports                           |        | 1963   | 1964   | 1965   | 1966    |
| Imports                           |        | 3,097  | 3,296  | 4,882  | 5,862   |
| Price indices (1960 = 100)        |        | 4,230  | 4,333  | 5,794  | 6,500   |
|                                   |        | 108    | 105    | 104    | 105     |
|                                   |        |        |        |        | 106     |
|                                   |        |        |        |        | 106     |
|                                   |        |        |        |        | 105     |
|                                   |        |        |        |        | 111     |
|                                   |        |        |        |        | 116     |

1. Actual figures, except for 1969/70, which are forecasts, Gambian £000s.

2. Budget subsidy, grants and loans from the British Overseas Development Fund.

3. Recorded at the port of Bathurst, including clandestine traffic to and from Senegal, Gambian £000s.

Table 6. *The Gambia: Figures for the Groundnut Economy, 1958-70*

|  | 1958/63 <sup>1</sup> | 1963/4 | 1964/5 | 1965/6 | 1966/7 | 1967/8 | 1968/9 | 1969/70 <sup>2</sup> |
|--|----------------------|--------|--------|--------|--------|--------|--------|----------------------|
| 1. Commercial production (000 metric tons unshelled) | 71.4                 | 73.3   | 91.0   | 118.0  | 126.4  | 117.0  | 120.1  | 120.0                |
| 2. Prices (Gambian £, per ton)                       |                      |        |        |        |        |        |        |                      |
| (a) To producer for unshelled nuts                   | 27.0                 | 27.0   | 27.0   | 28.0   | 27.0   | 27.0   | 28.0   | 30.0                 |
| (b) Marketing costs <sup>3</sup>                     | 12.3                 | 12.3   | 11.1   | 11.3   | 12.8   | 12.1   | 12.1   | 12.8                 |
| (c) Export price of shelled nuts <sup>4</sup>        | 59.6                 | 56.2   | 67.8   | 64.0   | 61.4   | 54.3   | 74.3   | 71.0                 |
| 3. Prices (CFA francs per kg) <sup>5</sup>           |                      |        |        |        |        |        |        |                      |
| (a) To producer for unshelled nuts                   | 18.8                 | 18.8   | 18.8   | 19.4   | 18.8   | 15.8   | 16.4   | 20.0                 |
| (b) Marketing costs <sup>3</sup>                     | 8.5                  | 8.5    | 7.6    | 7.8    | 8.8    | 7.1    | 7.1    | 8.5                  |
| (c) (i) Export price of shelled nuts <sup>4</sup>    | 41.2                 | 38.8   | 46.7   | 44.3   | 42.4   | 32.7   | 43.4   | 47.2                 |
| (ii) (Equivalent for unshelled nuts) <sup>6</sup>    | (28.8)               | (27.2) | (32.6) | (31.0) | (29.6) | (22.8) | (30.3) | (33.0)               |
| (d) Levies by the State and the GOMB <sup>7</sup>    | 1.5                  | -0.1   | 6.2    | 3.8    | 2.0    | -0.1   | 6.8    | 4.5                  |

1. Annual average.

2. Provisional estimates.

3. Transport costs, traders' margins and shelling costs, excluding taxes.

4. Average prices at port of exportation or on delivery to oil manufacturers.

5. At official rates of exchange: 690 CFA francs to G£1 until December 1967 (devaluation of the pound), then 585 CFA francs until August 1969 (devaluation of the franc) and 665 CFA francs subsequently.

6. Converting on the basis of 0.7 kg unshelled nuts to 1 kg shelled.

7. Taxes on exported nuts and the margin received by the Gambia Oilseeds Marketing Board in CFA francs per kg of unshelled nuts. These totals are obtained by subtracting the total of lines 3a and 3b from line 3c(ii).

## 2 The Plantation Economy: Ghana and the Ivory Coast

The setting up of the structures of a market economy analogous in all respects to that of Senegal began in the Ivory Coast in 1950, and continued after independence. This late start made possible very rapid growth rates, which contrasted with the stagnation in most other countries of the region and led to talk of the 'Ivory Coast miracle'. The nature of this exceptional growth becomes more intelligible if we take the trouble to compare it with the growth enjoyed fifty years earlier by the neighbouring English colony of the Gold Coast, whose market economy was similarly based on developing a system of indigenous plantations. But the early miracle of the Gold Coast long ago spent itself, and the growth of the economy had already reached its limit on the eve of Ghana's independence.

### I. THE EARLY MIRACLE: THE GOLD COAST 1890-1950

#### (i) Geography

Situated between the fourth and eleventh northern parallels, the Republic of Ghana has an area of 238,000 square kilometres. The equatorial forest zone covers about a fifth of the country, at the Ashanti triangle in the south-west, around Kumasi. Rainfall is substantial (2,150 mm around Axim), divided between two seasons, March-July and October-November; there is a narrow range of temperature, with the average maximum not going above 32° at Kumasi and the average minimum rarely going below 20° in January, and humidity is high (a minimum of 75% at midday). It is the vital economic region of the country. Its wealth is based chiefly on cocoa; secondarily on wood, bananas, pineapples and oil palms. The food crop of the area is tubers. More than three fifths of the country, north of the forest, belong

to the Sudan region and have only one rainy season, in the summer (average annual precipitation at Tamale is 1 metre). Its agriculture, which is very little commercialized, is based on the cultivation of millet, with livestock as a subsidiary. The eastern part of the country, which includes the capital, Accra, is relatively dry, with less than 750 mm of rainfall a year, spread over two seasons. The temperature here is even more stable than in the forest area, while humidity rarely goes below 65% at midday. Livestock rearing is possible, and agriculture is divided between cereals (millet, maize, rice) and tubers. The whole country is drained by the system of the Black Volta and White Volta.

The non-African population is negligible: about 17,000 (compared with 2,000 in 1920 and 7,000 in 1948). The African population (8.8 m. in 1968) produces one of the highest densities in Africa, 38 people per square kilometre.

(ii) *The Colonial Economic Development of the Gold Coast: the Cocoa Economy*

The Gold Coast was for a long time the richest British colony in black Africa. Together with Senegal, it was also the colony which had the longest history of development in West Africa. Cocoa, which created the country's wealth, first appeared there at the beginning of the century, with an average production of around 2,000 tons a year. But output rose rapidly between 1925 and 1930, to reach 230,000 tons. Szereszewski has analysed the take-off of colonial development between 1891 and 1911.<sup>1</sup> In 1914 the Gold Coast had already acquired the essentials of the economic and social structures which it was to keep up to the present. In twenty years exports and the product of non-traditional activities increased 4.1 times; imported products rose as a proportion of total consumption from 15 to 28%; capital formation increased 23 times, and the accumulation of monetary resources 10 times. The structure of imports was reversed: the share of traditional products in the old market economy (alcohols, textiles, tobacco) was reduced from 85 to 65%. In successive five-year periods between 1900 and 1915, cocoa production increased by 30, 20

1. Main results taken from R. Szereszewski, *Structural Changes in the Economy of Ghana, 1891-1911*, London, 1967. See Table 7.

and 10% a year. The real growth rate of the GDP during the first decade, 1891-1901, was 1.8% a year (*per capita* 0.9%) and during the second 3.5% (2.6% *per capita*). Excluding traditional production, these growth rates were 6 and 8%.

This rapid growth continued in the 1920s, but then slowed down. Between 1930 and 1960 cocoa production was stationary at around 230,000 tons a year; but growth began again at a rate of 6% a year during the last decade (1957-67) and reached an annual average of 405,000 tons during the last five-year period, 1965-70. During the last few years, however, this movement has once more slowed down considerably, and the average 10% growth rate of the five years 1957-62 was followed by a rate of only 1.2% in the next five years.

This overall development made possible a striking increase in both population and income. The population increased from 1.6 m. in 1890 to 2.4 m. in 1920 (a figure which includes 400,000 British Togolese); 6.7 m. in 1960; and 8.8 m. in 1968: giving the country growth rates twenty or thirty years ahead of most other states on the continent (1.4% a year between 1890 and 1920; 1.6% between 1920 and 1948; 3.5% subsequently). *Per capita* income grew at a rate of 1.8% a year from 1890 to 1914, and then at a rate of 1.5% from 1910 to 1960; while the GDP rose from £40 m. at 1960 values in 1890 to £120 m. in 1920 and £500 m. in 1960. Ghana therefore started the century with the average *per capita* income for the majority of the present-day French-speaking states (\$70 at 1960 values); and by 1925-30 had reached a level comparable with that of the Ivory Coast just before 1960. In West Africa only Senegal has a comparable history of development.

Begun very early and financed completely by the colony, the development of the human and material infrastructure gave the country an important advantage. The 'plan' sponsored by Governor Guggisberg (1920-30) raised the level of investment in infrastructure - mainly roads, railways and ports - to 7% of the current GDP. This plan was only partly implemented, and was completed (and supplemented by a considerable amount of social investment) during the second colonial plan: the 1950-60 ten-year plan, transformed into a five-year plan by the first Nkrumah

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government in 1951 and followed by a 'consolidation plan' in 1957-9.

The level of education, as measured by the proportion of the population with some school education, rose from 4% in 1948 to 21% in 1960 (50 to 60% in the southern towns; 20 to 50% in the plantation areas; and less than 10% in the north). The number of pupils in the primary sector rose from 144,000 in 1950 to 928,000 in 1963; in the middle sector from 60,000 to 223,000; and in the secondary sector from less than 3,000 to 28,000. The percentage of the population living in towns (agglomerations of more than 5,000 inhabitants) rose from 4% in 1890 to 8% in 1920, 23% in 1960, and 30% in 1968. By 1960 Ghana already had sixteen towns with populations of over 15,000 each, and fifty-five with between 5,000 and 15,000.

The development of the south attracted considerable immigration, both internal and from abroad. Foreign immigration (roughly a third from French Togo, a third from Upper Volta and a third from Nigeria) is responsible for more than a quarter of the country's present population. Internal migrations reduced the population of the north from 25% of the total population in 1890 to 16% in 1960. This influx, which was crucial to the plantation economy and to urbanization, created a powerful ferment which resulted in the virtual disappearance of tribalism; a phenomenon peculiar in West Africa to Ghana and Senegal. People are not unaware of their ethnic origins, but in general it no longer affects their political consciousness. People of foreign origin were gradually 'Ghanaianized'. The 1960 census recorded 830,000 foreigners (whereas there are 1,500,000 people of foreign origin); 490,000 men and 340,000 women; 34% of Togolese origin, 24% of Voltaic origin and 23% of Nigerian origin. Of these 830,000 foreigners, 550,000 were born outside Ghana and 280,000 in Ghana.

The influx of foreigners was crucial to the cocoa economy and to the growth of the towns from 1940 onwards; before that date internal immigration had been the important factor. In the case of internal immigration, 'northerners' made permanent homes and became 'southern'. The result was that in 1960 the number of recent immigrants in the population had risen to 275,000:

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90,000 in Accra; 100,000 in Ashanti; and 85,000 in the Brong region: with 160,000 coming from the north; 95,000 from the northern part of Volta; and 20,000 from the east (the non-cocoa-producing region).<sup>2</sup>

This development nevertheless seems to have reached a limit in the 1950s, and the transition to a further stage of development now involves difficult problems. By the late fifties, the country's economy presented all the structural characteristics of underdevelopment.

These are, firstly, marked inequalities of productivity between one sector and another, ranging from £50 to £150 of added value per 'job' in agriculture, to a scale of £500-1,000 of added value per job in the modern industrial and commercial sectors; secondly, weak articulation of the economy while intermediate consumption of local products remains insignificant; and thirdly a heavy economic dependence on foreign resources, visible not only in the country's trade structure but also in the double tendential 'crisis' of its public finances and its balance of payments.<sup>3</sup>

Available physical capital is relatively substantial (contrary to a widespread belief about underdeveloped countries): per head of population it is as plentiful as in Japan. If it is not capable of supporting home-based and self-generating growth, or real development, this is because the extroverted character of production, or foreign domination, allows the transfer abroad of the potential surplus which would make it possible for this capital to be used. This transfer takes the form of 'visible' exported profits and of the concealed transfer inherent in 'unequal exchange'.

At the same time regional inequalities are now very marked, despite the movement of population from north to south. They are marked in the distribution of available capital, the national average of which is very high (£188 per head in 1960, or almost 40% of the *per capita* income) but which at this period was no more than £38 per head in the north, compared with £185 in the southern plantation area (towns excluded). The same pattern applies in the distribution of the *per capita* product, which ranged

2. See Table 8.

3. See W. Birmingham, I. Neustadt and E. N. Omaboe (eds.), *A Study of Contemporary Ghana*, London, 1966.

in 1960 from £30 in the north to £70 in the plantation areas and £170 in the towns.<sup>4</sup>

Agriculture is of the evolved colonial type. Consumption of local produce now makes up only 30% of rural consumption, although it still provides the greatest proportion of basic calories; in this case divided 70:30% between tubers (bananas, plantains, manioc and yams) and cereals (millet, maize and rice). The cocoa economy has provided the base for sharp social distinctions. Small planters who employ no paid workers are responsible for only 20% of total production. They own about 850,000 acres (an average of 11 acres per family). 80% of the production comes from 30,000 capitalist plantations, relying largely on paid labour (90,000 seasonal workers) and various types of payment in kind (180,000 *abusa*, who receive a third of the crop, or *abune*, who receive half). The capitalist plantations, which vary greatly in size, cover 3,370,000 acres.<sup>5</sup>

Ghana derives its wealth from other exports besides cocoa. Wood, exports of which rose from 2.7 m. cu. ft in 1945 to 37.3 m. in 1960, is exploited at a rate which holds danger for the future. Gold – the presence of which was known to Europeans in 1471 and which gave the colony its name – employs 35,000 miners and provides 10–12% of exports by value. Its exploitation is divided almost equally between British private companies and a state corporation. Diamonds, exploited since 1919, total 3,100,000 carats (half of which comes from independent producers). Manganese from the Nsuta deposits, exploited since 1916 by an Anglo-American company, made the colony at one time the third largest producer in the world, though production is now falling (450,000 tons).

Since the advanced urbanization of the country was not accompanied by real industrialization, unemployment was by 1960 approaching 20% of the male urban labour force. Non-agricultural activities nonetheless offered 980,000 jobs, including 492,000 salaried ones (189,000 in the public sector). The mines offered 48,000 jobs at the same period; industry and independent production 235,000; construction 89,000; transport 68,000; com-

4. See Table 9.

5. See Polly Hill, *The Gold Coast Cocoa Farmers*, Oxford, 1956.

merce 371,000, including a large majority of women; and services 169,000. Industrial development is still confined within the traditional colonial range (sawmills, food and textile industries, tobacco, repair shops), represented by 1,700 establishments, employing more than ten workers apiece (50,000 workers in all).<sup>6</sup> Industry's contribution to the regional product remains small: in 1960 in the Accra district, 3.9%, in the Western and Ashanti provinces together, 2.5%. Accra is an administrative and commercial town; services provide 59% of its revenue, administration 10%, construction 23% and industry only 4%.

(iii) *Development Checked: from Colonization to Independence, 1948–57*

Until 1948 British colonial policy had been uneventful. A new class of capitalist planters had been established on the basis of the old Ashanti chiefs, and political life had been reduced to the intrigues by the 'lobbies' of planters and anglicized intellectuals of the coast, centred round the United Gold Coast Convention. The workers' strike of February 1948 shattered these ossified structures.<sup>7</sup> Kwame Nkrumah, back in Ghana from Great Britain since 1948 and appointed secretary-general by the UGCC, broke with the old leaders and in 1949 founded the Gold Coast Convention People's Party (CPP). He drew his support from 'youth committees' made up of elements from the urban petty bourgeoisie of officials – like Gbedemah and Kojo Botsio – in conflict both with the traditional chiefs and the English administration. His programme was limited to the 'Africanization' of the administration and internal autonomy, and no serious approach to the workers was tried at this stage. The second spontaneous explosion, the general strike of January 1950, did not change the relations between the CPP and the mass movements. Great Britain, however, appreciated their significance and granted autonomy. The elections of 1951, with the formation of

6. *A Study of Contemporary Ghana* gives numerous details of the distribution of the labour force between the sectors and of equipment, production and the division of industrial establishments by size.

7. See Bob Fitch and Mary Oppenheimer, 'Ghana, End of an Illusion' *Monthly Review*, July–August 1966.

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the first Nkrumah government, began a gradual evolution towards independence, which was granted on 6 March 1957, making Ghana the first independent state of colonial black Africa.

The period 1951-7 was marked by close collaboration between the CPP and Great Britain. In economics, the only policy considered was to speed up the classical development of infrastructure, with financing from the surpluses of the Cocoa Marketing Board. This policy soon led to a deterioration in public finances, which were traditionally in surplus (the average annual surplus between 1952 and 1956 was £20 m.), and in the balance of payments. In 1957 the budget was in deficit for the first time. After 1956 an external deficit of around £14 m. a year also replaced the traditional surpluses (an average of £17 m. per year between 1950 and 1955). Thanks to the country's external reserves, however, the period was characterized by remarkable price stability; the price index rose by only 19% between 1954 and 1961.<sup>8</sup>

In politics there was no thought of any structural reform, either in the economic system (freedom of foreign capital, close relations with the sterling area, and so on) or in the social system (the situation of agricultural workers and tenant farmers in the plantation areas). Nor was any policy formulated for industrialization or the development of the public sector. The ideology of the period, formulated by the West Indian George Padmore, a close friend of Nkrumah's, may best be summed up in three terms: 'Africanization of the administration'; 'panafricanism'; and 'anti-communism'. It was the failure of this liberal approach which led Nkrumah's Ghana to turn to 'socialist' policies.

### 2. THE CONTEMPORARY MIRACLE: THE IVORY COAST 1950-65

The years 1958-60 saw the attainment of independence by most of the former British and French colonies on the continent of Africa. Many of the newly created African states immediately chose 'the socialist road to development'; some by means of an apparently radical socialism, and others through the more

8. *Economic Survey of Ghana*, annual government publication, Accra.

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moderate approach of 'African socialism'; while still others proclaimed their attachment to the total freedom of capital, foreign or not. Almost all set up planning bodies, and the 'plans' which resulted generally imposed ambitious targets on these new nations. Ten years later the first results were disappointing on all sides. They showed stagnation or falls in production; difficulties in public finances and external payments, following on the unrestricted development of administrative expenses; and, in the last analysis, an increase in real dependence on foreign resources. The socio-political significance of independence also seems to have been more or less the same everywhere: the formation of new local privileged strata, almost entirely of an administrative type, whose prosperity and power depended on foreign aid and who showed no evidence of any economic dynamism; apathy among the masses; political stability on a basis of clan struggles and foreign interference. European judgement was severe: 'false start in Africa'; Africa is 'a non-starter'. But were there not some exceptions? The Ivory Coast seemed the most brilliant.

#### (i) *The Birth of the Ivory Coast*

An inhospitable coast led to a long delay in the establishment of European trading stations, which were never as important in the Ivory Coast as those farther west, in Senegal, Guinea and Sierra Leone, or to the east, in the Gold Coast and the Bight of Benin. The Ivory Coast was also not brought into real contact with Europe until after its conquest, which was relatively late. Until the expeditions of Binger, Crozat, Marchand and Clozel (1887-99), the forest region was still cut off from the rest of the world, and the northern savannah was conquered only after the defeat of Samory in 1898. Pacification was slow, and was not completed until 1915. The Ivory Coast was organized as a colony with its present frontiers in 1904, when French West Africa took shape. In 1932, most of Upper Volta was added, and then detached again in 1947, when the colony was reconstituted within its primitive frontiers to remove it from the political influence, at the time radical, of the RDA, the African Democratic Union (*Rassemblement Démocratique Africain*).

Political power in the Ivory Coast was grasped after the Second World War by Félix Houphouët-Boigny, a traditional Baoulé chief, born in 1905, and a doctor and planter. Whereas in the neighbouring Gold Coast the British had long encouraged the development of indigenous plantations, in the Ivory Coast the colonial authorities thought only in terms of developing the country through European settlers, who were provided with workers by the forced labour system. The result was a growing opposition among indigenous Ivory Coast planters between the wars and during the Second World War. This showed itself clearly in 1944 with the creation of the African Agricultural Union (SAA - Syndicat Agricole Africain) which, under the leadership of Houphouët-Boigny, soon had a membership of 20,000 planters. The merger in 1945 of the SAA and the communist Study Groups created in Abidjan led to the formation of the Ivory Coast Democratic Party, the PDCI. The PDCI had 2,000 village and district committees in 1950, which made it one of the strongest territorial sections of the RDA. Houphouët-Boigny had been elected president at the founding congress of the RDA at Bamako in 1946. The demand for the abolition of forced labour, which gave the PDCI a predominantly rural base, provoked the bloody incidents of Dimbokro in 1950.

The abolition of forced labour suddenly released enormous forces for the rapid development of agriculture based on indigenous plantations. At the same time the cutting of the Vridi canal and the creation in 1950 of a deepwater port at Abidjan, the terminal of the Abidjan-Ouagadougou railway, made possible the rapid economic development of a colony which had until then been neglected.

While in 1950 the RDA was beginning to distance itself from the French Communist Party, to which its deputies were affiliated, the PDCI began gradually to define the central themes which have guided the policies of the Ivory Coast to the present day:

- (1) cooperation with France in all fields;
- (2) the path of evolution, not revolution, and the rejection of the ideology of class struggle, on the grounds that classes 'do not exist in the Ivory Coast';

- (3) unrestricted reliance on foreign and local private initiative;
- (4) consolidation of national sovereignty in advance of any attempts to form larger African units, deemed illusory. All the conditions were now present for the rapid development of the country.

(ii) *Economic Growth in the Ivory Coast from 1950 to 1965: Rate, Direction and Financing*<sup>9</sup>

The growth of the Ivory Coast economy during the fifteen years 1950-65 took place with unusual speed: at a rate of about 9% a year for the period as a whole. Indeed, the rate increased, rising from 7-8% during the decade 1950-60 to 11-12% during the five years 1960-5.

This increased activity after independence was marked by a distribution between sectors characteristic of extroverted development and by the setting-up of import substitution industries. The rates were 7% for agriculture, including 3% for food production, 9-10% for export agriculture, and almost 20% for forestry; and 11% for all other sectors, including 13-14% for industry, independent craftsmen and building; 10% for commerce, transport and services; and 12-13% for public administration. The share of agriculture was reduced from more than half of the GDP in 1950 to about a third in 1965: while that of industry rose from 9 to 17%; that of transport, commerce and services from 34 to 40%; and that of the administration from 6 to 9%. Other significant features were the increase in the growth rate of modern transformation industry, from 15% a year for the first decade to 25% for the last five years; and the slowing-down of the growth in administrative expenses from 1962 onwards, when it was no more than 5-6% a year. The GDP - estimated at 1965 prices - rose from 65,000 m. CFA francs in 1950 to 230,000 m. in 1965.

The principal food crops are tubers and root vegetables (yams, bananas, plantains and manioc), production of which rose from the equivalent of 850,000 tons of yams in 1950 to 1,504,000 tons in 1965, and cereals (rice, maize and millet), production of

9. See Samir Amin, *Le développement du capitalisme en Côte-d'Ivoire*, Paris, 1967. An overall view of the process is given in Tables 10 to 17.



### *Neo-Colonialism in West Africa*

which between the same dates rose from the equivalent of 193,000 tons of rice to 300,000 tons. Nonetheless the food deficit, made up by imports of grain and rice, rose from the equivalent of 27,000 tons of rice in 1950 to 92,000 tons in 1965; making up at that time 75% of the consumption in the towns and 14% of that in the country. Eating habits changed with the introduction of money into the plantation economy.

The development of the Ivory Coast was based chiefly on exports: of coffee, which rose from 55,000 tons in 1950 to 250,000 tons in 1965; of cocoa, which rose from 50,000 tons in 1950 to 120,000 tons in 1965; of bananas, which rose from 20,000 tons in 1950 to 150,000 tons in 1965; of pineapples, which reached 40,000 tons in 1965; and of wood, which rose from a 1950 figure of 90,000 tons to 1,250,000 tons in 1965. In fifteen years exports increased by a factor of 4.4.

From 1960 onwards the increase in growth was also affected by an emergent complex of light industries (flour-milling, oil-refining, canning, brewing, cigarettes, textiles, plastic products, sawmills, vehicle assembly, etc.). This displaced imports, notably those from Dakar, which until then had been the industrial centre for the whole of French West Africa. Estimated at 1965 prices, the turnover of industry and small craftsmen increased from 4,900 m. CFA francs in 1950 to 51,100 m. in 1965; that of construction and public works from 6,800 m. to 25,600 m.; that of transport from 3,800 m. to 17,600 m.; and that of commerce and services from 16,500 m. to 63,900 m.

The country's economic growth was accompanied by a no less substantial increase in population and by rapid urbanization. The population rose from 1,540,000 (25,000 urban) in 1920 to 2,170,000 (160,000 urban) in 1950 and 3,880,000 (650,000 urban) in 1965. The inflow of immigrants, notably from Mossi in Upper Volta, whose numbers increased from 100,000 in 1950 to 950,000 in 1965, supplied most of the labour for the plantation areas and new urban activities. The foreign African population in 1965 made up a quarter of the country's total; 25-40% of the active male labour force, more than 60% of urban workers outside the public service; and half to two thirds of the labour force in rural plantation areas.

### *The Plantation Economy*

The assimilation and naturalization of these foreign workers constitute one of the Ivory Coast's most serious problems. The age pyramid, characterized by the very high proportion (50%) of young people less than fifteen years old, is still heavily distorted, mainly by this immigration of young adult males. In Abidjan adult men between 15 and 60 still make up 33% of the population, as compared with 25% for women in the same age range.

From being only lightly urbanized until 1950, the Ivory Coast is now within sight of overtaking the more developed West African countries: Senegal, Ghana and Nigeria. In 1910 the largest agglomeration, Grand-Lahou, an administrative centre with a dock, had fewer than 7,000 inhabitants. In 1920, Grand-Bassam, an administrative centre until 1934, had fewer than 7,370; and Port-Bouët-Abidjan, 5,370. Abidjan's population subsequently increased from 46,000 in 1945 to 265,000 in 1965. The Ivory Coast now also has ten conglomerations of more than 10,000 people each (totalling 275,000); including Bouaké, the second town of the country; and fifteen conglomerations with populations of over 5,000 (totalling 110,000).

The investment required by this rapid growth rose gradually from 15% of the GDP at the beginning of the period to 19% at its end. The economic development of the country for the period 1960-5 absorbed a total at 1965 prices of 335,000 m. francs: including 38,000 m. for agriculture; 61,000 m. for industry; 126,000 m. for infrastructure and transport; 58,000 m. for administrative and social equipment; and 50,000 m. for housing. During the decade 1950-9, the driving force was public investment in infrastructure, which made up 60% of the total; but during the following five years, the dominant role was taken over by industrial investment, which increased from 12 to 25%. This shift in the centre of gravity has made capital formation more efficient; while industrialization has allowed self-financing to become more important.

Parallel developments in public income and expenditure made available an increasing surplus for capital equipment. While the rate of taxation was gradually raised from 15% of the GDP around 1950 to 20% at the end of the period, current administrative expenditure did not rise beyond 16% of the GDP in

1965, as compared with 12% in 1950. Between 1956 and 1961 there were reasons to fear that the Ivory Coast, like almost all African countries, was set on the path of disproportionate and too rapid a growth in public expenditure. Indeed, this accounted for 21% of the GDP in 1961. But since then, the country has returned to the relative austerity of the colonial period.

The result of this has been a gradual reduction in the share of foreign capital in financing: from 50% around 1950 to 25% around 1965. If the financing of industry is still the responsibility of foreign private capital, public investment is being financed more and more by internal resources. In addition, despite its extremely rapid growth, the economy of the Ivory Coast has experienced no difficulties with its balance of payments in the fifteen years 1950-65.

The country's development strategy was based on giving priority to primary products for export; in fifteen years exports increased 4.4 times, compared with only 3.5 times for the GDP. Although the imports brought about by this type of development increased at the same rate as exports, and thus also faster than the GDP, the surplus on the commercial balance inevitably grew both absolutely and relatively. In these circumstances the Ivory Coast remained unaffected by a transfer abroad of profits and foreign savings that increased at the same rate as the GDP, while public and private foreign capital increased more slowly.

Current public expenditure (excluding the French army) rose from 7,700 m. francs at 1965 values in 1950 to 36,800 m. in 1965; and capital expenditure, from 6,000 m. to 17,000 m.; while public foreign aid increased only from 4,300 m. to 9,400 m. francs.

The negative net flow of capital and profits grew considerably. In 1950, the Ivory Coast received 4,600 m. francs at 1965 values in public and private capital, and exported 7,000 m.; in 1965, it received only 15,400 m. and exported 25,200 m. But the extraordinary growth of exports, faster than that of the GDP, kept the balance of payments in equilibrium.

(iii) *Economic Miracle or Outward-Directed Development?*

The history of the colonial period provides many examples of such massive growth: in Senegal, with the great expansion of

groundnut cultivation and the establishment of light industry on Cape Verde; in Ghana, south-west Nigeria and the Congo, with the extension of the plantation economy; completed in the Congo during Belgian rule by the development of the mineral wealth in Katanga. The only difference between these instances of colonial development and that of the Ivory Coast is that the former, which are older, were spread over much longer periods, whereas in 1950 the Ivory Coast was still in the state of a colonial 'reserve', where development had not yet begun.

Further, as J.-L. Lacroix has observed,<sup>10</sup> 'the geographical extension of the concept of the Ivory Coast economy does not coincide at all with its economic area.' In so far as the 'Ivory Coast miracle' is based on the labour of immigrants from Mossi, the integrated area of the Ivory Coast and Upper Volta should be considered as a whole, with Upper Volta constituting both a labour reservoir and an outlet for products. Upper Volta has had virtually no development since 1950. Integrating the statistics of the two countries would produce growth rates for the period 1950-70 at constant prices of around 4-5% a year and 2-2½% *per capita*.

Besides, the experience of the Ivory Coast, like that of countries in a similar position, has its limits.

First, in the field of agricultural development, it will probably be impossible to maintain progress without a radical change of policy. The extensive plantation economy, which has achieved its successes with direct investment not in agriculture but only in the transport infrastructure, has in practice created, through the employment of a paid foreign labour force, a regressive social structure. Only developing the west of the country, provided that conditions in the foreign market allow an outlet for production, will make it possible to continue such success a little while longer.

In addition, the very nature of this extensive cultivation, and even more the type of forest cultivation which has made the Ivory Coast one of the leading wood producers of Africa, involves serious risks for the future. Again, if serious efforts are not made in the field of food production, the agriculture of the Ivory Coast may well find its contribution to the general development of the country severely limited. The traditional cultivation of

10. *Cultures et développement*, vol. I, no. 4, Louvain, 1968.

root crops and tubers in the south has proved more or less able to keep pace with the growth in population because it requires only a modest amount of work for as long as population densities remain low. With the introduction of a money economy into these areas, however, demand has shifted increasingly to other food products, which traditional agriculture cannot provide. Already the proportion of calories in the southern areas provided by foreign products has risen in country districts, from 4% in 1950 to 10% in 1965. The real 'miracle' in the agriculture of the Ivory Coast has been the progress of cereal cultivation in certain areas of the northern, S noufo region, where the exportable surplus has risen from 4% of production in 1950 to 20% in 1965. But this progress, the spontaneous result of more intensive work, is also likely to reach its maximum in the near future. Overall, the progress of Ivory Coast agriculture has not allowed the country to acquire independence in food, and food imports have increased at a rate slightly below that of the GDP.

Second, in the field of industrial development it may well be similarly impossible to continue present progress without a radical change in the direction of choices. Only the collapse of the former French West African entity allowed the Ivory Coast to set up a complex of light industries, which has now taken the place of Senegalese industry in the Ivory Coast market. The Ivory Coast may not yet have completely made up for its late start in this field, but it will not be long before new outlets are needed.

Third, the methods of financing the growth of the Ivory Coast economy involve serious threats for the future. The very high remuneration of foreign capital, the dominance of which affects the whole economy of the country, reflects the extent to which this growth depends on outside forces. The Ivory Coast, like other countries during the colonial period, has passed very quickly from the stage of development, characterized by a net inflow of foreign capital, to that of exploitation, characterized by a reversal in the balance of flows and an increasing preponderance of re-exported profits.

An examination of the processes which slow down growth based on extensive export agriculture and on light import substitution industry within the framework of a restricted market

will show the limitations of the 'Ten-Year Perspectives' concerned with 1960-70 and now extended to 1975.

The possibilities for a continued rapid growth in the export of tropical products are limited. In production, there is an upper limit which has almost been reached, except in the west of the country. And the outlook for international demand is discouraging. The solution would be intensification and diversification. The 'Perspectives', however, while stating clearly that the aim is less to increase production than to increase yields, say nothing at all, as far as I know, about the only effective means of reaching this result: a modification of the social system in a way which would, by the operation of economic forces themselves, oblige owners to invest; for example, through the introduction of a land tax. As regards diversification, the 'Perspectives' envisage a concentration of effort on other tropical export products, notably palm-oil and hevea, which are unfortunately likely to be affected in the long run by a deterioration in the terms of trade. In my opinion the main effort at diversification should be made in food production: with the principal object of supplying all the food requirements of the towns; and with the subsidiary one of supplying additional raw materials for certain industries, within a wider, West African economic framework which has still to be created. From this point of view, the 'Perspectives' are very timid, and in any case fail to define the means adequate to such a strategy.

The same is true of industrialization. It is well known today that light, direct import-substitution industries contribute little to development, and that their expansion is limited by the growth of income. The next stage, as is equally well known, should be to set up basic industries whose outlets, in capital equipment and the supply of intermediate products, would enjoy growth rates much higher than those of income or final consumption. The establishment of such industries, however, makes sense only in the context of large economic units. The 'Perspectives' are shy of facing these realities directly and have nothing to say on the fundamental need for complementary industrial enterprises over a wide area, with a common centre of planning and control; probably because such an arrangement is beyond the reach of the present political structures. The 'Perspectives', in fact, propose

no major industry for the future outside the classical categories of light import substitution or primary export transformation industries. They ignore the field of mechanical industries, the transformation of metals, foundries, and heavy chemical industries capable of supplying subsidiary enterprises with synthetic raw materials. Indeed, there is no proposal for a sustained effort to chart the mineral resources of the Ivory Coast, present knowledge of which is very inadequate. And finally, while there is a timid suggestion that more ambitious projects might be examined, there is no consideration of whether foreign capital would take part in them, given the reduced profitability of industries on such a level.

All this produces contradictions which are reflected in the projections for financing and the balance of payments. If this type of growth were to continue, it would certainly bring about a slowing-down in the growth of exports; the maintenance of the growth rate in imports at an extremely high level; and, finally, a relative increase in the outflow of exported profits and savings.

The first of these characteristics is admitted by the 'Perspectives', which include in their projections a declining growth rate for exports: at 5.9% for the period 1970-5, compared with 7% for the preceding five years.

The second, however, seems to have been given insufficient consideration. Light consumer goods industries have a less favourable effect on the trade balance than is often thought. Through the distribution of income which they produce, which, chiefly in conditions of underdevelopment, creates a demand for imported manufactured goods, these industries have a negative effect all the greater because the elasticity of demand for their types of product is high and increasing. On the other hand, in the absence of basic industries, intermediate consumer goods generally have to be imported. Assembly plants (cycles, motor cars, various sorts of electrical and mechanical equipment, and so on) and small-scale chemical processes involving plastics, which are very favourably regarded in this type of development strategy, are examples of this overall negative effect on the trading balance. The experience of the fifteen years 1950-65 shows that such was certainly true of the Ivory Coast. Imports increased faster than

the GDP, rising from 19% of the GDP in 1950 to 24% in 1965. And although the share of consumer goods in the total volume of imports decreased from 59 to 45%, the rate of growth for these imports was close to that of the GDP. Imports of intermediate products, however, increased as a proportion of total imports from 12 to 20%, and imports of capital equipment and materials rose from 29 to 35%. The rate of growth of these imports was very high (12-13% a year).

The same development strategy must accentuate these general tendencies. The projections of the 'Perspectives' for 1965 onwards assume a growth rate of imports lower than that of the GDP. Whereas between 1960 and 1965 the rates were 6.5% for production and 7.4% for imports, the forecast for 1965-70 is 7.1 and 6.5%, and for 1970-5 6.6 and 4.5%.

The third characteristic, the growing relative importance of transfers abroad of profits and savings, also seems to have been studied insufficiently. In fact the 'Perspectives' include no detailed analyses of financing in general or money flows in particular.

What lessons can be drawn in this field from the experience of fifteen years that we have been examining? We have seen that from 1950 to 1965 the income of the European sector (the gross operating profits of large foreign companies, the profits of individual entrepreneurs, and the salaries of non-Africans) represented a constant and very high proportion of non-agricultural income. Since the share of non-agricultural activities in the GDP and the share of large companies in the total of non-agricultural income have both risen, the proportion of gross profits attributable to large foreign companies, naturally destined to be re-exported, has risen from 7% of the GDP in 1950 to 14% in 1965. This is simply the inevitable result of growth dominated by foreign capital. According to the 'Perspectives', however, the 'net financing capacity' of the foreign account should rise from 13,900 m. francs in 1960, for a production worth 135,000 m. francs, to 25,300 m. francs in 1970, for production valued at 272,000 m. francs. In other words, the proportion of net transfers abroad should decrease, from 10 to 9% of production.

Both theory and analysis show that this type of growth is not

possible beyond a certain point, unless foreign finance itself grows faster than the product; that is, unless foreign aid can gradually take over a growing proportion first of investments and later of current administration. If this does not happen, the process of growth stops. Many countries of the Third World are in this position. The type of growth which the Ivory Coast has experienced since 1950 does not therefore result automatically in an economic take-off, but rather in increased foreign dependence and the stopping of growth. This is why I can attribute no scientific value to the 'Perspectives', which optimistically envisage the presence of all the conditions necessary for take-off in the Ivory Coast by 1970. It is true that in 1970 the level of saving reached in the Ivory Coast will in theory be more than adequate to ensure further, self-generated, growth. A large part of these savings, however, is functionally destined to be exported; and no financial technique for 'mobilizing savings' will make it possible to evade this objective law.

Even a clear realization of the problems, however, is not the same thing as solving them. We need to know whether the social structures established during development of a particular type, such as that in the Ivory Coast since 1950, are an obstacle to any change of strategy.

*(iv) Social Change*

During the fifteen years we are studying, the Ivory Coast has undergone considerable social changes: in the country, with the development of a class of rich planters; and in the towns, where the population has risen from 7% of the country's total in 1950 to 17% in 1965.

At the national level, the proportions between the original population and the immigrant population have been drastically altered, both in the towns and in the plantation areas. Whereas the natural growth rate of the population between 1950 and 1965 was 2.2% a year, immigration of workers from the north added another 1.6% a year; with the result that at the end of the period, the foreign African element represented around a quarter of the total population.

The thorough commercialization of the rural economy in the

plantation areas, rapid urbanization and foreign immigration, with the ferment of population they produce, have affected social relations and attitudes in every field. The far-reaching changes in the size and composition of rural communities, affecting even the eating habits of the planters and the structure of their spending, are only aspects of this social upheaval, which has involved many other areas, such as religion and family organization.

We shall not analyse all the social changes here, but only their connexion with development, and we shall try to find out how the relations between the different classes and social strata have developed during the Ivory Coast's fifteen years of economic growth. Since the government chose the capitalist path to development, can we see the formation of a bourgeoisie in the Ivory Coast which could eventually take over command from foreign capital?

First, although the share of European production rose from 9% of agricultural and forestry production in 1950 to 23% in 1965, its share of agricultural production in the narrow sense, that is, excluding forestry, remained constant at around 4%, with bananas and pineapples taking the place of coffee and cocoa. Second, economic and social changes have not yet affected all the rural areas of the Ivory Coast, although traditional isolated and stagnant areas now contain only a third of the rural population, as against nearly two thirds in 1950. These economic and social changes have had less effect in the northern cereal-growing areas, which support 8-9% of the rural population and where money incomes per head rose from 1,400 francs in 1950 to 5,200 francs in 1965 (constant 1965 values), than in the southern plantation areas, which have been considerably extended. The 'ordinary' plantation areas, which supported 23% of the rural population in 1950, with an income per head of 11,700 francs (at 1965 values), supported 49% in 1965, with an income of 15,300 francs per head. In the 'privileged' areas, which support 8-10% of the rural population, incomes per head rose from 19,400 francs to 26,000 (at 1965 values).

In the plantation areas overall, marked social differentiations have developed. In 1965 about 20,000 rich planters owned nearly a quarter of the land, employed two thirds of the paid workers,

and had an average annual income of around 400,000 francs. They accordingly enjoyed a large surplus for prestige consumption to reinforce their social control, and also eventually for the financing of urban investments (housing, lorry and taxi firms). This rural bourgeoisie is not, however, progressive because – and this is one of the most alarming conclusions from the experience of the Ivory Coast – economic forces have not hitherto obliged it to invest.

In 1950 this rural bourgeoisie was still numbered only in hundreds of families. Until then the forced labour system had practically reserved the supply of labour, half paid, half servile, to the French planters. The support aroused by the RDA, with the violence of the mass struggles which it led, especially in 1950, can be explained by the interaction of the movement's bourgeois leaders, who knew that 'freedom to work' would bring a development of the plantation economy to their own advantage, and the enthusiastic support of the peasants, the victims of the forced labour system. This bourgeois substratum gave the peasant movement a power which it never acquired in countries dominated by semi-feudal (the loop of the Niger, the Senegal groundnut basin, etc.) or communitarian modes of production.

The planter bourgeoisie came in fact directly from the traditional chiefs. The chiefs gave themselves rights over land which tended gradually to establish a sort of private appropriation for their own profit. The confusion of their status as traditional chiefs, enjoying social authority, and as modern planters perhaps explains some aspects of social change: the limits on the degradation of traditional communities, whose dependants, though reduced to the status of semi-employees, are still not deprived of all rights, as are foreign employees; and the stubborn survival of various elements of the traditional animist religion.

In the urban economy the changes have been less far-reaching. Urban society has expanded rather than been transformed. The distribution of social income also shows here a remarkable stability in its proportions, though its volume has increased considerably. There are three main characteristics of the urban social structure.

First, the proportion of all foreign income has remained more or less stable, at around 50% of the gross non-agricultural pro-

duct. The increasing domination of foreign capital is shown by the increased share enjoyed by large firms, which has risen from 28 to 40% of foreign non-agricultural income. It is also shown by the position of European salaries, which represent about 40% in value of total wages and salaries distributed by the productive economy (compared with 60% in 1950). Europeans still occupy key positions; they are in virtually sole charge of higher technical training, and administrative and economic supervision.

Second, the bulk of African income is either dependent (wages and salaries; chiefly those of workers employed by European firms) or the profits of enterprises not large enough to make possible gradual accumulation. As a corollary, the income of African capitalist concerns was no more significant in 1965 than it had been in 1950.

Third, in the bulk of African income, the large place occupied by wages and salaries from the public services is still growing. These payments represented 20% of the total of African income and 42% of earnings in 1950; 28 and 48% in 1965.

Thus, Ivory Coast society is divided into classes which differ in their economic roles, their standard of living and their social attitudes. (In fact, the same is true of all contemporary African societies; contrary to the statements of some politicians and servile sociologists.) In the rural areas, there have emerged during the last fifteen years a class of rich planters and, correspondingly, a proletariat of agricultural workers. In urban employment, three different social strata may be distinguished. There are the masses who make up more than 90% of the total: with just over one third of these workers; again just over one third, artisans and small traders; and a little less than one third, minor commercial and government officials. Above them is the second group, made up chiefly of middle-rank officials, with some well-off shopkeepers. And then comes a pseudo-bourgeoisie, with as yet few members – fewer than 2,000 heads of families – and incomes too low for real accumulation. It is made up chiefly of higher officials and 'partners' in foreign businesses, with some true entrepreneurs, confined to the commercial sector.

This structure of a dependent society is not dynamic. The planters are not obliged to invest by the action of the economic

process itself. The urban pseudo-bourgeois lack the resources for investment, so restricted is the scope left them by dominant foreign capital. Finally, the 'élites' of the country are almost entirely administrative and para-administrative, and contain no more businessmen than elsewhere in black Africa. Therefore, though we may talk about the development of capitalism in the Ivory Coast, we have no right to talk about the development of Ivory Coast capitalism. The society of the Ivory Coast has no real autonomy and cannot be understood without the European society which dominates it. In the Ivory Coast the proletariat is African, but the real bourgeoisie is absent and lives in the Europe which supplies capital and skills.

(v) *The Political Stability of the Ivory Coast Regime*

Economic success made the transition from colony to independence easier. Houphouët-Boigny, a minister in the French government from 1956 to 1959, was to play an important part in the drawing-up of the constitutional law which gave autonomy to the colonies. In the territorial elections which followed that law in 1957, the PDCI won a complete victory and eliminated the artificial parties set up a few years earlier by the administration to wean the masses from its influence (the Ivory Coast Democratic Bloc, and the Ivory Coast Union - later Association - of Independents). It formed the first government of the Ivory Coast, with Auguste Denise as vice-president; while Houphouët-Boigny himself became president in 1959. It supported the autonomy of individual territories within the French Community at the RDA congress in 1957; opposed the attempt to set up a large Mali Federation after the referendum of September 1958; succeeded in getting Dahomey and Upper Volta to withdraw from the projected Federation, and in May 1959 set up, with these two states and Niger, a very loose organization: the Entente Council (Conseil de l'Entente).

Since gaining independence in August 1960, the Ivory Coast has had a presidential regime and a one-party system. The country has escaped the *coups d'état* so common in the area in recent years. But in 1963 and 1964 many PDCI leaders, ministers and senior officials were accused of plotting; and with the

elimination of Kacou Aoulou, Jean Bany, Ernest Boka, Joachim Bony, Charles Donwahi, Coffi Gadeau, Camille Gris, Amadou Koné, Jean-Baptiste Mockey, Ibrahima Ouattara and a hundred or so others, none of the old leading RDA team was left except for Philippe Yacé and Auguste Denise. Even Raphaél Saller, the powerful minister of economics, finance and planning, retired in 1965. The party's activists were increasingly recruited from the new generation of 'technicians'.

In foreign policy the Ivory Coast played a decisive part in the setting-up of the moderate Brazzaville (1960) and Monrovia (1961) Groups; and later of the OCAM (African and Malagasy Common Organization) and the UAM (African and Malagasy Union, including all the French-speaking states except Guinea, Mali and Mauritania); in opposition to the 'Casablanca bloc', which brought together for a while the states which had adopted or projected, for one reason or another, more radical attitudes. Successive *coups d'état* in Dahomey, Upper Volta and Togo - which had joined the Entente Council in 1966 - considerably weakened the internal solidarity of this group. On the other hand, the closer relations between the Ivory Coast and Mali, established at the time of Mali's break with Senegal in 1960, have been steadily deepened, while the fall of the Nkrumah regime in Ghana in 1966 opened the way for a closer relationship with this eastern neighbour.

The Ivory Coast plans to continue its economic expansion within this general framework. With the financial support of FED (the Fonds Européen de Développement), it is now putting the emphasis on industrial palm-oil plantations, which will make the country one of the largest palm-oil producers in the world by 1980, and has plans to develop the still untapped areas of the far west.

Political stability and the popularity of the regime derive from the prosperity which has accompanied the development of foreign capitalism. So far, there has been something in it for everybody. In the rural areas the traditional chiefs, turned planters, have made money, as have the immigrant workers from the north, coming from a very poor, traditional and stagnant society. In the towns unemployment is still low, in comparison

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with the levels obtaining in the big cities of many other African countries. Nonetheless there are problems, which may be the source of later discontent. The immigrants, conscious of their demonstrated value, are beginning to demand entry to the civil service and senior economic positions, higher wages in the plantations or the right to own land. And, predictably, there is resistance to such claims from among the indigenous. There is also the antagonism between the younger generation of Africans just leaving school and the Europeans, and a growing demand for Africanization.

The experience of the Ivory Coast in the last twenty years has many lessons to offer. It can be summed up in the phrase 'growth without development' – growth generated and maintained from outside, without the establishment of a social structure capable of bringing about an automatic transition to the further stage, that of internally centred and self-regulating growth. André Gunder Frank has called this 'the development of underdevelopment'.<sup>11</sup> The Ivory Coast is certainly no longer the primitive country that it was in 1950. But it has become a true underdeveloped country; well integrated, like its elder neighbour, Senegal, into the world capitalist system.

11. André Gunder Frank, *Capitalism and Under-Development in Latin America*, Harmondsworth, rev. ed., 1971.

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Table 7. Ghana: The Take-off of Colonial Development in the Gold Coast 1891-1911

|  | 1891          | 1901          | 1911          |
|--|---------------|---------------|---------------|
| <b>Totals (£000s, 1911 values)</b>               | <b>11,148</b> | <b>13,411</b> | <b>19,467</b> |
| GDP  |               |               |               |
| + Imports  | 908           | 2,127         | 3,610         |
| – Exports  | 872           | 740           | 3,612         |
| <b>TOTAL</b>                                     | <b>11,184</b> | <b>14,798</b> | <b>19,465</b> |
| <b>Private consumption</b>                       |               |               |               |
| traditional                                      | 9,200         | 10,000        | 11,100        |
| imported products                                | 1,595         | 2,741         | 4,310         |
| Public consumption                               | 150           | 490           | 635           |
| Gross capital formation                          | 239           | 1,567         | 3,420         |
| <b>Population (000s)</b>                         |               |               |               |
| Colony   | 907           | 990           | 1,064         |
| Ashanti  | 314           | 342           | 392           |
| Northern Territories                             | 429           | 468           | 544           |
| <b>TOTAL</b>                                     | <b>1,650</b>  | <b>1,800</b>  | <b>2,000</b>  |
| <b>Exports (£000s, current values)</b>           |               |               |               |
| Cocoa  | 0             | 43            | 1,613         |
| Gold   | 88            | 22            | 1,058         |
| Traditional products <sup>1</sup>                | 559           | 484           | 800           |
| <b>Imports (£000s, current values)</b>           |               |               |               |
| For consumption                                  | 583           | 1,215         | 2,365         |
| For capital goods                                | 172           | 608           | 1,248         |
| <b>Capital formation (£000s, current values)</b> |               |               |               |
| Cocoa plantations                                | 3             | 127           | 1,573         |
| Construction and capital goods                   | 122           | 893           | 1,290         |
| Moneys   | 54            | 195           | – 560         |

1. Palm-oil and palm cabbages, wood, rubber and cola nuts.  
Source: R. Szereszewski, *Structural Changes in the Economy of Ghana, 1891-1911*, London, 1965.



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Table 8. Ghana: Population, Urbanization, Internal Migration and Immigration, 1890-1968

|  | 1890       | 1910       | 1920       | 1948       | 1960       | 1968       |
|--|------------|------------|------------|------------|------------|------------|
| <b>Population (millions)</b>                                 |            |            |            |            |            |            |
| North <sup>1</sup>   | 0.4        | 0.5        | 0.7        | 1.1        | 1.3        | 1.4        |
| South <sup>1</sup>   | 1.2        | 1.5        | 2.1        | 3.3        | 5.4        | 7.4        |
| <b>TOTAL</b>   | <b>1.6</b> | <b>2.0</b> | <b>2.8</b> | <b>4.4</b> | <b>6.7</b> | <b>8.8</b> |
| <b>Urban population (000s)<sup>2</sup></b>                   | 60         | 120        | 220        | 570        | 1,600      | 2,600      |
| <b>%</b>   | 4          | 6          | 8          | 13         | 23         | 30         |
| <b>Origin (millions)</b>                                     |            |            |            |            |            |            |
| Ghanaian <sup>3</sup>  | 1.6        | 2.0        | 2.8        | 3.9        | 5.2        | 6.5        |
| Foreign  | 0          | 0          | 0          | 0.5        | 1.5        | 2.3        |
| <b>Emigration from north to south (millions)<sup>4</sup></b> | 0          | 0          | 0.1        | 0.2        | 0.6        | 1.0        |
| <b>Non-African foreigners (units)</b>                        | —          | —          | 2,000      | —          | 7,000      | 17,000     |

1. North: Northern Territories. South: Colony and Ashanti.

2. Towns with more than 5,000 inhabitants. In 1960 Accra had a population of 338,000, Kumasi 181,000, Takoradis-Sekondi 76,000, Cape Coast 41,000 and Koforidua 35,000. Tamale, the only town of importance in the north, had 40,000.

3. Since the natural growth of the Ghanaian population gradually reached 2.6% in 1968, the difference comes from foreign immigration.

4. People born in the north who have made their homes in the south.

Table 9. Ghana: Regional Distribution of the Product, Capital Consumption and Labour in 1960

|                | Population (000s) | Density inhabitants per sq. m. | GDP        | Capital Ghanaian £m. 1960 |            | Capital - cocoa plantations Ghanaian £m. 1960 | Per capita consumption (shillings) |            | Non-agricultural labour (as % of labour force) |
|----------------|-------------------|--------------------------------|------------|---------------------------|------------|---|------------------------------------|------------|--|
|                |                   |                                |            | Urban                     | Rural      |   | Urban                              | Rural      |  |
| <b>South</b>   |                   |                                |            |                           |            |   |                                    |            |  |
| Accra District | 492               | 497                            | 87         | 376                       | —          | —   | 338                                | —          | 87   |
| <b>Western</b> |                   |                                |            |                           |            |   |                                    |            |  |
| Western        | 626               | 66                             | 94         | 232                       | 73         | 187   | 228                                | 42         | 41   |
| Central        | 751               | 205                            |            |                           |            |   |                                    |            |  |
| Eastern        | 1,094             | 141                            | 58         | 130                       | 62         | 195   | 226                                | 38         | 38   |
| Volta          | 777               | 97                             | 34         | 59                        | 26         | 211   | 183                                | 221        | 38   |
| Ashanti        | 1,109             | 114                            | 75         | 220                       | 125        | 292   | 292                                | 221        | 20   |
| Brong-Ahafo    | 588               | 39                             | 36         | 97                        | 75         | 262   | 211                                | 262        | 14   |
| <b>North</b>   |                   |                                |            |                           |            |   |                                    |            |  |
| Northern       | 532               | 20                             | 39         | 49                        | —          | 84  | 135                                | —          | 14   |
|                | 757               | 72                             |            |                           |            |   |                                    |            |  |
| <b>TOTAL</b>   | <b>6,726</b>      | <b>139</b>                     | <b>423</b> | <b>1,163</b>              | <b>361</b> | <b>193</b>                                    | <b>230</b>                         | <b>230</b> | <b>40</b>                                      |

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*Table 10. Ivory Coast: Regional Distribution of Population, 1950 and 1965 (000s)*

|               | 1950         |           |              | 1965         |            |              |
|---------------|--------------|-----------|--------------|--------------|------------|--------------|
|               | Native       | Foreign   | All          | Native       | Foreign    | All          |
| <i>Rural</i>  |              |           |              |              |            |              |
| South:        |              |           |              |              |            |              |
| West          | 325          | 5         | 330          | 420          | 80         | 500          |
| West-Central  | 350          | 10        | 360          | 450          | 165        | 615          |
| East          | 280          | 25        | 305          | 360          | 360        | 720          |
| Centre        | 320          | 10        | 330          | 410          | 115        | 525          |
| North:        |              |           |              |              |            |              |
| West          | 255          | —         | 255          | 330          | —          | 330          |
| Centre        | 360          | —         | 360          | 460          | —          | 460          |
| East          | 70           | —         | 70           | 80           | —          | 80           |
| <b>TOTALS</b> | <b>1,960</b> | <b>50</b> | <b>2,010</b> | <b>2,510</b> | <b>720</b> | <b>3,230</b> |
| <i>Urban</i>  | 110          | 50        | 160          | 420          | 230        | 650          |

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*Table 11. Ivory Coast: Growth of Primary Production, 1950-65*

|   | Quantity <sup>1</sup> |          | Value<br>(m. CFA francs<br>1965) |               | Indices      |
|---|-----------------------|----------|----------------------------------|---------------|--------------|
|   | 1950                  | 1965     | 1950                             | 1965          |              |
| <b>1. Principal food crops:</b>             |                       |          |                                  |               |              |
| Cereals (as 000s tons<br>of rice)           | 193                   | 199      | 4,800                            | 7,400         | 155          |
| Roots and tubers (as<br>000s tons of yams)  | 853                   | 1,504    | 4,400                            | 7,000         | 160          |
| <b>2. Vegetable crops<br/>  for export:</b> |                       |          |                                  |               |              |
| Coffee, cocoa<br>(000 tons)                 | 105                   | 370      | 7,900                            | 28,400        | 360          |
| Bananas, pineapples<br>(000 tons)           | 20                    | 190      | 300                              | 2,900         | 970          |
| <b>3. Wood (000 tons)</b>                   | 90                    | 1,250    | 900                              | 12,500        | 1,390        |
| <b>4. Other vegetable<br/>  crops:</b>      |                       |          |                                  |               |              |
| Vegetables and fruit<br>(000 tons)          | 45                    | 83       | 900                              | 1,700         | 185          |
| Oil crops (as 000<br>tons oil)              | 21                    | 45       | 900                              | 1,700         | 185          |
| Hevea, cotton,<br>Tobacco                   | —                     | —        | 300                              | 1,000         | 390          |
| Kola  | 25                    | 32       | 1,400                            | 1,800         | 125          |
| <b>5. Livestock and fish:</b>               |                       |          |                                  |               |              |
| Beef, mutton, goat<br>meat, pork (000 tons) | 1.8                   | 3.0      | 500                              | 800           | 155          |
| Poultry and game<br>(000 tons)              | 12.8                  | 22.5     | 1,300                            | 2,300         | 180          |
| Fish (000 tons)                             | 20                    | 45       | 700                              | 1,600         | 225          |
| <b>TOTALS</b>                               | <b>—</b>              | <b>—</b> | <b>24,300</b>                    | <b>69,100</b> | <b>4,480</b> |

1. Quantities adjusted to correspond with the two years 1950 and 1965 as plotted on the curve showing the general tendency.

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*Table 12. Ivory Coast: Per Capita Money Incomes, All Rural Areas, 1950 and 1965*

|                      | Rural Population<br>(000s) |            |              |            | Total Money<br>Incomes<br>(m. francs<br>constant<br>values) |               | Per Capita<br>Incomes<br>(000 francs) |             |
|----------------------|----------------------------|------------|--------------|------------|---|---------------|---------------------------------------|-------------|
|                      | 1950                       | %          | 1965         | %          | 1950  | 1965          | 1950                                  | 1965        |
|                      | Isolated traditional areas | 1,190      | 60           | 1,080      | 33  | 1,300         | 1,400                                 | 1.1         |
| Northern cereal area | 190                        | 9          | 250          | 8          | 300   | 1,300         | 1.4                                   | 5.2         |
| Plantation areas:    |                            |            |              |            |   |               |                                       |             |
| ordinary             | 470                        | 23         | 1,580        | 49         | 5,500   | 24,100        | 11.7                                  | 15.8        |
| privileged           | 160                        | 8          | 320          | 10         | 3,100   | 8,300         | 19.4                                  | 26.0        |
| <b>TOTALS</b>        | <b>2,010</b>               | <b>100</b> | <b>3,230</b> | <b>100</b> | <b>10,200</b>   | <b>35,100</b> | <b>5.1</b>                            | <b>10.9</b> |

*Table 13. Ivory Coast: Distribution of Gross Domestic Product at Market Prices (m. francs 1965 values)*

|                                  | 1950          |              | 1960           |              | 1965           |              |
|----------------------------------|---------------|--------------|----------------|--------------|----------------|--------------|
|                                  | Total         | %            | Total          | %            | Total          | %            |
| Agriculture, forestry, fisheries | 33,600        | 52.0         | 54,700         | 41.2         | 79,200         | 34.5         |
| Industry, construction           | 5,600         | 8.7          | 15,100         | 11.4         | 38,300         | 16.7         |
| Transports, commerce, services   | 27,700        | 33.7         | 51,000         | 38.7         | 90,800         | 39.7         |
| Administration                   | 3,600         | 5.6          | 11,500         | 8.7          | 21,000         | 9.2          |
| <b>Gross domestic product</b>    | <b>70,500</b> | <b>100.0</b> | <b>132,300</b> | <b>100.0</b> | <b>229,300</b> | <b>101.0</b> |

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*Table 14. Ivory Coast: Structure of Income Distribution, 1950 and 1965 (m. francs 1965)*

|   | 1950                                 |                          | 1965  |                                |
|---|--------------------------------------|--------------------------|---|--------------------------------|
|   | Urban activities                     | Agriculture and forestry | Urban activities                              | Agriculture, forestry, fishing |
| <b>1. Income of public organizations</b>  | 0                                    | —                        | 2,200   | —                              |
| <b>2. Income of the foreign sector:</b>   |                                      |                          |   |                                |
| (a) large firms   | 3,600                                | 400                      | 22,500  | 5,000                          |
| (b) small and medium firms  | 2,900                                | 400                      | 16,100  | 500                            |
| (c) earnings public service productive economy  | 6,200<br>(1,400)<br>(4,800)          | —                        | 15,900<br>(4,000)<br>(11,900)                 | —<br>—<br>1,700                |
| (d) rents   | 400                                  | —                        | 900   | —                              |
| <b>TOTAL</b>  | <b>13,100</b>                        | <b>1,100</b>             | <b>57,600</b>                                 | <b>7,200</b>                   |
| <b>3. Income of the African population:</b>   |                                      |                          |   |                                |
| (a) earnings (non-agricultural) public service productive economy servants                      | 5,800<br>(2,200)<br>(3,100)<br>(500) | —                        | 36,500<br>(17,000)<br>(18,100)<br>(1,400)     | —<br>—<br>—<br>—               |
| (b) Income of urban artisans  | 3,200                                | —                        | 13,200  | —                              |
| (c) Urban business commerce taxis   | 200<br>—<br>—                        | —                        | 1,300<br>(900)<br>(400)                       | —<br>—<br>—                    |
| (d) Urban rents owner-occupied dwellings rented dwellings: small owners large and medium owners | 2,100<br>(1,200)<br>(900)<br>—<br>—  | —                        | (9,300)<br>(3,900)<br>—<br>(2,400)<br>(3,000) | —<br>—<br>—<br>—<br>—          |

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*Table 14 (cont.)*

|  |               |               |                |               |
|--|---------------|---------------|----------------|---------------|
| (e) Rural income outside the commercial system | —             | 32,500        | —              | 70,600        |
| within the commercial system                   | —             | (10,300)      | —              | (36,800)      |
|  | —             | (22,200)      | —              | (33,800)      |
| <b>TOTAL</b>                                   | <b>11,300</b> | <b>32,500</b> | <b>60,300</b>  | <b>70,600</b> |
| <b>Grand totals</b>                            | <b>24,400</b> | <b>32,500</b> | <b>117,900</b> | <b>77,800</b> |

*Table 15. Ivory Coast: Total Gross Investment (m. francs 1965)*

|                                     | 1950-60        |            | 1961-5         |            | 1950-65        |            |
|-------------------------------------|----------------|------------|----------------|------------|----------------|------------|
|                                     | Total          | %          | Total          | %          | Total          | %          |
| Agriculture                         | 21,000         | 12         | 17,000         | 10         | 38,000         | 11         |
| Industry                            | 20,000         | 12         | 41,000         | 25         | 61,000         | 18         |
| Commerce and services               | 4,000          | 2          | 5,000          | 3          | 9,000          | 3          |
| Transport                           | 66,000         | 39         | 51,000         | 31         | 117,000        | 35         |
| Social and administrative equipment | 34,000         | 20         | 24,000         | 16         | 58,000         | 18         |
| Housing                             | 27,000         | 15         | 23,000         | 15         | 50,000         | 15         |
| <b>TOTAL</b>                        | <b>172,000</b> | <b>100</b> | <b>161,000</b> | <b>100</b> | <b>333,000</b> | <b>100</b> |

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*Table 16. Ivory Coast: Public Finance (m. francs 1965 values)*

|                              | 1950          | 1958          | 1961          | 1965          |
|------------------------------|---------------|---------------|---------------|---------------|
| <b>Public spending:</b>      |               |               |               |               |
| current                      | 7,700         | 16,200        | 30,200        | 36,800        |
| capital                      | 6,000         | 9,200         | 10,400        | 17,000        |
| <b>TOTAL</b>                 | <b>13,700</b> | <b>25,400</b> | <b>40,600</b> | <b>53,800</b> |
| <b>Financing:</b>            |               |               |               |               |
| local                        | 9,400         | 21,400        | 34,500        | 44,400        |
| net foreign contribution     | 4,300         | 4,000         | 6,100         | 9,400         |
| (capital investment)         | (4,300)       | (4,000)       | (3,600)       | (6,000)       |
| (current expenditure)        | ( — )         | ( — )         | (2,500)       | (3,400)       |
| Gross domestic product       | 65,000        | 115,000       | 147,000       | 229,000       |
| Current expenditure/<br>GDP% | 12            | 14            | 21            | 16            |

*Table 17. Ivory Coast: Balance of Payments (m. francs 1965)*

|                                 | 1950          | 1960          | 1965          |
|---------------------------------|---------------|---------------|---------------|
| <b>Ivory Coast income:</b>      |               |               |               |
| exports                         | 14,400        | 33,700        | 63,500        |
| foreign capital and aid:        |               |               |               |
| public aid                      | 4,300         | 5,000         | 9,400         |
| private capital                 | 300           | 2,000         | 6,000         |
| current income from abroad:     |               |               |               |
| French army                     | 600           | 2,600         | 1,000         |
| foreign embassies               | —             | 200           | 1,200         |
| private income                  | 500           | 1,000         | 1,700         |
| <b>TOTAL</b>                    | <b>20,100</b> | <b>44,500</b> | <b>82,800</b> |
| <b>Ivory Coast expenditure:</b> |               |               |               |
| imports                         | 12,200        | 28,600        | 54,000        |
| public spending abroad          | 300           | 1,500         | 2,600         |
| private transfers               | 7,000         | 13,600        | 25,200        |
| foreign-owned assets            | 600           | 800           | 1,000         |
| <b>TOTAL</b>                    | <b>20,100</b> | <b>44,500</b> | <b>82,800</b> |

### 3 Small Countries and Big Firms: The Economics of Mining Enclaves

Mauritania was among those countries totally lacking in resources, until the iron ore of Zouérate began to be worked in the last ten years. From being so poor that its administration could be maintained only by subsidies from the other territories of French West Africa, she became overnight what has come to be called a 'rich Third World country'. The economy of the mining enclave, however, has not only created a state within a state, MIFERMA, with all that this implies in the political field, but has also failed to provide any stimulus for solving the real problems of under-development.

Guinea has a quite different history. In spite of a rich variety of resources, the country was hardly developed during the seventy years of French colonization. Special conditions deriving from its social structure and recent political history meant that Guinea reached independence in 1958 in a very different situation from that of the other colonies in French black Africa. Yet at that precise moment the irony of history decreed that the exploitation of bauxite in Guinea should create an enclave there similar to MIFERMA in Mauritania; with the paradoxical result that 'Guinean socialism' is being supported more and more by the spin-off from this foreign mining economy.

In this chapter we shall study these two examples of outward-directed development based on mining; and try to measure how much the economic evolution of the two countries is due to the convergences imposed by the foreign enclaves, and how much to divergences produced by political history.

#### I. MAURITANIA AND MIFERMA

A vast country, four fifths desert, covering 1,169,000 square kilometres, Mauritania forms the link between the Maghreb and black Africa. It held out for a long time against the pressure of French colonialism, and it was not until the 1930s that the north of the country was 'pacified'.

Four fifths of the population consists of nomadic Moorish herdsmen, Arabized Berbers, organized in a nomadic feudal society. The ruling class is made up of warriors (*hassan*) and *marabouts* (*zwāya*), who receive tribute from conquered clans (*aznaga*). The slaves (*haratin*) are shepherds for both groups. Craftsmen (*mallmin*) and troubadours (*iggawen*) attached to the great families complete the society. There are also about 200,000 Toucouleur and Sarakollé farmers along the banks of the Senegal river. The population in 1967 was around 1,150,000; with the rate of increase at about 1.3% a year.

The urbanization and modernization of this society are recent phenomena. The capital, Nouakchott, an artificial city established after independence, has a population of 18,000. Nouadhibou (formerly Port-Etienne) has 12,000; Kaédi, the Toucouleur capital, has 12,000; Attar, the traditional northern capital, has about 8,000; and Zouérate (formerly Fort-Gouraud) has had a population of 10,000 since mining of the iron ore began. The setting-up of an administration, colonial at first, created a new social group, French-educated and unfamiliar with traditional hierarchies. Urbanization also produced a class of small businessmen, who previously emigrated to the towns of neighbouring Senegal, where they number about 30,000. The 'richest' of these businessmen are the livestock merchants; in Dakar, the most prosperous meat wholesalers are all Mauritanians. The recent establishment of an organization to mine the Zouérate iron ore has given rise to a proletariat of workers and a semi-proletariat of unemployed.

It is estimated that there are now about 20,000 paid workers, of whom 12,000 are in the public service (with an average salary of 200,000 CFA francs a year), 4,000 in the mines, and 4,000 in

other private organizations. The total amount distributed as salaries in the productive economy is about 3,700 m. francs (average salary 460,000 CFA francs a year); of which over 60% goes to higher grades (with earnings above 75,000 francs a month), who are almost all Europeans (about 1,000). Labourers, unskilled workers and junior clerical staff earn from 5,000 to 30,000 francs a month (28% of paid employees earn from 5,000 to 10,000 and 51% from 10,000 to 30,000). Middle grades (8% of all employees), mainly white-collar workers, earn between 30,000 and 75,000 francs.

In a society until recently sunk in lethargy, the foundation of Nouakchott and the construction of the infrastructure for the iron ore mine (a railway, the town of Zouérate and the port of Nouadhibou) have set off brutal social changes. Despite a low level of urbanization, the country is already experiencing urban unemployment. Workers recruited to build the infrastructure have often not returned to their traditional pastoral or agricultural occupations. In addition, the River district sends a growing number of labourers, mainly Sarakollés, to France. The exact number is not known, but it must certainly be tens of thousands.

(i) *The Traditional Economy*

The River district is said to produce 100,000 tons of millet; the Oases, 15,000 tons of dates. Livestock is estimated to consist of 2 million cattle, 6 million sheep and goats, and 500,000 camels. At present the 'traditional' economy contributes around 12-14,000 m. francs to the GDP.

Though little known, this traditional economy is not uniformly stagnant, as is often thought. Agriculture in the River and Oases districts certainly is, but then next to nothing has been done to improve it. River control under the aegis of the Organization of States Bordering the Senegal River (OERS), set up by Senegal, Mauritania, Mali and Guinea in 1965, is still a distant prospect. The boldest project considered so far involves bringing 10,000 hectares under cultivation to produce rice and sugar cane. Such is the poverty of agriculture in this region that livestock rearers have always been obliged to go and buy their millet - exchanged for livestock - much farther south, in Mali. Mauritanian towns

are now fed on imported rice (13,000 tons in 1968). Gum-arabic, which supported the prosperous trade of Saint-Louis in the nineteenth century, today has only an insignificant place in the country's economy, with exports of 4,000-5,000 tons a year.

Livestock rearing, in contrast, has benefited from the growing demand for meat in the towns of Senegal and the resulting advantageous prices. Served by an excellent marketing system entirely under local control, breeders are making much better use of their herds than previously. The few steps which have been taken to help livestock rearing (improvement of the water supply and vaccination) have had a high yield. Mauritania exports over 2 million head of livestock a year.

(ii) *The State Within a State: MIFERMA*

The discovery in the 1950s of rich iron ore deposits in the north of the country (the reserves are estimated at 150 m. tons, and the mineral content at 60%) was to transform the conditions under which the new Islamic Republic of Mauritania became part of the international system.

MIFERMA, the Compagnie Minière du Fer de Mauritanie, was formed in 1959. It is controlled by BRGM, the Bureau Français de Recherches Géologiques et Minières (with 24% of the capital), and the French iron and steel industry (with 32%): in association with the iron and steel industries of Britain (19%), Italy (15%) and West Germany (5%). A 5% share of the capital was made over to the Mauritanian government in 1964. Between 1960 and 1963 work to a total cost of 45,000 m. francs was carried out in the area: including 635 kilometres of railway to remove the ore and the equipping of a special port. Exports of ore began in 1963 and now stand at 8 million tons; their value (about 17,000 m. francs) represents over four fifths of the country's total exports.

The operations of MIFERMA are the reason for the extremely rapid economic growth of the years 1960-6. The GDP increased 2.4 times in seven years and now shows, at current prices, a growth rate of around 13%. The share of 'secondary' activities in this product, still negligible in 1959 (at only 4%), is today crucial at over 45%.

It would be a mistake, however, to conclude that this type of

growth is capable of bringing about the take-off of the country's economy. Economic growth is still totally restricted to the mining sector and its direct subsidiaries, in particular the railways. As in so many other oil- and mineral-producing countries, any slowing-down in the growth of the mining industry is immediately reflected in a rigorously parallel slowing-down in the growth of the GDP. Mauritania is an excellent example of a 'dualist' economy', with its various sectors totally unrelated and driven from abroad for the sake of its exports; and a recent study has considered it from this point of view.<sup>1</sup>

A further result of these conditions is that increases in the *per capita* 'product' – which rose from \$60 in 1959 to \$130 in 1970 – mean nothing, because the share of the mining product received by Mauritania is extremely small: less than 1,000 m. francs paid to 3,000 workers and staff of the company, and 1,500 m. francs in taxes and other payments to the state; totalling less than 7% of the GDP and less than 20% of the value added in the mining sector. The balance is made up by the earnings of European employees and the company's gross profits. In addition, practically all the income distributed locally to employees evaporates in imports.

However small the company's payments to the state – since 1965, a uniform royalty at 9% of export revenue – they have still made it possible to abolish the budgetary deficit traditional in a country so poor in taxable resources. They do not, however, make possible more than a very slight improvement in the local public financing capacity, particularly in view of the heavy recurrent charges necessitated by work on the infrastructure directly serving the mining economy.

(iii) *The Expansion of the Modern Sector*

The conditions under which MIFERMA was established were fixed in the colonial period. The Mauritanian government has been trying for several years to obtain less unfavourable conditions for the exploitation of its copper. SOMIMA (the Société

1. J. Pujos, *Croissance économique et impulsion extérieure, Étude sur l'économie mauritanienne*, Paris, 1964. See Table 18.

Minière de Mauritanie), set up in 1967 to work the ores of Akjoujit, has its capital divided 22% to the state, 44.6% to Anglo-American Charter Consolidated, 15% to SFI (Société Financière Internationale), 6.13% to BRGM, and 12.27% to French private interests (Pennaroya, the Banque de Paris et des Pays-Bas, the Compagnie Financière d'Outre-Mer). A total investment of 14,000 m. francs is planned, which will allow the export between 1970 and 1988 of 50,000 tons of copper concentrate, transported by road to the newly established port of Nouakchott. Royalties and taxes, which should be around 15,500 m. francs, will provide an additional 1,200 m. francs a year for the budget by 1977.

Mauritania's hopes of oil (for which exploration rights were granted to Planet Oil in 1966) seem so far to have been disappointed. Geological exploration is increasing, under the control of the Compagnie des Phosphates de Thiès, which is searching for uranium, phosphate and sulphur. The exploitation of gypsum may be considered, and the exploitation of yttrium is already under consideration. Rock salt, once the basis of an active trans-Saharan trade, has fallen into decline as a result of competition from sea salt and production has fallen from 10,000 tons to 700.

The coasts, in particular the Arguin Bank, are well known for their wealth of fish. So far, however, Mauritania has derived little profit from this. Only a tenth of the catch is processed locally (15,000 tons landed by Senegalese fishermen, 5,000 by boats from the Canaries; and 6,000 tons by modern industrial fishing concerns established in Mauritania). Some 300,000 tons of fish never see Mauritanian soil. Mauritania has tried to limit this pillaging of her territorial waters through agreements making it obligatory for part of the catch to be processed locally. But she lacks the means for effective fishery protection, and as a result these agreements (especially with Spain and Greece) have very little effect. Two semi-public companies, SOMAP (the Société Mauritanienne d'Armement et de Pêche) and SOMIP (the Société Mauritanienne des Industries de la Pêche), set up recently, are planned as the nucleus of a partially 'Mauritanianized' fishing industry, with the registration of fourteen boats at Nouadhibou and the building of a fish-meal factory. Guelfi

### *Neo-Colonialism in West Africa*

Survif, established in 1963, and IMPEC (Industries Mauritanienes de Pêche) complete the assortment of fishing companies in the country.

The word 'industry' hardly applies in Mauritania. There is a shortage of electric power. From a total consumption of 36.5 m. kWh in 1967, MIFERMA took 28.5; and the rest, supplied by the private company SAFELEC, was used almost entirely for the domestic requirements and street-lighting of the capital. There is a water shortage too, serious enough for a desalination plant to be planned in Nouakchott. A few small light industries are the extent of plans for the future: the manufacture of loaf sugar from imported granulated sugar; of mineral waters and matches; a small leather industry for which the Manufacture Industrielle du Cuir received government approval in 1966; and the manufacture of liquid oxygen (SMGI, the Société Mauritanienne des Gaz Industriels, was set up in 1966). The construction of the port at Nouakchott has resulted in the building of a few modern storage installations, especially for oil products, under the control of SOMEPP (the Société Mauritanienne d'Entrepôt des Produits Pétroliers, set up in 1966). The building of the towns of Nouakchott and Zouérate is the justification for the existence of SUCIN, the Société d'Urbanisme et de Construction Immobilière de Nouakchott, which built housing to a total value of 3,000 m. francs between 1959 and 1964; before becoming a semi-public organization (the Société d'Équipement de Mauritanie, SEM), which sub-lets the main markets on behalf of the state.

## 2. FRIA, BOKÉ AND GUINEAN SOCIALISM

### (i) *The Road to Independence. The RDA and the Suppression of the Chiefs*

On 28 September 1958 Guinea, alone among the territories of the former French colonial empire in black Africa, declared for immediate independence. Guinea's 'No' to the French African Community was the result of developments which had been under way since 1953. The Guinea Democratic Party (PDG), led by Sékou Touré, which had been founded at the end of the Second

### *Small Countries and Big Firms*

World War as a section of the RDA, owed its success to a combination of trade union and peasant support. A neglected colony with few towns, Guinea did not share the social structure of the advanced countries along the coast, such as Senegal, Ghana or the Ivory Coast, but those of the impoverished countries in the interior. The powerful traditional chiefs of the Peuhls of Fouta-Djallon, the Almamys, went over to the side of the colonial administration and forced the PDG to make its base in the rural areas. In the few urban centres, its only potential support was among the very feeble ranks of junior civil servants, where Sékou Touré began his political career as secretary of the post office workers' union. The chiefs, under the label of the SFIO (later the Mouvement Socialiste Africain) and the Guinea African Bloc (later the Parti du Rassemblement Africain), were defeated at the 1956 elections and banned in December 1957 by the first PDG government. In the following spring the trial of strength ended in a victory for the PDG. While the government let many chiefs be massacred and encouraged the peasants to take over the land which the chiefs had appropriated with the complicity of the colonial administration, the PDG opened its ranks to the defeated opposition leaders.

### (ii) *The Difficulties of Agriculture*

Divided into four very different natural regions, Guinea has a relative variety of traditional food production. Fouta-Djallon, with its peaks reaching a height of more than 1,700 metres, provides water for all of West Africa; it is the source of two rivers, the Senegal and the Niger. It includes two fifths of the country's population, excluding Conakry. The altitude moderates the climate and allows the Peuhl population to rear cattle; the average minimum temperature is only 14° C at Labé in January, while the average maximum does not go above 32.8° C (in March-April). Fouta isolates the coastal area from the Malinké region of Upper Guinea (18% of the population), which continues the upper valley of the Niger from Mali through Siguiri, Kankan and Kouroussa.

The coastal region of Guinea, wedged between the Atlantic and the heights of Fouta (17% of the population, excluding



Conakry), is extremely humid. Mean annual rainfall at Conakry is 4,305 mm, falling chiefly during the summer rainy season, and midday humidity never falls below 65% even at the height of the dry season (March–April). The forest region of Guinea, situated in the south-east corner of the country, between the Ivory Coast and Liberia, is the forerunner of the great equatorial forest of the southern coast, but it is nonetheless quite densely populated (25% of the population).

Fouta is part of the Peuhl cattle-rearing culture, though Rimaïbé prisoners also cultivate savanna cereals, millet and especially fonio. The Malinké highlands are part of the millet culture; the lower Soussou coast grows manioc, and the forest areas rice.

In 1959 the main food crops were estimated as 270,000 tons of rice, 270,000 tons of millet, sorghums, fonio and maize, and 750,000 tons of manioc and sweet potatoes: which represented a daily ration of 2,500 calories and a value of 10,700 m. CFA francs in 1959. The estimates from the period 1960–9 give varying and unreliable figures. The growth of food crops was certainly modest, parallel, here as everywhere in Africa, to the growth of the rural population. Heavy increases in food imports were necessary to meet the demands of urbanization. They are now worth over 3,000 m. francs, and American aid supplies (for example, in 1965) 40,000 tons of rice. Livestock was estimated at 1,700,000 cattle and 1,100,000 sheep and goats in 1968.

Export agriculture, extremely limited at the time of independence, has not progressed. The banana plantations – whose production reached a maximum in 1956 of 100,000 tons – fell victim to a banana disease. After 1958 the withdrawal of European planters and the end of French protection made the difficulties worse. In the last ten years production has been hovering at around 75,000 tons; the seven-year plan's aim for 1971 was to get back to the level of 100,000 tons. The other plantation crops remain even more modest: 13,000 tons of coffee (1971 target 46,000 tons) and 26,000 tons of palm kernels. Only pineapples, in great demand in Eastern Europe, have made clear progress in recent years (25,000 tons, compared with 11,000 in 1960). In spite of definite progress, exports of groundnuts are still negli-

gible, at 25,000 tons. In total, agricultural exports to Europe are stationary at a value of around 4,000 m. francs. In addition there is about 1,000 m. francs' worth of exports to other African countries: mainly livestock (30,000 cattle and 50,000 sheep and goats a year) and citrus fruits (5,000–6,000 tons a year).

Agricultural exports are part of the GUINEXPORT monopoly. An equalization fund partially makes up the deficit arising from the high prices paid to producers. According to the year – and world prices – subsidies from the state to the fund have varied between 600 m. and 1,500 m. francs. The accumulated losses of GUINEXPORT rose to 3,700 m. francs between 1960 and 1968. In 1968–9, in order to reduce the deficit, the government cut the prices paid to producers. Exports to neighbouring African countries, which are not controlled, swell the currency black market.

Fish, until 1963 a monopoly of the joint Polish–Guinean organization SOGUIPOL, with disappointing results for Guinea (production never went above 3,000 tons), is being reorganized under a Sea Fisheries office. The forestry industry, non-existent before independence, began in 1964 with the setting-up at Nzérékoré of a sawmill with a capacity of 50,000 cu. m. of logs.

(iii) *The Rapid Extension of the Mining Economy*

Mineral products constitute Guinea's main exports. The country possesses the third largest bauxite reserves in the world. Production on the island of Kassa, nearing exhaustion and abandoned in 1967, has been replaced by that from the island of Tamarra, the concession for which was granted to the American company Halco, in return for various royalties and taxes totalling \$1 m. a year. The bauxite is turned into aluminium by the international company FRIA, in which the American company Olin Mathieson holds 38.5% of the capital, and Péchiney 22.9%, and whose investments between 1957 and 1960 totalled 35,000 m. francs. The factory began production in 1960 and reached full capacity (480,000 tons) in 1963. Its capacity was then increased to 535,000 tons in 1966. The new town of Fria has a population of 19,000, 1,000 of whom are Guinean workers employed by the

mine, and 300 foreign technicians. The company keeps on hand in currency two thirds of its sales revenue, reckoned for accounting purposes at \$63.5 a ton, to pay for its imports and transfer its profits, and pays over a third to the local exchange office to settle local debts. The Guinean treasury receives about \$12 m. a year from FRIA in royalties, taxes and profit-sharing.

An agreement signed in October 1969 between Guinea and Halco, which set up the joint Guinea Bauxite Company, provides for the working of the bauxite deposits at Boké. The total investment planned is \$190 m., of which \$85 m. is to be provided by the Guinean government for the infrastructure (135 kilometres of railway, the port of Kamsar, etc.), with a loan of \$65 m. from the IBRD. Guinea is to receive 65% of the net profits from the operation. She holds 49% of the capital; while the Halco group (American capital, with participation by Péchiney, Kuhlmann and Montecatini) has the rest. Exports were due to begin in 1972 with 4.7 m. tons, rising to 8 m. The Guinean Treasury's income from the project will swell gradually from \$5 m. in 1972 to \$11 m. in 1982 and \$23 m. in 1987. When this agreement was reached, the International Monetary Fund, previously cautious, if not hostile, came to the support of the Guinean franc by granting her drawing rights of \$3.8 m.

At the same time, an agreement between Guinea and the USSR in November 1969 provided for the working of the bauxite at Kindia, to be exported to Russia at the rate of 3 million tons a year. The planned investment, financed by a loan, will be 22,000 m. Guinean francs. The bauxite exported will pay off Guinea's debt to the Soviet Union.

The iron ore of the Kaloum peninsula near Conakry, worked since 1953 by a Franco-British group, produced a stable yield of around 700,000 tons from 1960. The reserves, 170 million tons of ore with a metal content of 50-55%, are much less important than those of Mount Nimba (300 million tons, with an iron content of 65-67%). Work at Kaloum was abandoned in 1967. The working of Mount Nimba is subject to a prior agreement, still being negotiated, with various European and Japanese groups. An agreement signed with five companies (American, Australian, Italian, Rumanian and Yugoslav) provides for im-

mediate prospecting. It is planned to export the ore through the Liberian port of Buchanan.

Diamond mining was controlled before independence by foreign companies, which were nationalized in 1961. Production then fell to a quarter of what it had been. The 'liberalization' inaugurated in 1963 allowed working by individuals to restart: production from this sector, of which little is known, is exported secretly through Liberia and Sierra Leone, while official exports have continued to fall, from a value of more than 2,000 m. francs to under 300 m., before stopping completely.

Gold, traditionally worked in the Siguiri region, provides two to three tons of metal a year (worth 400-600 m. francs), exported secretly.

*(iv) The Recent Attempt at Industrialization*

When Guinea became independent, she possessed no industrial installation worthy of the name. The value added by the transformation and power industries as a whole was less than 300 m. francs, compared with 1,400 m. for modern construction and public works.

During the period of the first three-year plan (1960-3) and the first five years of the seven-year plan, ten small industrial projects were started, all in light industry. They included a textile factory, planned to supply three quarters of local requirements, with finance from a British group, and cotton supplied by American aid; an assembly plant for American lorries; a cigarette and match industry (financed by China); a sawmill (Soviet); a furniture factory (financed by Yugoslavia); a brickworks (also financed by Yugoslavia); a canning factory (3,000 tons of tomatoes, 900 tons of fruit and 800 tons of meat) supplied by Soviet aid; and, under construction, a glassworks and a small oil and soap factory.

The production of electricity rose from 100 million kWh in 1960 to 200 in 1968 (65% of which is used by FRIA). The Société Nationale de l'Énergie, nationalized in 1961, expects an additional production of 63 m. kWh from the new plant at Konkouré.

The inadequacy of the transport infrastructure is a serious obstacle to Guinea's economic development. The road system,

poor in 1958, has not benefited from foreign aid, as have those of other countries in the former French colonial group. Medium-term private loans (Belgian and French) and some credits from the IBRD (for roads used by the mining companies) are practically the only resources allotted to road construction, and even the maintenance credits have been very inadequate. The rolling-stock of the Conakry-Kankan railway, which crosses the Fouta range, has been recently renewed – by the purchase of twenty-five locomotives from France – and the track repaired in sections with the help of loans from Czechoslovakia and Western Germany. Nevertheless the railway still carries little more than 84,000 tons a year and is still in deficit (250 m. francs a year). The ports are also inadequate, except for the installations connected with the handling of ore. With a Soviet fleet which cost 2,500 m. francs, the airline Air Guinea, which had an annual deficit of 850 m. francs, is a remarkable example of an expensive prestige operation. It is in the process of being 'reorganized' by Pan-Am.

(v) *Development Plans and Economic Policy*

In spite of claims to 'strict and exhaustive socialist planning', Guinea's plans have been very little different from those of other African countries: collections of projects poorly put together and carried out.

The first, a three-year plan, was formally completed in four years (July 1960–April 1964). It involved an investment of 40,000 m. francs: 4,500 m. in agriculture (compared with a planned 10,100 m.); 7,300 m. in industry; 13,000 m. in transport; 5,600 m. in education, health and housing; and 10,000 m. in administrative infrastructure. The Seven-Year Plan which followed, beginning in May 1964, provided for investments of 130,000 m. francs: 16,000 m. in agriculture; 29,000 m. in industry; 61,000 m. in transport; and practically nothing for the administration and social services. The rate of investment projected was twice as high as that achieved in the preceding period. And in five years, 1964–9, almost half of the planned investment was carried out. But despite the formal completion of many projects, the results fell significantly short of expectations.

The first Plan required a real growth rate of 15% a year. There is, however, no national accounting system to make possible any precise measurement of the real growth achieved. Moreover prices, which are in theory controlled but very inefficiently (there is a prosperous parallel market), are not, to our knowledge, recorded. For 1960, I estimate the Guinean GDP at about 60,000 m. CFA francs, which would be the equivalent of \$50 a head. This estimate is admittedly low, but the figures given in Conakry for recent years (180,000 m. Guinean francs, or \$120 a head at the official rate) are no more than fantasy.

Real growth has been modest, but it has undoubtedly been higher than that recorded in most West African countries. In 1959, the traditional sector had a product which I estimate at 23,000 m. francs: food crops and livestock 18,000 m.; craft work and traditional construction 5,000 m. The product of these operations increased, like the population, by 25% in ten years. The product of export agriculture, in contrast, remained around 4,000 m. francs at constant prices. The product of mining activities, valued at 1,400 m. francs in 1959, rose to 3,000 m. francs at constant prices in ten years (about 5% of the GDP); that of transformation industry from 300 m. to 2,500 m. francs (this estimate is obtained by a comparison with the product of similar industries in West Africa); and that of construction and building works, from 1,400 m. to 3,000 m. francs (parallel with the growth of investments). The product of transport, commerce and services probably rose from 9,400 m. to 15,000 m. (the elasticity of the tertiary sector in relation to the GDP is 1.4); and that of government from 4,000 m. to 11,000 m. francs. This gives an overall growth of about 4.5% a year, or about 2% per head.

On 1 January 1959, the population of Guinea was estimated at 2.9 m., with only 180,000 'urban' dwellers (the population of conglomerations with more than 2,500 inhabitants), of whom 90,000 lived in Conakry. In 1969 it must have been around 3.8 m.; with that of Conakry some 230,000. There are still, however, no more than seven conglomerations of more than 10,000 people each outside the capital: Kankan, Kindia, Labé, Fria, Macenta, Mamou and Nzérékoré. Although the rate of urbanization has been relatively high (10% a year in Conakry; 4% for other towns;

7% for all towns), Guinea is still lightly urbanized (9.5% of the total population in 1969, compared with 6.2% in 1959). The result is that the inequality of *per capita* income in the colonial period, at a proportion of 1:9 (10,000 francs a year in the country; 92,000 francs a year in the towns), has not altered during the last ten years. The *per capita* product at 1960 prices is still 9,500 francs in the country and 96,000 francs in the towns. In this essential socio-political respect, the Guinean model of growth is in no way different from that of other African countries.

Nor have wage and employment policies been different. With an effective freeze at 28 francs an hour for agricultural earnings and 38 francs for earnings in towns, the real minimum salary deteriorated sharply as prices rose. In 1965 the earnings of the lowest-paid civil servants were raised by 12%, compared with 5% for the earnings of others in government service. In 1968 the government had 25,000 employees; the mines 3,400; industry 5,800; power and water 4,500; building 4,200; transport 6,500; services and commerce 17,900; and hotels and domestic service 3,500: a total of 71,000 employed in the urban sector, with another 29,200 in agriculture, fishing and forestry. In 1963 there had been about 50,000 people employed outside agriculture, including 21,000 civil servants. Since the growth in numbers of employees was much faster than that of the product, the potential unemployment implied by urban growth seems to have been largely absorbed by over-manning in government and the nationalized industries.

The real results of economic policy are to be found elsewhere. 1959 was certainly not a 'normal' year; the brutal withdrawal of French officials and the ending of all forms of aid from France when Guinea became independent brought various difficulties. Aid from Eastern countries - in the form of goods supplied to state trading organizations set up for the purpose - at least made it possible to get through a difficult financial period. Guinea's membership of the West African monetary zone, however, and the consequent absence of controls on the transfer of money abroad, encouraged the flight of capital. Guinea had to create her own national currency, and did so on 1 March 1960.

It was at this point that the first Three-Year Plan was drawn

up, and submitted to the PDG congress at Kankan in the spring of 1960. The general instructions which made up the bulk of this hastily prepared plan concerned the reforms to be brought about in major structures, with the twofold aim of decolonization and socialist development. The major elements were to be the re-organization of the country on a cooperative basis and the creation of national agricultural centres (mechanized pilot farms run by the state); the principle of priority for the public sector in the development of industry and transport; the nationalization of large trading companies (with a state monopoly of internal trade); the creation of a national currency and the control of capital transfers. Furthermore, administrative and fiscal reforms were to make possible a reduction in the running costs of public services, and guarantee the state an increasing share in accumulation; while the masses and the élites were to be mobilized by means of regional decentralization.

No serious start has yet been made on the cooperative organization of the country areas and the modernization of agriculture. In this field Guinea is very backward. Indeed, in the intensification of agriculture by the use of fertilizers and machinery, there has been no progress comparable with that made elsewhere during the same decade. The feeble attempts to organize cooperatives at the beginning of the 1960s have since been abandoned. In the small industries created since independence, the principle of state ownership has been respected; but in recent years a slide has taken place towards formulas of association with Western private capital (as in the textile factory, the lorry assembly plant and the diamond industry mentioned above). Further, the big mining groups which provide Guinea with almost all her foreign currency earnings are still controlled by foreign capital (Péchiney, Olin Mathieson, Harvey Aluminium, etc.).

The state trading monopolies have had a chequered history. In November 1963 retail trade was 'denationalized'. Since then, there have been sporadic campaigns to counter abuses in small-scale African private trading, including illegal exports and speculation against the Guinean franc. The administrative and fiscal reform planned in 1959-60 was never carried out. The methods and institutions here still remain those of all the African

countries in the region; for the most part inherited from the colonial period.

It is in this context that the extension of the public sector must be seen. Most of the small state industries established were still operating in 1968, though largely below capacity: 50% in the Mamou canning factory; 50% in the Nzérékoré sawmill; 33% in the furniture factory, and so on. Except for the National Tobacco and Match Organization, which has had profits of over 1,500 m. francs since 1966, all the other industries run at a loss (collectively of 800 m. francs in 1966). The same is true of the tertiary sector in general: building firms; transport undertakings (the shipping corporation, Conakry urban transport, the railways, and Air Guinea with its estimated 800 m. franc deficit); service undertakings (hotels, etc.). In the commercial sector, GUINEXPORT – which supports agriculture – is in deficit by the nature of things; and ALIMAG (the general food and import organization, which made a profit of 800 m. francs in 1966), and other paying state commercial corporations hardly cover this loss.

As a whole, the operations of the seventy or so state undertakings, the turnover of which (33,000 m. francs in 1967) represents the bulk of the turnover in the modern sector, are not fully solvent. Net profits were 2,000 m. francs: after tax of 2,000 m. francs and depreciation reckoned at 1,000 m. francs (an underestimate). It is normal for the total indebtedness of state undertakings to make up 86% of total assets, since investment is financed by foreign credits; but it is less normal for short- and medium-term debts to represent 63% of such assets, as they did in 1967. The contribution of these undertakings to the treasury, though varying considerably from year to year, is, nevertheless, taken as an annual average, negative: at around 400 m. francs. In particular, payments to the depreciation fund are lower than forecast; so that profits made over to the state are artificially increased by sums which should have gone to the fund.

Taken as a whole, the results of the sector are poor. The 3,000 m. francs annual gross profit hardly covers necessary depreciation.

(vi) *The Vicissitudes of Guinean Socialism*

The elimination of the traditional chiefs in a country so badly developed by colonialism gave apparently unlimited power to a small social group of junior civil servants. When the Loi Cadre had put an end to the illusion of a possible link with the French civil service, the PDG had no alternative but independence. This policy was a threat to the French African Community: that in the event survived only another two years, during which time France refused all Guinea's offers of collaboration. The draft of an agreement made in January 1959 was rejected in July of the same year. The financial aid given by Ghana, from December 1958, and the immediate support of the Communist countries for the state trading organizations which took over from the defaulting European firms, partly explain the regime's proclaimed devotion to socialism. However, Sékou Touré's journeys to the USA, Great Britain and Western Germany in 1959, and the sympathetic attitude of the big international mining companies, softened this initial radicalism. As early as 1960, the second Afro-Asian Solidarity Conference saw the beginnings of Guinean 'disengagement', which was later reinforced by American aid.

In African politics there was a remarkable evolution. The tumultuous period of 1958–1960, which saw the creation of the General Workers' Union of Black Africa (UGTAN); the radical position taken by its congress at Conakry in January 1959; the setting-up of the Guinea–Ghana–Mali union and the Casablanca Pact, was followed in 1963 by a realignment with 'reformist' Africa. Guinea became a founder member of the Organization of African Unity; the Casablanca group was dissolved; and Guinea was involved in setting up the organization of Senegal river-states. The same development took place in international politics, and in 1963 a settlement with France put an end to the financial dispute. Socialism remained a cause 'for limited internal use only'; and there was no threat to the position of the big international mining companies or Guinea's membership of the international market. The last plots (disputes with the church) to be labelled 'reactionary' took place in 1960 and 1961. The next, in

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November 1961, involving teachers and students, was 'communist'.

This makes it easier to understand the similarity of Guinea's results to those achieved in other countries of the former French West African empire. This is confirmed by our overall balance-sheet for the decade.<sup>2</sup> A strictly economic judgement might be severe. Growth was modest despite investment considerable in quantitative terms (18% of the GDP). Moreover, it was uneven, giving practically no benefits to the peasants, and changing the social structure very little after independence. There was heavy and increasing foreign financing (58-68% of investment, excluding the mining companies). The public sector became bureaucratic and inefficient; this led to continual inflation which aggravated social imbalances and was only partially contained by an increase in foreign indebtedness and an ever higher volume of current 'aid'. In short, there was an increase in dependence on abroad, with the USA taking the place of the Communist world as the provider of day-to-day support.

On the other hand, it may be said that Guinea's performance, in general growth rates, in the establishment of industries, and in education, has been no worse than that of many other African countries; and that this performance has been achieved without the massive 'technical assistance' involved elsewhere. This last may be a fundamental point. In 1958 it was reckoned that an African state could not survive without technical assistance; and a rapid collapse was expected after the mass departure of colonial officials from Guinea. The country proved this false.

2. See Table 20.

*Small Countries and Big Firms*

*Table 18. Mauritania: National Accounts and Foreign Trade*

(a) *National Accounts 1959-66* (000 m. francs at current values)

|                        | 1959 | 1960 | 1961 | 1962 | 1966 |
|------------------------|------|------|------|------|------|
| Primary production     | 10.3 | 10.6 | 11.2 | 11.0 | 11.8 |
| Secondary production   | 0.6  | 4.1  | 6.2  | 7.9  | 15.7 |
| Tertiary production    | 1.1  | 1.5  | 2.0  | 2.1  | 3.3  |
| Government salaries    | 2.5  | 3.2  | 3.4  | 3.4  | 3.8  |
| Gross domestic product | 14.5 | 19.4 | 22.8 | 24.4 | 34.6 |

(b) *Foreign Trade 1965-7* (000 m. francs at current values)

|  | 1965   | 1966   | 1967   |
|--|--------|--------|--------|
| Exports:   |        |        |        |
| iron ore   | 13.09  | 15.59  | 15.37  |
| fish   | 0.59   | 0.66   | 0.98   |
| gum-arabic   | 0.08   | 0.14   | 0.28   |
| 1. Total official exports                              | 14.22  | 17.09  | 17.44  |
| 2. Unofficial exports:                                 |        |        |        |
| livestock  | 2.00   | 1.91   | 2.07   |
| gum-arabic   | 0.13   | 0.09   | 0.03   |
| Total exports  | 16.39  | 19.14  | 19.61  |
| Imports:   |        |        |        |
| 1. Official  | 6.10   | 5.61   | 6.14   |
| of which MIFERMA                                       | (5.05) | (4.00) | (4.44) |
| 2. Financed by foreign aid                             | 1.40   | 1.40   | 1.40   |
| 3. Unofficial (from Senegal, Rio de Oro, the Canaries) | 7.35   | 7.40   | 7.56   |
| Total imports  | 14.85  | 14.41  | 15.10  |

(c) *Iron ore 1963-8*

|                             | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 |
|-----------------------------|------|------|------|------|------|------|
| Production (000 m. tons)    | 2.3  | 4.7  | 6.2  | 7.2  | 7.0  | 7.9  |
| Exports (000 m. tons)       | 1.3  | 5.0  | 6.0  | 7.1  | 7.5  | 7.9  |
| Exports (000 m. CFA francs) | 2.7  | 10.6 | 13.1 | 15.6 | 15.4 | 16.5 |

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Table 19. Guinea: Economic and Social Development Plans, 1960-71 (000 m. francs)

| Investments                               | Three-year plan<br>1960-4 |             | Seven-year plan<br>1964-71 |                     |
|---|---------------------------|-------------|----------------------------|---------------------|
|   | Forecasts                 | Actual      | Forecasts                  | Actual              |
|   |                           |             |                            | 1964-9 <sup>1</sup> |
| Agriculture                               | 10.1                      | 4.5         | 12.4                       | 3.5                 |
| Industry, electricity, mines <sup>2</sup> | 8.3                       | 7.3         | 36.2                       | 20.9                |
| Government <sup>3</sup>                   | 6.7                       | 9.1         | —                          | —                   |
| Transport equipment                       | 4.2                       | 6.6         | 30.1                       | 7.6                 |
| Ports and airports                        | 1.3                       | 2.5         |                            |                     |
| Roads                                     | 1.2                       | 3.7         | 25.1                       | 11.8                |
| Telecommunications                        | 0.2                       | 0.2         | 5.2                        | 3.1                 |
| Education                                 | 3.7                       | 3.4         | 6.8                        | 3.8                 |
| Health                                    | 1.8                       | 1.2         |                            |                     |
| Housing                                   | 0.8                       | 1.0         |                            |                     |
| Miscellaneous                             | 0.6                       | 0.8         | 15.4                       | 13.0                |
| <b>TOTAL</b>                              | <b>38.9</b>               | <b>40.3</b> | <b>131.2</b>               | <b>63.7</b>         |
| <i>Financing</i>                          |                           |             |                            |                     |
| Foreign financing <sup>4</sup>            |                           | 23.1        | 57.8                       | 40.9                |
| Local financing:                          |                           |             |                            |                     |
| national savings <sup>5</sup>             |                           | 6.5         | 33.8                       | 15.0                |
| monetary resources <sup>6</sup>           |                           | 10.7        | 39.6                       | 7.6                 |

1. Five years (May 1964-May 1969).

2. In the Seven-Year Plan over 50% is for mining and power.

3. Included under 'Miscellaneous' in the Seven-Year Plan.

4. Long-term credits. Suppliers: Boké AID and US counterpart funds, special bilateral credits.

5. Profits of state organizations and transfers from current expenditure budget.

6. Central bank support.

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Table 20: Guinea: Economic Survey, 1959-69<sup>1</sup>

|  | Beginning<br>of decade | End of<br>decade | Annual<br>growth<br>rates<br>(%) |
|--|------------------------|------------------|----------------------------------|
| <i>Gross domestic product at factor cost<br/>(000 m. francs at constant 1959 values)</i> |                        |                  |                                  |
| Traditional economy  | 23.0                   | 28.8             | 2.5                              |
| Export agriculture   | 4.0                    | 4.0              | nil                              |
| Mining   | 1.4                    | 3.0              | 7.5                              |
| Industry   | 0.3                    | 2.5              | 20                               |
| Building and construction  | 1.4                    | 3.0              | 7.5                              |
| Transport, commerce, services  | 9.4                    | 15.0             | 4.8                              |
| Government   | 4.0                    | 11.0             | 10                               |
| <b>TOTAL GDP</b>   | <b>43.5</b>            | <b>67.3</b>      | <b>4.5</b>                       |
| <i>Population (000s)</i>   |                        |                  |                                  |
| Rural  | 2,720                  | 3,440            | 2.5                              |
| Urban  | 180                    | 360              | 7                                |
| <b>TOTAL</b>   | <b>2,900</b>           | <b>3,800</b>     | <b>2.6</b>                       |
| <i>Public Finances (000 m. francs at current values)</i>                                 |                        |                  |                                  |
| Government operating expenses  | 7.0                    | 16.0             | 8.5                              |
| Fiscal and parafiscal revenue  | 7.7                    | 15.0             | 7                                |
| <i>Investment</i>  |                        |                  |                                  |
| Gross investment <sup>2</sup>  | 8.0                    | 12.0             | 4.2                              |
| Foreign financing  | 4.6                    | 8.2              | 6                                |
| <i>Balance of Payments</i>   |                        |                  |                                  |
| Exports  | 12.0                   | 14.0             | 1.6                              |
| Imports:   |                        |                  |                                  |
| Fria   | 2.0                    | 2.0              | nil                              |
| Plan   | 4.0                    | 6.0              | 4.2                              |
| Current  | 6.0                    | 9.0              | 4.2                              |
| <i>External Support</i>  |                        |                  |                                  |
| For development  | 4.6                    | 8.2              | 6                                |
| Current  | 1.0                    | 3.0              | 12                               |

1. The figures in this table are calculated to allow for periodic adjustment. This is reflected in the final column.

2. Excluding mining companies.

## 4 Development Prematurely Halted

Pre-colonial history already provides sufficient reason to combine Togo and Dahomey in a single chapter. The kingdoms of the Bight of Benin not only shared to a large extent the same cultural traditions. They also fulfilled the same functions during the period of the slave trade, from the sixteenth to the nineteenth centuries; and again during the period of 'legal' trading from 1820 to the conquest. Then, for a brief moment, the fates of the two countries parted. In Togo the German colonial administration nourished the embryo local bourgeoisie which had appeared with the development of legal trading, and made it an essential element in its system of domination. By contrast, in Dahomey, the French administration systematically destroyed the world of the indigenous traders. The installation of French power at Lomé after the First World War put an end to the German experiment. From then on the two countries were to experience the same vicissitudes in the economic field; although the political life of each still bears traces of its distinctive colonial past.

### I. TOGO: FROM MODEL GERMAN COLONY TO INDEPENDENCE

#### (i) *Premature Development*

In 1919 France and Great Britain divided between them a little territory which had been called 'a model colony'.<sup>1</sup> German Togo, with an area of 85,000 sq. km, had a population of 1,032,000 at the 1911 census; of whom 692,500 were in the areas which were to make up the French mandate, and which covered 53,000 sq. km.

1. Michael Crowder, *West Africa Under Colonial Rule*, London, 1968.

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The development of the country had been begun early and methodically by the Germans. German Togo had a dock (the equipment at Lomé was not to be improved until 1968), 330 km of railway into the interior (the French added only 113), the best road system in tropical Africa, and a telegraph network which was not surpassed until after the Second World War, when FIDES speeded up the modernization of the infrastructure. Like its neighbour, the Gold Coast, it had experienced its 'economic miracle' before the First World War. At the outbreak of that war, its total exports were worth 6-7 m. marks; or, allowing for the depreciation of currencies and the even greater depreciation in the relative prices of export products (palm kernels, coffee, cocoa), just under 2,000 m. CFA francs at present values. This was already almost the same structural proportion of exports to the gross domestic product as Togo was to keep until the present.

Revenue from taxation, which rose from 1.1 to 3.4 million marks between 1903 and 1913, made up about 5% of Togoland's GDP at the outbreak of war. Togo was to keep this proportion, too, during the interwar period; and growth did not begin again until after the Second World War, when it reached about 9% in 1959, on the eve of independence.

Such a high level of taxation for the period had made it possible for the public infrastructure to be financed without any contribution from German capital. It also made possible the best educational facilities in the region. With 13,700 pupils in 1914, equivalent to 9% of the age range, German Togo was far ahead of the other West African territories. In 1912, Southern Nigeria, with eight times the population, had no more than three times the number at school; and Senegal did not reach Togo's absolute figure until 1938, with a population twice the size.

The Togolese 'miracle' was due to the rapid development of the economy in the south of the country: with German plantations (13,000 hectares in 1914) and above all native plantations, which the colonial power had vigorously encouraged to adopt modern capitalist forms, including the private appropriation of land. The native plantations, indeed, had a long history. From Accra to Port Harcourt, the whole of the Benin coast had been the scene



of an active slave trade. And after the end of the slave trade the native-born intermediate traders, often of mixed race (in this case 'Brazilians'), took the initiative in organizing slave plantations on their own account, for the export market. In this way were founded the fortunes of many 'great Togolese families': the Felicios, the de Souzas, the Olympios, the d'Almeidas, the da Costas and others. In this way, during the period of the 'legal trade' between 1820 and 1880, a bourgeoisie of landowners was formed.

During the First World War the Togolese managers of German plantations in their turn took over the lands which they worked, thus protecting them from seizure by the victorious English and French. The planter class was later to produce the embryo urban bourgeoisie of the country. Sylvanus Olympio, for example, the first President of the Republic, had been an agent for United Africa.

The Anglo-French division accentuated the random character of the colonial frontiers. French Togo, with 50 km of coastline, stretched north-south for 720 km, within borders which respected not a single ethnic unity. The mountains which run diagonally across the country from north-east to south-west divide the territory in two. The southern area is dominated by the Ewe, who alone make up 40% of the population in the state and almost the whole of that in the coastal region, which contains 36% of the national total. Together with peoples of the same ethnic and linguistic group, they constitute almost half of the country's population. The population of the centre and the north is more fragmented. The most important groups here are the Kabré, the Konkomba, Bassari, Kotokoli and Tyokossi. The mountains, a refuge for ethnic groups caught between the big states or groups of the west (Ashanti), north (Mossi, Dagomba), east (Yoruba, Fon) and south (Ewe), are almost an ethnographical museum. Population densities are often high: 20-60 persons per sq. km in the south; and 30 and over in the inaccessible mountain areas. But a third of the country, the western strip, is still almost empty. Attempts to colonize these deserts, begun by the Germans and continued by the French, have had little success.

Between 1920 and 1940 Togo made practically no progress.

The index for the volume of exports remained stationary between 1925 and 1948. From an average of 97 between 1925 and 1930, 111 between 1931 and 1935, and 155 between 1936 and 1938, it fell to 88 during the war and rose to 116 between 1945 and 1948. In 1949 (the base year),<sup>2</sup> the volume of exports was practically the same as that of German Togo had been.

After the war until independence, there was a new period of relatively rapid progress. The index for the volume of exports rose from 100 in 1949 to 224 in 1954. This was owing to investment in infrastructure during the years of the colonial development fund FIDES. (These public investments rose in Togo from 49 m. CFA francs at current values in 1946 - about 293 m. francs at 1960 values - to 1,400 m. in 1949, and fluctuated at around an average annual 1,000 m. between 1953 and 1960. Local financing provided an average of 37% in the years 1948-60.)<sup>3</sup> Calculated over the whole of the period 1920-60, the real growth rate for exports was around 2.5% a year; but this growth was mostly achieved between 1948 and 1960, at an average annual rate of 7%. Such was the second stage of Togo's growth, characterized equally by increasingly rapid population growth and urbanization.

The population rose from 700,000 in 1920 to 1,420,000 in 1960 (an average annual growth rate of 1.7%); but the growth rate in fact increased gradually after the Second World War to 2.6%. In 1970, according to official figures, the population was 2,044,711. At the same time, urbanization accelerated. In 1965 Lomé and its suburbs had a population of 126,000; while the other conglomeration, almost all in the south, accounted together for 128,000; to make the urban population more than 15% of the country's total. At the present rate of urbanization (5% a year), this proportion will have become 17% in 1970, compared with 10% in 1948.

Exports of agricultural products remained stationary after independence, and there would have been no visible growth at all without the new working of phosphates from 1963 onwards

2. Huguette Durand, *Essai sur la conjoncture de l'Afrique noire*, Grenoble, 1957.

3. Based on IEDES calculations, *Investissements publics nationaux et extérieurs dans les pays d'Afrique tropicale francophone 1946-60*, Paris, 1964 (duplicated).

and the increase in public spending. The GDP at factor cost can be broken down into four main elements. The first, 'non-commercialized traditional production' (food crops, building in villages, etc.), developed parallel with the rural population and represented 20% of the GDP in 1960. The second includes all the activities stemming from the export yield of the plantations: the produce itself, marketing and transport, miscellaneous services and small industries. Agricultural exports made up about 17% of this product at factor cost during the last decade, according to an analysis of the figures in the national accounts. Since the country was already heavily commercialized in 1920, it is likely that this percentage was only slightly lower then, at something over 15%. The third element comprises production arising directly and indirectly out of the working of phosphates during the last decade (5,000 m. francs at most in 1970, covering phosphate extraction, transport and ports and subsidiary activities). Finally there is the product of the various branches of the administration, which rose from 800 m. francs at 1965 values in 1920 (about 5% of production, or the same proportion as that of German Togo in 1914) to 1,100 m. in 1948 (6% of production); 2,300 m. francs in 1960 (7% of the current GDP); and 5,000 m. in 1970 (12% of production).

These results are summarized in a synthetic table.<sup>4</sup> The conclusion which emerges is that the GDP at constant prices rose from 15,000 m. to about 20,000 m. francs at 1965 values between 1920 and 1948, giving a very low growth rate of 1.5% a year. And this means that the *per capita* product decreased, from 22,000 to 18,000 CFA francs at current values. Between 1948 and 1960 growth was again very rapid, as before 1914; at 5.3%, it brought the *per capita* product from 18,000 to 26,000 francs. From 1960 onwards, however, it became very modest again, and hardly kept pace with the growth of population.

(ii) *Growth Halted*

The former 'model colony' is today more dependent financially than it has ever been because its growth has been halted. This is proved by the export statistics. The plantation economy is stag-

4. See Table 21.

nant at between 25,000 and 30,000 tons of coffee and cocoa and about 15,000 tons of palm nuts – the three main agricultural exports. The commercialization of the agricultural economy is already far advanced in the south. The plantation areas have a rural population of about 300,000, and the income from the three plantation crops is around 3,200 m. francs a year: producing a *per capita* monetary income in these areas of about 11,000 francs. The comparable *per capita* figures for the south of the Ivory Coast were 5,400 francs in 1950 and 12,000 francs in 1965,<sup>5</sup> a level that Togo had practically reached in 1914. This example, like that of Ghana, shows that the regressive social structures set up in plantation areas become an obstacle to further progress once the first stage of rapid growth is over.

Cotton and groundnuts, introduced in the north, are running into the same difficulties here as elsewhere; the income that these crops produce is inadequate. The growth of exports in Togo since 1963 has been due entirely to the working of phosphates.

The exploitation of phosphates (with annual production at around one million tons) and related infrastructural work brought a renewal of activity, which was reflected notably in the increased turnover of the business sector (8% a year at current prices, 5% at constant prices, between 1963 and 1968). For the years 1962–6 the *Comptes économiques* give a growth rate of 13% a year at current prices,<sup>6</sup> but this figure bears no relation to reality, and is due merely to an 'improvement' in information, as the *Comptes* themselves admit. As for the rate of capital formation in this period – an average 14.3% of the GDP – it must be attributed for the most part to the port of Lomé and phosphates.

The social distribution of income, which can be reconstructed from the detailed statistics for 1965, is more interesting. Agriculture provides 46% of the GDP, and the income of agricultural enterprises (which means, more or less, the income of the planters) is around three or four thousand million francs, comparable with that of the richest strata of the Ivory Coast planters.

5. Samir Amin, *Le développement du capitalisme en Côte-d'Ivoire*, Paris, 1967.

6. See Table 22.

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A few thousand families are the main beneficiaries of this income; they are the Ewe bourgeoisie.

The product of industrial and commercial activities of a modern, capitalist type is still very small. Togo has no more than 25,000 paid employees, half of them in the public service. The result is that the income of business outside agriculture and mining is no more than 7,400 m. francs, and this figure includes the income of small one-man businesses, chiefly those of market traders and craftsmen. The product of the transformation industry, excluding artisans, is less than 1,000 m. francs. The incomes of capitalist businesses must therefore be around 4,700 m. francs in the foreign sector (phosphates 1,500 m.; industry and construction 1,000 m.; trading companies, banks and insurance 2,200 m.); and that of the African sector around 2,000 m. francs, mainly from road haulage and one-man businesses.<sup>7</sup>

Investment in the productive economy can thus be only very limited unless new units are introduced. Investment for the replacement of equipment and normal expansion can hardly come to more than 1,000 m. francs, given the preponderance of trade in the 'modern' activities.

Development projects are equally modest. Such a tiny state was unable to contemplate its first 'plan' until 1966. This Four-Year Plan (1966-9) provides for investment totalling 28,700 m. francs: with some 23,000 m. of this in the public sector (rural development 5,100 m.; communications infrastructure 8,200 m.; urban development 4,200 m.; health, education and administration 3,500 m.; industry 1,700 m.). It is no more than a collection of projects similar to those of the old colonial FIDES, and with a strong likelihood of not being carried out within the allotted time; they are to be financed almost totally by foreign aid, the rate of which is little more than 2,000 m. francs a year, whereas the implementation of the plan would require more than 5,000 m. In industry new establishments are few - a small Bata factory, workshops for the manufacture of metal furniture - and plans very modest (the enlargement of a brewery, a starch works, a small textile plant, a clinker crushing plant, a brickworks,

7. Source: *Comptes nationaux 1965*, duplicated document, Togo Government, Lomé, 1967.

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etc.). The narrow limits of Togo's economy allow scope for no industry except the exploitation of mineral resources for export: again phosphates, and perhaps oil, if the explorations which began in 1968 prove successful.

#### *(iii) Problems and Prospects*

With its old-established bourgeoisie of planters, traders and intellectuals, Togo has always been nostalgic for the 'German period', the time of its 'economic miracle'.

The German conquest was relatively easy. The Ewe had been familiar with Europeans for a long time, and the peoples of the north were incapable of organized resistance like that of the Ashanti in the Gold Coast and the Fon in Abomey. Colonization reinforced the Ewe bourgeoisie, and defeat led them to reinforce themselves still further by taking over the German plantations. It is understandable that they should have thrown themselves very early into the struggle for independence. They had no wish to be eliminated by the new rulers of the country. In their search for foreign support, they naturally turned first to Germany and set up an association (the Togobund) in 1929. After the Second World War they turned to Britain and in 1946 organized an All-Ewe Conference. Abandoned by Britain, which let Ghana annex British Togo, the Togolese bourgeoisie steeled themselves for a confrontation with France.

Despite the legal fiction of the League of Nations mandate and later of the UN protectorate, Togo was never administered as anything but a French colony. The territorial assembly set up in 1948, which became the Representative Assembly in 1950, nevertheless provided a means of expression for the CUT (the Committee for Togolese Unity) and its youth organization, Juvento, both led by Sylvanus Olympio, Franklin and Savi de Tove. The colonial administration tried first to counter the southern bourgeoisie by means of the northern chiefs, but failed. The Union of Chiefs and Peoples of the North, led by Meatchi, soon fell apart. Then it promoted a 'moderate' administrative party, the Togolese Progress Party, led by Grunitzky and Brenner. The 1958 elections brought Olympio to power and led to independence. Less attached than others to the French-

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speaking bloc, Sylvanus Olympio, an Ewe with a Kabré mother, was a perfect symbol of Togo's special position. He was assassinated in January 1963 in circumstances which are still obscure.

The succession was shared for a time by the army and President Grunitzky. But Grunitzky was eliminated in January 1967 by the army, which has governed the country ever since under General Étienne Eyadema. The army, a creation of the old colonial army, and recruited in the north, brought the country back into the bosom of the Entente and removed any inclinations to autonomy entertained by the southern bourgeoisie, whose nationalism had remained extremely superficial and who had been made extremely timid by their anxiety to preserve the advantages won during the German period. This little state has thus fallen, without apparent problems, into a long stagnation. Only a real regrouping of territories in West Africa could provide the conditions necessary for new development.

## 2. DAHOMEY: DESTRUCTION BY COLONIZATION

### *(i) The Destruction of Dahomey's Trade: From Independence to the Trading Economy*

If any country has been really ruined by the colonization and subsequent balkanization of West Africa, it is Dahomey. And yet the coast of the Benin Bight had considerable possibilities. In the pre-colonial period, this densely populated area, where the savannah reaches as far as the sea, had supported a series of states whose civilizations were among the most brilliant in Africa. During the slave trade, they were among the most important suppliers of the European trading posts; and then the slaves, who in the past had been seized outside the country and stock-piled until export, were gradually put to work within the society. In this way the royal courts of the region and the intermediate traders created for their profit the first plantations in Africa to be genuinely integrated into the world market.

The social system which made possible this transformation of the country has received considerable attention; notably from Herskovits, Polanyi, Newbury and Catherine Coquery.<sup>8</sup>

8. See the Bibliography at the end of the book.

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Coquery sees it as a 'despotic system', whereas I would prefer to call it a 'tributary formation'. The village communities were obliged by the state – the kingdoms of Abomey and Porto-Novo – to provide quotas of palm products; and villages of 'royal slaves' were subject to similar, and no doubt even heavier, levies. The 'bourgeoisie' of former slave traders – the 'Brazilian' creoles – turned similarly to legal trade. The amazing story of the growth in the fortunes of the de Souzas, d'Almeidas, da Silvas, Camposes, Sacramentos, Alcantaras, Bandeiras, Bonbozas, da Costas, Paraisos, Vieyras, Lopez, Pereiras, Moreiras, etc. goes back to this period: 'After 1840, the passion which had gone into the slave trade was sublimated in the palm-oil trade. They turned to business, either as middlemen or as importers, competing successfully with the European traders, and through their family alliances they obtained an increasing numerical preponderance.'<sup>9</sup>

All through the long period of the legal trade, from 1840 to the colonial conquest, the coast of Dahomey was able to adapt by its own efforts and offer Europe goods in place of men. In the middle of the nineteenth century, it was already exporting as large a volume of palm products (palm kernels and oil) as it would be on the eve of independence, after seventy years of colonization.

On the eve of colonization, around 1890, the kingdom of Abomey had a population of 300,000, with 20,000 in the capital and 15,000 in its port, Ouidah; while the kingdom of Porto-Novo had a population of 250,000, 25,000 of them in the capital. It helps to convey the importance of this urban organization if we note that Lagos, at that time an 'English' town and the largest conglomeration on the coast, had a population of 50,000.<sup>10</sup>

During the decade 1870–80, the average annual export of palm products from the three French trading posts rose to 4,500 tons of oil and a similar quantity of nuts.<sup>11</sup> And these exports in fact made up only part of the exports from the two kingdoms, since much was sent via Lagos and Togo. At this period Lagos

9. Pierre Kovi Agossou, *L'Installation de l'administration française dans le sud du Dahomey de 1880 à 1894*, Master's thesis, Arts Faculty, Dakar, 1970, p. 21.

10. Agossou, *op. cit.*

11. Newbury, *The Western Slave Coast and its Rulers*, p. 100.

exported between 14,000 and 18,000 tons of oil and between 40,000 and 50,000 tons of nuts.<sup>12</sup>

After the French conquest, the exports of the three trading posts mentioned above increased rapidly: from 14,650 tons of nuts in 1890, to 24,060 in 1894; and from 5,220 tons of oil, to 8,320.<sup>13</sup> But a large part of this increase came from the taking-over by these companies of exports previously sent via Lagos and Togo as a result of the colonial administration's support for the monopoly of the trading posts and its better control of the frontiers. The result of this was a very rapid apparent increase in the new colony's trade. Its exports rose in value from 3.3 m. francs to 9.8 m. between 1889 and 1894; and its imports, from 3.7 m. to 10.8 m. francs.<sup>14</sup>

Before the conquest, with a third of its present population, the area exported half of what it exported on the eve of independence: around 7,000 tons of oil compared with 10,000 in the late 1950s; and 20,000 tons of nuts, as against 50,000. Colonization may have given the country a 'modern' (that is, European) infrastructure and institutions, but it did not really develop it economically. This had already been done. Colonization was, rather, a period of economic regression. In summarizing the achievements of the colonial period, Catherine Coquery has written: 'The conquest held back rather than encouraged the development of palm oil. It was the formation in an earlier period, in the nineteenth century, of a landed aristocracy based on the rapid growth of palm oil and, in reaction to this, of a rural proletariat, counter-balanced by the existence of a class of remarkably active traders, which ended the ostentatious and predatory system of the Negro slave trade.'<sup>15</sup>

The decline brought by colonization in Dahomey showed itself in four ways: (1) the stagnation of production; (2) the liquidation of the national bourgeoisie for the benefit of the colonial companies; (3) a worsening of the conditions for develop-

12. Agossou, p. 200.

13. Agossou, p. 199.

14. Agossou, p. 196.

15. C. Coquery, *De la traite des esclaves à l'exportation d'huile de palme et des palmistes au Dahomey au XIX<sup>e</sup> siècle*, contribution to an IAI colloquium, Freetown, 1969.

ing the country through the influence of mercantile capital; and (4) the transfer to a foreign colonial administration of the financial resources that the national state had previously drawn from trade.

Within a few years, from 1895 onwards, the great families of Dahomey were ruined by the French trading companies, supported by the colonial government. Seventy years later there would be no traders in independent Dahomey as dynamic and prosperous as de Souza at the end of the previous century, when Europeans had marvelled at his immense fortune.<sup>16</sup> In 'technical' matters, the replacement of the ruined Dahomeyans by *petits blancs* brought no obvious progress.

Even before the conquest, it is true, the purchase prices paid to the traders of Dahomey were such as to allow the colonial companies to amass huge profits. Palm products, bought at between 50 and 120 francs a ton for nuts, and between 100 and 200 francs a ton for oil, were resold in Europe at between 150 and 350 francs a ton for nuts, and between 400 and 500 francs for oil: to the principal benefit of the colonial traders.<sup>17</sup> Their monopoly of sea transport, as always in the 'overseas trade', guaranteed them the maximum profit.<sup>18</sup> With the conquest, things got even worse.

Newbury has shown that until about 1880 the commodity terms of trade were improving for Africa, but deteriorated sharply afterwards.<sup>19</sup> The financial resources which the kingdoms of Dahomey derived from trade suddenly disappeared. The colonial budget of Dahomey rose from 325,000 francs in 1890 to 2,087,000 francs in 1894,<sup>20</sup> but the states of Dahomey had been practically wiped out in the interval. Without armies or finances, and split into factions (Allada against Abomey) by the colonial administration, these mini-monarchies were soon reduced to the status of local government areas.

16. J. F. d'Almeida Prado, 'Les Relations de Bahia avec le Dahomey', *Revue d'histoire des colonies*, Paris, 1954.

17. Agossou, op. cit., p. 201.

18. See Samir Amin, *L'Accumulation à l'échelle mondiale*, Paris, 1970.

19. C. W. Newbury, *Prices and Profitability in Early Nineteenth Century West African Trade*, contribution to an IAI colloquium, Freetown, 1969 (duplicated).

20. Agossou, op. cit., p. 214.

At the same time, within the framework of the large colonial grouping which made up French West Africa, the Dahomeyans, clever and ready to learn, were systematically recruited by the foreign companies and by governments to provide impoverished colonies (the Ivory Coast; the countries of the West African interior; French Equatorial Africa) with the majority of their clerks and junior agents. As a result, the proportion of the population with a French education was soon extremely high.

From this point of view also, the collapse of French West Africa represented a regression. The attempt to set up a large Mali Federation of Mali, Senegal, Dahomey and Upper Volta (since Mali had a similarly vital interest in maintaining an economy with the largest possible area) was defeated by the combined opposition of the Ivory Coast and the French colonial administration. Dr Émile Zinsou, the only supporter of 'Greater Mali', was left in a minority as the result of pressures brought to bear on the Dahomey Assembly which had voted for the Federation. With Dahomey's hinterland, Niger, held firmly aloof from any attempt to form a new federation after the elimination of the Sawaba, Dahomey found itself isolated and advancing to independence alone.

The country never recovered from this balkanization. Not only did the ten years which followed demonstrate the impossibility of either agricultural development or industrialization in this tiny state, but in addition the return of vast numbers of Dahomeyans, driven out of other territories (17,000 were repatriated from the Ivory Coast alone in October 1958), made impossible any attempt at 'sound management' of the public finances. With the sad distinction of being the first state in the group to experience unemployment among intellectuals and skilled workers, Dahomey also became the first to suffer a 'brain drain' to Europe. Its advantages had become burdens.

The enormous neighbouring state of Nigeria might once have been able to exercise a sufficiently strong pull on Dahomey to bring about its gradual absorption. Elements of Dahomey's population - especially the Yoruba and Bariba - belong to the same ethnic groups as Nigeria's. But the civil war in Nigeria put an end to that possibility.

This explains Dahomey's political instability. The country had always been a problem for the colonial administration. The long, stubborn resistance by the state of Abomey under its king Behanzin in the nineteenth century is well known. Later, Dahomey went through twenty-six governors in fifty years - a record for French West Africa - and revolts continued down to 1920. Since independence, Dahomey has had three republics and nine presidents in ten years. The continued deterioration of the public finances and a considerable reduction in living standards have resulted in permanent instability, strikes, protests and repeated *coups d'état*.

It is fashionable to mention 'tribal disputes' in connexion with Dahomey. It is true that the ethnic groups in the south of the country are very conscious of their distinctiveness, for the historical reasons which have been cited. The problems, however, are to a greater extent regional. It is usual to link the names of politicians in Dahomey with a traditional group: Apithy with the kingdom of Porto-Novo; Ahomadegbe with Abomey-Ouidah; Maga with the state of Bariba. The 1951 elections, which resulted in a victory for Maga and the elimination of Apithy, have been presented as the revenge of a north abandoned under colonial rule. This explanation is true only in part, however. It was in fact the colonial administration which had played off the north against the more turbulent south; and the Dahomey Progressive Union, founded by Apithy, had joined the RDA, which in 1951 was the declared enemy of the colonial administration. And the facts of development are that this colony of 112,600 sq. km, which runs south-north for 670 km, contained, behind a narrow coastal strip from Cotonou to Porto-Novo, a poor and neglected hinterland.

Between 1961 and 1968 the population of Dahomey rose from 2.1 m. to 2.7 m. (an annual growth rate of 2.9%). The southern areas contain over 70% of the population; sharing with southern Nigeria the highest rural densities in West Africa, at 120 people per sq. km. The urbanization of the country remains modest. The districts of Cotonou-Porto-Novo (230,000 people), Ouidah and Abomey (80,000) in the south, Parakou and Djougou in the north (33,000 people) contain barely 12% of the country's population. The rate of urban growth, too, remains moderate (below

5% a year).<sup>21</sup> The high population density, which should have made possible the development of a profitable concentrated infrastructure, as well as modern intensive agriculture and industrialization, becomes a handicap with the tiny size of the effective market.

(ii) *The Stagnation of the Traditional Economy*

This little country has more than a million hectares under cultivation. In the south 50-60% of the cultivable land is in fact worked, making the old system of long fallow periods impossible. Without the introduction of more intensive methods of production, the increasing population density leads to a decrease in yields per hectare; a process which has been going on for thirty years. The fall in the subsistence level (especially with regard to food) is regular. An obstacle to the intensification of agriculture is the private appropriation of land, which is taking place in fact, if not in law. This conflicts with the requirements of modernization, which needs large investments for the improvement of buildings and equipment that are beyond the resources of the owners. An unimaginative agricultural policy has done no more than play with paternalistic palliatives. There is no sign of real progress in this sector compared with the pre-colonial period.

Food crops, mainly maize (200,000-240,000 tons a year), manioc (800,000 tons) and yams (500,000 tons), with millet and sorghums in the north, occupy 720,000 hectares: 400,000 for maize; 130,000 for manioc; 60,000 for yams; and 130,000 for millet. Yields per hectare are not increasing, and the food supply per person is certainly decreasing, even if the decrease cannot be quantified.

Fishing, an important source of protein, is experiencing difficulties from the situation of the port of Cotonou. Catches from the lagoons - estimated as 17,000 tons at present - are almost certainly lower than they were twenty years ago, as are those from Lake Ahémé. This cannot be compensated by off-shore fishing, since the local fishermen's canoes are inadequate; off-shore catches amount to no more than 4,000 tons. Dahomey imports dried smoked fish from its neighbours, especially

21. See Table 23.

Nigeria. The only solution - deep-sea fishing - depends on the foreign sector, which alone is capable of providing the equipment. In Dahomey this type of fishing is still in its early stages, held up until the modern fishing port at Cotonou is completed.

Livestock rearing - practised in the traditional extensive form in the north - has stock amounting to 500,000 cattle and 1,100,000 sheep and goats, while the peoples of the south have 350,000 pigs. Meat production is very inadequate, and this makes it necessary to import animals from Niger. Here again, intensive rearing is essential, but it requires investment. All attempts so far to improve agriculture, livestock-rearing and fishing have failed because they have taken no account of the need for intensive methods.

The country's main exports come from the so-called 'natural' palm grove which covers 400,000 hectares. In fact this grove was considerably enlarged by the work of village communities and royal slaves in the nineteenth century, before colonization. In the traditional economy palm products are simply gathered, rather than deliberately cultivated; most attention is given to the food crops. Neither the native states nor the later colonial administrators made any effort to alter this. An intensification of production since 1962 by the planting of selected industrial palm groves, financed by foreign aid from France and the Common Market and put into operation by SONADER (the National Rural Development Corporation), so far involves only 15,000 hectares; and the yield from this will be really felt only from 1970 onwards. Meanwhile exports of palm products have been more or less stationary between 1950 and 1970.

Dahomey's leading 'industries' depend directly on the palm crop: four palm-oil plants and one kernel-oil plant. This last, run by SNADHA (the Dahomey National Oil-Plant Company), opened in 1965 and has a capacity of 60,000 tons.

Other export products are less important. Groundnuts provide less than 10,000 tons unshelled for export. An oil-extracting plant with a capacity of 45,000 tons unshelled is in the course of construction. Allen cotton has been established in the north of the country through the efforts of the CFDT (Compagnie française de développement du textile) and now provides nearly

10,000 tons of fibres. In addition wild shea nuts, coconuts, a little coffee, tobacco and cashew nuts are being picked. At constant prices the average annual growth rate of exports between 1961 and 1968 was no more than 1 per cent.

Given the deterioration of prices, the situation is alarming. Groundnuts and cotton have to be subsidized by the Common Market (through 'price support') and the Export Prices Stabilization Fund (FSPPE), while the traditional palm products cannot withstand competition from the products of the industrial groves without the support of subsidies under the heading of 'structural improvements'. Within four years from its establishment in 1965, the Export Prices Stabilization Fund paid a total of 470 m. francs in subsidies; financed by taxes and duties on exports (493 m. francs in four years).

(iii) *The Modern Economy – The Cost of Small Markets*

With relatively little urban development, Dahomey nevertheless enjoys a good educational record, and has done for much longer than other countries. In 1966–7 the proportion of the relevant age-group in primary education was more than 30%: 135,000 pupils, compared with 35,000 in 1951 and 94,000 in 1960. In addition, there are 16,000 pupils in secondary schools and a thousand university students. Because of its large numbers of skilled workers, Dahomey receives only a limited amount of European technical aid: 250 technicians since 1961. The number of European residents is also small: about 2,500. The commercial talents of some of the peoples of the coast constitute an obstacle to the spread of Lebanese small businesses. Like those of Ghana, Togo and Nigeria, the women of Dahomey occupy an important position in retail, and sometimes also in small wholesale, trade. From this point of view Dahomey, like Togo, has more similarities with the former British colonies than with the other territories of the former French West African empire.

Despite these advantages, however, the 'modern' economy is still rudimentary. Dahomey is probably not lacking in minerals. In 1968 Union Oil of California discovered off-shore oil, and this will probably be exploited within a few years. Explorations are in progress for phosphates and uranium. A cement works with a

capacity of 100,000 tons makes use of local limestone. The iron ore in the north is of poor quality (30–40% iron content) and could be used only by a local iron and steel industry, for which there are no plans. The country is said to have worthwhile deposits of chromium.

The production of electricity is still inadequate for any serious industry. Electricity is produced by steam generating stations, and most of it is used for domestic and urban requirements. Total production was 6.1 m. kWh in 1959, 20.2 m. kWh in 1967 and 24.5 m. kWh in 1969. However, the agreement signed in 1968 by Dahomey, Togo and Ghana, for the use of the power from Akosombo, will make it possible to increase electricity imports to 50 m. kWh by 1971. Prices will be kept at their present levels, and the profits devoted to increasing the electrical equipment of the three countries.

Cotonou, which for a long time possessed no more than a wharf, has since 1964 had a port which handled 284,000 tons of goods then and 544,000 in 1969. A large proportion of the traffic, however, still goes to Niger; as indicated by the railway traffic, along the 580 km of track built between 1900 and 1913 and operated by a joint Dahomey–Niger company, the OCDN. In 1963 goods traffic to and from Niger totalled 95,000 tons, compared with 45,000 tons of internal traffic; the comparable figures for 1967 were 150,900 and 34,200 tons. 'Operation Swallow', intended to re-route Niger's trade via Dahomey instead of Nigeria,<sup>22</sup> and the subsidies it involved, still resulted in a railway deficit of around 120 m. francs a year. Most internal traffic is carried by road (a system of 6,500 km).

Dahomey's 'industries' are palm oil and palm-kernel oil; along with groundnut oil, already mentioned, and the shelling of various types of nut. The largest industrial development of the past decade has been the kenaf factory operated by SODAK (the Dahomey Kenaf Company); a joint Italian–Dahomeyan concern. The factory, set up in 1968, has a capacity of 16,000 tons of fibres and 5,000 tons of sacks, but is not operating properly because of a delay in the kenaf-growing programme. In addition there is a small brewery and lemonade factory; assembly plants for tran-

22. See below, Chapter 5, section 2.



sisters, Citroën cycles and vehicles; a shrimp-freezing factory; a factory making pasta; a paint factory; a factory capable of producing 600,000 pairs of plastic sandals; and a small textile industry, ICODA, with a capacity of 600 tons.

In these conditions, there were no more than 28,500 people in paid employment throughout Dahomey in 1967, with 19,000 of them in the public sector (and 13,900 in the central government alone). Industry employs just under 2,150 people, construction 1,100, commerce and banking 2,500, transport and communications 3,250.

In 1959 the total amount distributed in salaries and wages in the productive economy was around 2,700 m. francs; the gross profits of firms totalled 3,900 m. francs, of which 2,400 m. was in the modern sector; and the income of artisans and small businessmen was estimated at 1,500 m. francs. Industry and artisans make up no more than 12% of the product of the modern sector, construction and power 9%, commerce 42%, private transport 11%, public transport and communications 19%, and banking and insurance 8%.

(iv) *Massive Foreign Aid and Economic Stagnation*

Few countries are dependent to such an extent on foreign aid. During the nine years 1960-8, Dahomey received an average of 3,900 m. francs per year, or about 8.7% of its GDP. Some 2,300 m. francs a year of this public aid, spent on equipment, made possible the financing of most real investment. The rest went to finance current public expenditure and to support prices.

Production was nonetheless stagnant, and the standard of living fell steadily. Hasty economic statistics were assembled for 1959, and show a GDP of 34,000 m. francs; public consumption of 4,200 m. (3,100 m. on wages and salaries); and capital formation to a value of 6,100 m. (1,300 m. on government investments; 1,400 m. for family housing; and 3,400 m. for productive investment). The estimated volume of gross investment, at 18% of the GDP, was considerably exaggerated, however, by the inclusion of 'traditional' investments such as the clearing of land and the building of huts. The same was true for the sets of statistics prepared from 1963 onwards, according to

which gross investment represented 16.7% of the GDP (7,500 m. francs, out of a total 45,000 m. on average between 1963 and 1968).

In the four years 1963-6, for which more accurate figures are available, the volume of public investment rose to an annual average of 3,900 m. francs; of which 3,000 m. was foreign aid earmarked for equipment. If, however, we take into account the 1,700 m. francs of public aid not allocated for equipment (the annual average for 1963-6), it follows that public savings were in fact negative, and that the whole of public investment - indeed, more - was really financed from abroad. Private investment was around 3,000 m. francs a year, according to the official figures; but this should be reduced by at least 1,000 m. for the modern sector.<sup>23</sup>

France was the main source of finance for constructing the port of Cotonou, which alone absorbed 8,000 m. francs between 1959 and 1965. This work was, indeed, the main reason for the high level of investment in 1963. The money came from the Fonds d'Aide et de Coopération (FAC) and from loans by the Caisse Centrale de Coopération Économique (CCCE). The FED preferred to invest in the slow renovation of the palm grove; and a loan from the Kreditanstalt made possible the financing of the kernel-oil mill. The rest was spent on road construction; social service equipment (education and health); urban development; and administrative equipment (radio equipment, administrative buildings, telephone equipment, etc.). Nothing less than a miracle was expected from these investments in infrastructure. According to the experts' reports, the port of Cotonou alone would produce an additional growth in the GDP of 5% between 1960 and 1965; 12% in 1970; 20% in 1975; and 30% in 1980!

In the private part of the modern sector the only notable investments - apart from explorations for oil - were those in the kenaf factory and various small industries: an annual average of around 1,200 m. francs, unequally spread over the period. Everything thus points to the conclusion that during the last decade there has been considerable failure to invest in certain sectors of the productive economy.

The national economic statistics for 1959 are not comparable with those produced from 1963 onwards. According to the latter,

23. See table 24.

the average annual growth of the GDP at current prices between 1963 and 1966 was 3.5%; and 2.5% at constant prices between 1966 and 1968. There is no reliable information about prices. Some sources claim that they were stable: African consumer prices rose by 0.1% between 1964 and 1968, according to the bodies responsible for fixing minimum wages. An ILO inquiry calculated the rise in retail prices at 11% in 1966; and the Dahomey government claimed a *fall* of 20% in 1967 – though relying admittedly on ‘controlled’ prices, when controls are acknowledged to be ineffective. The most likely conclusion is that prices rose by at least 20% during the years 1960–8, if only as a result of the rise in price of imports from France and increases in local taxes. In this case the real *per capita* product will have fallen sharply: from 21,000 CFA francs at 1968 values in 1959 to 18,000 francs in 1968; a decrease of 17%. Given the low growth rates for agricultural exports, this seems likely. The average rural income fell from 11,000 francs at 1968 values in 1959 to 10,000 francs in 1968, with about half of this income coming from local consumption. Income from non-agricultural activities, higher than that from agriculture, was also roughly stable, and did not prevent an increase in unemployment: estimated by the authorities, with considerable optimism, at 10,000 persons in 1967. The slide in the purchasing power of earnings has caused constant pressure for increases, and the guaranteed minimum wage, fixed at 26–38 francs according to sector in 1966, had to be increased by 4% in the private sector after strikes. The reduction of wages, relentlessly advocated by the ‘liberals’, would certainly not have a beneficial effect on employment. Business profitability is still high. The liberal investment code adopted in 1961, which the government plans to liberalize still further, is unable to attract capital. The problem lies elsewhere. Nevertheless, recent years seem to show signs of a recovery in commercial activity. The commercial turnover index, from a base of 100 in 1963–4, rose to 105 in 1966–7, 114 a year later and 135 in 1968–9.

There can be not the slightest doubt about the failure of Dahomey’s ‘development plans’. The 1962–5 Plan provided for a real annual growth rate of 6.5%; and the following plan (1966–70), for 4%. The only project of any size in the first plan to be

completed was the port of Cotonou. The second plan set a target for investment of 35,400 m. francs: 25,000 m. for the public sector (4,500 financed out of local public savings!) and 10,400 for the private sector (3,800 m. from abroad). With foreign public financing reaching only 45% of the amount anticipated and local public savings at zero – the investment target of the 1970 budget was not reached – the Plan was abandoned.

Neo-Colonialism in West Africa

Table 21. Togo: Economic Development 1920-70

|  | 1920 <sup>1</sup> | 1948 | 1960 | 1970 |
|--|-------------------|------|------|------|
| <i>Population</i>  |                   |      |      |      |
| Total (millions)   | 0.7               | 1.1  | 1.4  | 1.8  |
| Urban (thousands)  | 50                | 110  | 200  | 310  |
| Urban population as % of total                               | 7%                | 10%  | 14%  | 17%  |
| <i>Annual growth rates</i>                                   |                   |      |      |      |
| general  |                   | 1.5  | 2.2  | 2.6  |
| urban  |                   | 3.0  | 5.0  |      |
| <i>Exports (000 m. francs at 1965 values)</i>                |                   |      |      |      |
| excluding phosphates   | 1.7               | 1.8  | 4.6  | 4.6  |
| growth in real exports                                       |                   | 2.5  | 0.0  |      |
|  | 0.0               | 7.0  | 0.0  |      |
| <i>Gross Domestic Product (000 m. francs at 1965 values)</i> |                   |      |      |      |
| (a) non-commercialized                                       | 4.2               | 6.4  | 7.0  | 8.7  |
| (b) commercialized   | 10.3              | 12.0 | 27.0 | 27.0 |
| (c) Phosphates and dependent activities                      | —                 | —    | —    | 5.0  |
| (d) Administration   | 0.8               | 1.1  | 2.3  | 5.0  |
| Total GDP  | 15.3              | 19.5 | 36.3 | 45.7 |
| Growth of GDP  |                   | 0.9  | 5.3  | 2.4  |
| Exports as % of GDP (b)                                      | 16.5              | 15   | 17   | 17   |
| Per capita GDP (000 francs at 1965 values)                   | 22                | 18   | 26   | 25   |

1. The export estimates for 1920 have been obtained by working back from 1960, on the basis of the indices of the volume of exports, which were known. In 1911 Togo's exports were worth 7 m. marks at current values and derived mainly from 13,000 tons of palm kernels and 4,000 tons of palm oil. Production of both was stagnant until 1970. The growth traced here is due to the development of cocoa (the production of which was insignificant until 1910, but rose to 3,000 tons in 1920 and 8,000 in 1937) and the subsequent introduction of coffee (production of which was negligible until 1940, but reached 15,000 tons in the late 1950s). Exports of maize, important at the beginning of the colonial period, disappeared after 1910, as did those of rubber, which were only resumed during the Second World War in the form of compulsory deliveries, and ivory. Budgetary revenue rose from 3.5 m. marks in 1914 and 3.6 m. francs in 1922 to 29.4 m. francs in 1936 and 2,500 m. CFA francs in 1959. These figures, like those for expenditure, have been reduced to francs at constant value.

Development Prematurely Halted

Table 22. Togo: Economic Statistics, 1963-6

|  | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 |
|--|------|------|------|------|------|------|------|
| <i>Aggregates</i>  |      |      |      |      |      |      |      |
| GDP (000 m. francs at current values) <sup>1</sup>           | 32.0 | 33.1 | 38.4 | 43.5 | 53.1 | —    | —    |
| Exports  | —    | 5.5  | 8.8  | 9.1  | 12.8 | —    | —    |
| Imports  | —    | 8.6  | 11.9 | 11.8 | 13.7 | —    | —    |
| Gross fixed investment <sup>2</sup>                          | —    | 3.2  | 5.8  | 8.2  | 7.3  | —    | —    |
| Public consumption   | —    | 2.9  | 3.5  | 3.5  | 3.9  | —    | —    |
| Population (millions)  | 1.53 | 1.57 | 1.60 | 1.64 | 1.68 | 1.72 | 1.77 |
| <i>Commercial turnover (000 m. francs at current values)</i> |      |      |      |      |      |      |      |
|  | —    | 7.1  | 8.5  | 8.9  | 10.1 | 10.1 | 10.5 |

1. The *Comptes économiques* also give a division of the GDP by sector.

2. A division of the FBCF by sectors is given in the figures for 1965, as follows: housing and building 1,500 m., infrastructure 1,200 m., rural development 500 m., transport equipment 1,000 m., industry 4,000 m. The financing of these investments was undertaken jointly by the treasury (600 m.), public foreign aid (2,400 m.) and the private sector - mainly foreign - which provided the remainder.

Sources: IMF; BCEAO Bulletin No. 160, March 1969.

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*Table 23. Dahomey: Population*

(a) *Growth of Population*

(Official censuses, 000s)

|      |       |      |       |
|------|-------|------|-------|
| 1920 | 859   | 1942 | 1,427 |
| 1929 | 1,079 | 1950 | 1,538 |
| 1936 | 1,226 | 1960 | 1,934 |

(b) *Distribution 1961-70*

|                                | 1961<br>(000s) | 1970<br>(000s) | Annual growth<br>rates (%) |
|--------------------------------|----------------|----------------|----------------------------|
| South                          |                |                |                            |
| rural                          | 1,301          | 1,676          | 2.9                        |
| urban <sup>1</sup>             | 185            | 301            | 5.0                        |
| North                          |                |                |                            |
| rural                          | 594            | 708            | 1.8                        |
| urban <sup>2</sup>             | 23             | 33             | 4.0                        |
| <b>TOTAL</b>                   | <b>2,103</b>   | <b>2,718</b>   | <b>2.9</b>                 |
| South as % of total            | 69             | 73             | 3.2                        |
| Urban population as % of total | 10             | 12             | 4.9                        |

1. Cotonou, Porto-Novo, Ouidah and Abomey.

2. Parakou and Djougou.

Source: BCEAO Bulletin No. 171, March 1970.

*Development Prematurely Halted*

*Table 24. Dahomey: National Economic Statistics 1963-8*

|                                    | 1963         | 1964         | 1965         | 1966         | 1967         | 1968         |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <i>Resources</i>                   |              |              |              |              |              |              |
| Agriculture, livestock,<br>fishing | 19.9         | 20.2         | 21.4         | 23.9         | 24.0         | 22.9         |
| Mining, industry,<br>construction  | 4.1          | 4.5          | 4.3          | 4.2          | 4.6          | 4.6          |
| Transport, commerce,<br>services   | 12.4         | 12.0         | 12.6         | 13.2         | 13.9         | 15.0         |
| Administration                     | 5.4          | 5.5          | 5.7          | 5.2          | 5.4          | 6.4          |
| <b>GDP at market prices</b>        | <b>41.8</b>  | <b>42.2</b>  | <b>44.0</b>  | <b>46.5</b>  | <b>47.9</b>  | <b>48.9</b>  |
| + imports                          | 8.8          | 10.2         | 11.4         | 12.6         | 15.5         | 15.7         |
| - exports                          | 3.9          | 4.7          | 5.0          | 6.6          | 7.1          | 8.8          |
| <i>Expenditure</i>                 |              |              |              |              |              |              |
| Private consumption                | 31.3         | 32.4         | 34.5         | 37.3         | 47.5         | 46.9         |
| Public consumption                 | 7.1          | 6.8          | 7.2          | 6.3          |              |              |
| <b>Gross fixed investment:</b>     |              |              |              |              |              |              |
| private                            | 2.7          | 2.8          | 4.2          | 2.0          | 8.6          | 8.7          |
| public                             | 4.4          | 4.0          | 3.0          | 4.3          |              |              |
| <b>TOTAL</b>                       | <b>(7.1)</b> | <b>(6.8)</b> | <b>(7.2)</b> | <b>(6.3)</b> | <b>(8.6)</b> | <b>(8.7)</b> |

NOTES: 1963-6: current prices (000 m. francs).

1967-8: constant prices at 1966 values (000 m. francs).

Source: *Comptes nationaux*, Cotonou.

## 5 Undeveloped 'Reserves'

In this chapter we shall consider those territories which are still more or less untouched by outward-directed development.

The French Sudan, which became the Republic of Mali in 1960, controls an important section of the river Niger; and it was this fact which prompted the colonial authorities, as long ago as the 1920s, to plan a commercial agricultural economy based on irrigation. But the Niger Office's projects were always money thrown away; the colonial administrators who thought up the irrigation plan could do no more when it came to implementing it than rely on a small peasantry like the one they had known at home.

In Niger the administration, eventually transferred to the army, lived in fear of the British, whose frontier ran along the southern edge of the semi-desert strip controlled by the French. It was in order to prevent at all costs the natural annexation of this territory by Nigeria that a determinedly anti-economic policy was adopted which held back development for so long. Even today its aims are modest.

Upper Volta, on the other hand, remained locked within the powerful structures of its Mossi kingdom, which were able to put up firm passive resistance to the timid suggestions of modern development. The development of agrarian capitalism in the Ivory Coast broke up this society by making it a labour pool for the lower coast, although the colonial authorities never succeeded in controlling the change.

## Undeveloped 'Reserves'

### I. THE FRENCH SUDAN 1928-59: THE NIGER OFFICE DELUSION

The frontiers of the French Sudan, which were inherited by the Republic of Mali in 1960, enclose 1,204,000 square kilometres between the 10th and 25th parallels. In addition, this enormous territory included, between 1932 and 1947, two administrative districts belonging to Upper Volta, those of Ouahigouya and Tougan; and, until 1946, a part of the present Mauritanian Hodh. The useful part of the country, 400 kilometres from the sea in a straight line, is entirely situated in the Sahelian and Sudan zones, irrigated by the Niger and the Senegal. The social structures of the Sudanese peasantry - mainly Bambara and Malinké in the west, Peuhl and Songhai in the centre and east - are relatively simple, with the village community as the basic unit, except in the loop of the Niger.

In the Sudan the French colonial conquest ran into strong military resistance from the Moslem empires which were drastically altering the map of the West African savannah during the nineteenth century. The Toucouleur chief, El Hadj Omar Tall, denied access to the lower Senegal by the French army - operating from the post of Médine, near the present Malian town of Kayes - turned east in the 1860s and conquered the old Bambara kingdom of Ségou. His son Ahmadou held out until 1893 against the attacks of the colonial army under the command of Gallieni, Borgnis-Desbordes and Archinard. In the south the fortified town of Sikasso, with a population of 40,000, held out under the control of Ba Bemba, an ally of Samory, until 1898; and in the east the guerrilla war carried on by the Touaregs continued until 1916.

Before the conquest, the interior of the savanna, out of range of the coastal traders, experienced its 'Dioula revolution'<sup>1</sup> - the Dioula are Malinké traders - which resulted in the establishment of Moslem states based on trade. The French army crushed this process, reduced the local Dioulas to subordinate positions and established branches of the colonial trading companies. So

1. See Y. Person, *Samori*, IFAN, Dakar, 1970.

## 5 Undeveloped 'Reserves'

In this chapter we shall consider those territories which are still more or less untouched by outward-directed development.

The French Sudan, which became the Republic of Mali in 1960, controls an important section of the river Niger; and it was this fact which prompted the colonial authorities, as long ago as the 1920s, to plan a commercial agricultural economy based on irrigation. But the Niger Office's projects were always money thrown away; the colonial administrators who thought up the irrigation plan could do no more when it came to implementing it than rely on a small peasantry like the one they had known at home.

In Niger the administration, eventually transferred to the army, lived in fear of the British, whose frontier ran along the southern edge of the semi-desert strip controlled by the French. It was in order to prevent at all costs the natural annexation of this territory by Nigeria that a determinedly anti-economic policy was adopted which held back development for so long. Even today its aims are modest.

Upper Volta, on the other hand, remained locked within the powerful structures of its Mossi kingdom, which were able to put up firm passive resistance to the timid suggestions of modern development. The development of agrarian capitalism in the Ivory Coast broke up this society by making it a labour pool for the lower coast, although the colonial authorities never succeeded in controlling the change.

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1. See Y. Person, *Samori*, IFAN, Dakar, 1970.

great was the setback that, eighty years after its occupation, Sikasso has still not reached half its former population.

(i) *Colonial Attempts at Development: Investment<sup>2</sup>*

Exclusively agricultural development was the colonial administration's plan for this huge territory, which was to be a market for the colonial trading companies. But instead of planning a modern mechanized agriculture suitable to the low rural population density, the administration adopted the dream of the peasant soldiers in the colonial army: the creation of a small peasantry on the European model, totally unsuited to the prevailing conditions.

Calculated in millions of CFA francs at 1949 values, investments since the colonial conquest raised the total of reproducible capital to 23,000 m. in 1928; 39,000 m. in 1939; and 98,000 m. in 1959. In 1928 the Kayes-Koulikoro railway, built at the end of the last century to facilitate military penetration, still accounted for most of the national capital, with the rest spent half on administrative buildings and half on equipping the trading companies. In the 1930s effort was directed to the improvement of irrigated land – about 20,000 hectares in the area of the central Niger delta, above Ségou, under the sponsorship of the Niger Office – on which settlers were to be established in small groups. Two thirds of the investment during the period 1928–39 was devoted to these improvements. An even greater effort was made after the war, with the start of the FIDES programmes. An additional 16,000 hectares was improved by the Niger Office, with 47,000 at other points along the Niger valley, absorbing almost 30% of the total investment. Renewal of the railway and the extension and improvement of the road system, which was increased from 5,000 km of tracks in 1928 and 14,000 in 1939 to 20,000 km of roads and tracks in 1959, accounted for almost 20% of the credits. The speeding-up in the commercialization of the economy necessitated extending the equipment of the trading companies and transport undertakings (lorries and river boats). It took up most of the private sector investment, which made up about half the total investment of the postwar period. In 1960 capital

2. See Table 25.

invested in agricultural improvements represented 25% of the national capital, transport infrastructure also 25%, administrative and social building and urban housing 15%, and investments by private companies (mainly transport and trade) 35%.

The result was that during the whole of the colonial period the proportion of directly productive investment never exceeded half the total investment. After the war, for the improvement of its 16,000 hectares, the Niger Office spent 56% of the agricultural equipment credits. The high cost of these improvements (500,000 francs per hectare at 1959 values), especially if compared with those of other schemes,<sup>3</sup> deprived the operation of most of its economic interest. The effort made in the field of traditional agriculture was limited to a vague training programme, although this sector involved almost all Malian farmers. Investment in transport infrastructure accounted for 34% of funds. The high cost of building roads (4,000 km were built in the period 1947–59 at an average cost per kilometre for tracks and laterite roads of 1 m. francs at 1959 values) resulted not only from geographical conditions and the near-monopoly of the big construction companies, but also from a policy which invariably gave main routes priority over secondary systems. Social equipment accounted for 14% of investment. And in this case, too, the results were very poor, compared with the resources employed. Schools were built of unnecessarily costly materials, and priority was given to large hospitals at the expense of dispensaries and local medical services, so that the school population did not rise beyond 6% (in a country whose rate of population growth was also low), and health facilities remained rudimentary (1 hospital bed per 15,000 people in 1959).

(ii) *The Results of Development: Economic Growth and Urbanization*

The main agricultural crop is still millet, a subsistence crop, production of which has risen at the same rate as the rural population, with no increase in productivity. Production in commercial agriculture made great quantitative progress, but, after starting

3. 47,000 hectares were improved during the period 1947–59 at a cost of 85,000 francs per hectare.

from a very low level, was still of minor importance on the eve of independence. The production of paddy rose from 90,000 tons in 1928 to 182,000 in 1959 (only 58,000 tons of which were grown under the control of the Niger Office); that of groundnuts from 35,000 to 105,000 tons unshelled; and that of cotton from 1,000 to 8,500 tons in grains. The total stock of cattle rose from 1.5 m. beasts in 1928 to 3.3 m. in 1959; and of sheep and goats, from 6 m. to 7.2 m. Exports of river fish, dried and smoked, multiplied by six between 1928 and 1959. Exports of meat and fish, determined by the demand from the countries of the coast, began to increase suddenly around 1947, at an annual rate of between 10 and 15%; and then levelled off towards the end of the colonial period under the pressure of competition from the newly established sea fisheries. Livestock and river fisheries have received very little government support, and there have been no significant investment programmes.

The non-agricultural sectors of the economy, like urban development, have remained weak. Within the present frontiers of Mali, the total population rose from around 3 m. in 1928 to 4.2 m. in 1959; but the population of centres with more than 2,500 inhabitants each rose only from 50,000 people in 1928 (1.7% of the total population) to 100,000 in 1945 (2.9%) and 250,000 in 1959 (6%).

Nonetheless, the great differences in productivity between 'traditional' agricultural activities and those of the 'modern' urban sector are bringing about a marked increase in the latter's share of the GDP, thus reflecting the transformation of a unified and homogeneous economy into a true underdeveloped economy.<sup>4</sup>

In general terms the growth of the GDP during the period 1928-59 as a whole was around 2.3% a year, giving a *per capita* growth rate of no more than 1% a year. And this overall growth was heavily unbalanced. Agriculture grew at what was really a very slow rate (2% a year), given the low level of activity at the start. The growth of the secondary sector was even slower (1.7% a year), and due almost entirely to building and public works,

4. See Samir Amin, *L'Accumulation à l'échelle mondiale*, Chapter II, Section II.

since there were no transformation industries before the end of the colonial period. On the other hand, the growth of the tertiary sector was very rapid. Its share of the GDP rose from 21% to 31% between 1928 and 1959.

This phenomenon, characteristic of the development of many colonial economies, deserves attention. The growth of the tertiary sector is due mainly to the increasing commercialization of the economy. The commercial sector grew as a proportion from 18% in 1928 to 31% in 1959; and the annual growth rate of commercial assets (4.2% for the period 1928-59) was much faster than that of the economy as a whole. If the period is divided into two parts, the factors which encourage this imbalance may be seen as becoming more powerful. The increase in the growth rate from 2.1% before the Second World War to 3.2% afterwards was basically the result of rapid growth in the tertiary sector produced by the commercialization of the economy.

The growth in agriculture and livestock rearing was achieved until 1945 without any changes in traditional methods of production, except in the small area under the control of the Niger Office. Agriculture is still based today on the hoe in dry areas. The increase in *per capita* production was made possible as a result partly of an improvement in the health of the population, enabling more work to be done, and partly of an improvement in the health of livestock (through advisory services, vaccination, and so on). The main incentive to the development of commercial crops remains the capitation tax. The demand from the cities with urban development has also contributed to the search for a higher level of commercialization in agriculture.

From 1945 onwards a system was gradually developed which involved the creation of irrigated areas and a general rural education programme even in dry areas. It is a system based on animal-drawn equipment, to make possible not only the cultivation of larger areas (a man can cultivate an area four times larger with a plough than he can with a hoe), but also mixed farming and the transition from extensive to intensive rearing: with dairy and meat cattle, selected breeds and fodder crops. The resulting supply of natural fertilizer for agriculture also makes possible an increase in yields per hectare.



As a result of the experience of the Molodo Authority (Niger Office), the new policy totally rejected mechanization. And it is certainly true that as long as Africa has to import its machines, or buy the products of expensive labour (the labour of workers in industrialized countries) with the products of cheap labour (the labour of African peasants), mechanization will never be profitable. But ultimately mechanization is inevitable, and nowhere more so than in an underpopulated country like Mali. It must simply be recognized that this will be profitable only when local industry, which pays its workers less than that of the already advanced countries, provides the country directly with the machines it needs. It was, indeed, the refusal to envisage such an industrialization of Africa which was the source of the total hostility to any efforts at mechanization in agriculture.

Recent research has shown, too, the large potential of chemical fertilizers. But, as with machines, chemical fertilizers will be profitable only when produced locally. To be sure, genuine modernization of agriculture will require serious studies, to find the types of machines and fertilizers suitable for Africa. It is not enough simply to transplant the experience of agriculture in temperate regions.

Modernization also requires a new approach to the problems of social structures and land ownership. So far, the new system has done no more than organize cooperatives for the whole rural population, without questioning social relations (family, castes, social classes, and so on). The educational programme envisaged in this approach, using town-trained instructors, i.e. without the involvement of the masses, produces little result at a high cost.

Investment, small and badly directed, has given poor, and indeed increasingly worse, results. Expressed in francs at 1959 values, the GDP rose from 28,000 m. in 1928 to 36,000 m. in 1939 and 54,000 m. in 1959; while investment rose from 5% of the GDP in the prewar period (1928-39) to 10% after the war (1947-59). Whereas before the war an investment of 2,000 m. francs produced an increase of 1,000 m. in the GDP, after the war an investment of nearly 3,000 m. was required to produce the same result.

(iii) *Financing the Economy; Dependence on Abroad*

The inadequate growth of production is the basic cause of the Mali economy's dependence on foreign resources throughout its colonial history.

The cost of the country's administration is still high. It is true that recurrent expenditure represented no more than 11.3% of the GDP in 1928 and 11.6% in 1959; and the total of public expenditure (recurrent expenditure, investment and the national debt), 17.1% and 18.6% in the same years. This expenditure, however, relates to a small administrative system, in a country which did not have to bear the costs of independence and with clearly inadequate services, particularly in the social field. For example, only 5% of the children between the ages of six and thirteen attend school.

In response to the increasing commercialization of the economy, revenue from taxation (mainly in the form of import duties) increased considerably during the period studied. Current internal government revenue rose from 7.9% to 12.1% of the GDP between 1928 and 1959. This produced a decrease in the amount of external financial aid allocated to current expenditure; from 40% of current expenditure in 1928 to 13% in 1959. In spite of a large investment in the administration, the total foreign public contribution (for both current and capital expenditure) reached an index of only 143 in 1959 (1928 = 100); whereas the index for all public expenditure stood at 222, and for the GDP at 200. This improvement remained superficial, however; and when independent Mali began its efforts to develop the administration and the social services in 1959, the resulting expenditure soon constituted an extremely heavy burden in view of the slow growth in production.

Although the bulk of investments has been financed by foreign capital (public and private), the sharp increase in local financing (from 7% in 1928 to 32% in 1959) should be noted. This phenomenon reflects the formation and enrichment, towards the end of the period under study, of a local bourgeoisie of dynamic traders and carriers: to whom Mali owes the rapid growth in its exports of livestock and fish to meet the demand from the coast.

The increase in wages and salaries paid by businesses (which rose from 35 to 49% of all earnings between 1928 and 1959), and the accompanying reduction in the proportion of government wages, mark the development of modern forms of activity. Corresponding to this growth, within the total of other forms of income, is the growth of business income, and of capital in the modern sense of the term. It is this income, together with that repatriated by Malian traders abroad and that enjoyed by European administrators, which is the basis of most local savings. Household savings also rose from 1.9% of private incomes in 1928 to 6.2% in 1959. A high proportion of these savings are still exported; but this proportion fell from 66 to 50% between 1928 and 1959. A comparison of the indices for different sectors of investment also shows the relative importance of national capital. While the index of public investment (administration and nationalized undertakings) was 280 in 1959, from base 100 in 1928, that for foreign private companies was 400, and for local businesses (including traditional agriculture) 1,900. This local capitalism is still very small, being basically limited to traders and carriers, but it is significant.

The development of the foreign private sector is shown by its increasing drain on national savings in the form of exports. Earnings exported by foreign companies rose between 1928 and 1959 from 1,700 m. francs to 3,400 m. (at 1959 values).

Between 1928 and 1939, while production grew at a rate of 2.1% a year, imports grew at a rate of no more than 1.8% a year. In contrast, between 1945 and 1959, imports rose faster than production (6.6% compared with 3.2%). This can be explained by comparing the growth rates, for the two halves of the period, of investment, of urbanization and of government expenditure. While throughout the period 1928-39 the rate of investment remained low (5.3% of production), it rose after the war to 10.3% in 1959. Similarly the rate of urbanization rose from 5 to 6.8%. The growth rate of recurrent civil expenditure also rose from 1.7% before, to 4% after the war.

Exports increased before the war at a rate of 7% a year, or three times faster than production: a phenomenon that reflected the increasing commercialization of the economy. Similarly, after the

war, the rate of growth in exports, at 4.5%, remained markedly higher than that of production. The growth of exports after the war was due to the trade in livestock and fish, however, since groundnuts did not regain their 1939 level until 1959. And with the slowing-down in the demand for meat and fish from the countries on the coast which began in 1957, exports tended to level off; at the very moment when the growth in imports accelerated in response to the higher rate of investment and government spending.

Finally it was the rapid growth in the flow of income sent back by Malian traders in business outside the country which made it possible to maintain the foreign equilibrium. Whereas in 1928 the net foreign contribution covered 92% of the current deficit, and income from expatriate Malian traders only 8%, by 1959 the proportions had become 48% and 52% respectively.

This indicates how vulnerable was the situation inherited by independent Mali. Hardly developed when it gained independence, it immediately took on the appearance of an old colony, with delicate internal and external finances. The halting of outward-directed development in Mali's case took place particularly early.

The little urban bureaucracy, offspring of the colonial administration, which was to preside over the destiny of independent Mali, wore itself out in an endless war against the micro-bourgeoisie of traders. The alliance between these two social groups, which had been the basis of the national movement, the RDA Soudanese Union, was broken; and the peasant masses, who had supplied the power for the anti-colonialist struggles, looked on passively at the internal struggles of the 'new élite'.

## 2. NIGER: AN ARTIFICIAL CREATION OF COLONIALISM

The colonial share-out and subsequent administrative divisions locked Niger into absurd frontiers. With an area of 1,267,000 square kilometres, the Republic, in the heart of the continent and 1,200 kilometres from the nearest seaport, combines 500 kilometres of the Niger valley, inhabited by Songhai and Djerma farmers; 1,000 kilometres of Sahel savanna, in a narrow strip

squeezed between the northern border of Nigeria and the Sahara, and inhabited mainly by Hausa farmers; and more than a million square kilometres of desert, roamed by nomadic Tuareg. The population (3.1 m. in 1960 and 3.9 m. in 1970; a growth rate of 2.6% a year) is four fifths farmers and one fifth Peuhl and Tuareg livestock breeders. With little urban development and a poor educational system, this state scarcely seemed viable on its attainment of independence in 1960. However, if its national economic statistics, produced more regularly than elsewhere and on a consistent pattern, are to be believed, the growth rate of its GDP was around 6-7% at current prices between 1960 and 1966; or, allowing for price increases (of about 3% a year), 3-4% in real terms and 0.5-1.5% *per capita*. During the two years 1968-9, the country's economy stagnated, for various reasons which we shall try to analyse in this section.

(i) *From the Traditional Economy to the Groundnut Economy*

The traditional economy of farmers and stock-breeders accounts for two thirds of the GDP: a proportion which indicates the primitive nature of the economy. Production of the main food crops, millet and sorghums, is about a million tons a year, and grows at about the same rate as the rural population, in good years and bad. These crops occupy most of the cultivated land, but only 3% of the territory of the state. Other crops are onions (40,000 tons) and sugar cane (45,000 tons). Livestock, estimated in 1970 at 4.5 m. cattle and 9 million sheep and goats, is still the principal export, despite the rapid progress of groundnuts. As throughout this region, extensive livestock rearing has been encouraged by the demand from the coastal areas, which are heavily populated here (South Nigeria and Dahomey). The growth in the product of livestock rearing, and in the exports of this whole sector, is estimated at 3% a year. River fishing (8,000 tons) also contributes a growing proportion of exports.

The growth of groundnut production is remarkable; at an average annual 7% during the decade. Niger exports 80% as shelled nuts and 20% as oil. It is largely to this expansion of groundnut production that Niger owes its overall growth, in spite of the very low price paid to producers: 18 francs per kilo

shelled and 12 francs unshelled, since 1968-9, compared with 22 francs shelled and 14.50 francs unshelled previously. The reduction, the result of coming into line with world prices, was partially absorbed by a reduction in taxation, which was lowered from 8.60 to 3 francs per shelled kilo. Transport costs, however, remain very high: 20.60 francs per shelled kilo, or 45% of the price FOB at the African port. When one knows that Senegalese peasants are at present refusing to grow groundnuts at a price of 17 francs per unshelled kilo, the reason for Niger's success is puzzling.

It is to be found in the conjunction of two unique phenomena. First, the Niger peasantry, much less integrated into the world market than the Senegalese, will still work for low rates of payment; and, in addition, groundnuts are for them an extra commercial crop. Second, groundnuts have had most success in the Hausa borderlands, around Maradi and Zinder. Sociological studies have shown the existence in this area of micro-kulakization, stimulated by the Hausa traders, which accentuates the class differentiations favourable to this type of development.<sup>5</sup> By contrast, in the Djerma-Songhai country, which has a warrior tradition rather than one of traders and peasants, a monetary supplement is sought through the emigration (some 50,000) of the young men, especially to Ghana.<sup>6</sup>

The long-term prospects should not be exaggerated. The day will come when the peasants of Niger, like their brothers in Senegal, realize that they are being underpaid. Should the slowing-down in the growth of groundnut production over the last two years be attributed to the development of this consciousness, or only to unfavourable climatic conditions? The future will tell.

Cotton, the production of which is stimulated by the CFDT, has had less success. Production, which began in 1956, has still not passed 7,000 tons in seeds. The price to the producer, fixed at 30 francs per kilo of seeds since 1966-7, or a price for ginned cotton of 86.3 francs per kilo, also has to bear, as well as a low tax

5. See Henri Raulin, *Techniques et bases socio-économiques des sociétés rurales nigériennes*, Paris (CNRS), 1965.

6. See Jean Rouch's study of the Songhai, IAI, London and Paris.

of 1.10 francs, exorbitant transport costs. These, at 54 francs, represent 38% of the value of the product FOB at the African port.

In this way 'international specialization' is forcing Niger to produce primary products which can give only a very low return to peasant labour; thus making it impossible to finance autonomous development through a rural surplus. The most serious handicap, however, is Niger's refusal to use Nigeria's railway system: with the stupid detour from Maradi via Niamey to Parakou by road, and then the use of Dahomey railways, in order to make the port of Cotonou 'profitable'. 'Operation Swallow' – with its appropriately military name – financed by the European Common Market, has succeeded in making Niger's groundnuts, even at a rock-bottom price to the producers, unprofitable: the total amount of EEC subsidies rose to 815 m. francs for the three campaigns of 1964–6. This is the price of Africa's absurd colonial frontiers.

(ii) *The Modern Economy; the Handicap of Absurd Frontiers*

There is little urban development in Niger. In 1966 there were only four towns with populations of over 20,000 each: Niamey, Zinder, Maradi and Tahoua. Their combined population rose from 87,000 in 1960 to 155,000 in 1970, an urbanization rate of around 6%; and in 1970 this represented under 4% of the country's total. Non-agricultural activities are responsible for a *per capita* product of around 150,000 francs for the urban population, compared with less than 12,000 francs *per capita* for the rural one.<sup>7</sup>

In these conditions, Niger's industrial achievements are very small. The groundnut oil mill (capacity 24,000 tons) and the cotton gins (capacity 8,500 tons) are a basis, directly dependent on agricultural production, which would have been inevitable in order to avoid transport costs. There should be further development in this field. Groundnuts make sense in Niger only if they are turned into oil locally. The same is true of cotton, whose only rationale is to supply a local textile industry on the scale of Niger's small market (capacity 2,000 tons). The cement works at

7. See Table 27.

Malbaza, opened in 1966 (capacity 35,000 tons), is justified in the same way by its avoidance of transport costs; although its capacity, greater than required to supply the small local market, entails financial losses. Several light industries are in operation or planned: a flour mill (4,000 tons); a rice mill (5,500 tons); a soap factory; a brewery and lemonade factory; plastics factories (for sandals and domestic articles); metal goods factories (for furniture and agricultural machinery); slaughterhouses and a tannery; a tomato-canning plant; a press; a brick and tile factory; and a radio assembly plant. These give Niger the conventional panoply of contemporary African 'industrial development'. In all they employ fewer than a thousand workers.

The mineral resources so far worked are of little importance: 80 tons of tin (45 m. CFA francs), mined at Air by a partly state-owned company. The iron ore of Say (with low iron content, 49%), and the gypsum and phosphates of Tahoua would be of interest only as the basis for local industrialization directed at the home market; and there are no plans for this. The uranium at Avilit, discovered by the Commissariat Français à l'Énergie Atomique, mining of which was due to start in 1971 (750 tons, with perhaps 1,500 tons in 1974), will provide the government with revenue (64% of profits), but will in no sense provide the basis for any local industrialization. The mining company, SOMAIR, is controlled by French interests (the Commissariat à l'Énergie Atomique has 40% of the capital; French private investors, another 40%; and the Niger government 20%).

The most serious handicaps to the industrialization of the country remain the domination by foreign considerations of the development strategy envisaged so far and Niger's refusal of economic integration with its large neighbour, Nigeria.

To take one example, power remains very expensive; and although the growth in electricity consumption has been rapid (13% a year), it is still largely taken up by domestic and public urban needs. Possibilities exist of electricity production at prices which industry could afford: from the harnessing of the Niger rapids at either end of its passage through the country (at Ansongo in Mali, or in the west at the border with Dahomey); or from the use of solar, and in the much longer term atomic, energy. The

investment costs are so heavy, however, that these projects would make no sense for Niger alone. The prospects for regional industry should be carefully considered, within the area composed of Mali, Niger and Northern Nigeria, around the potential transport axis of the river Niger.

Transport policy as a whole should be urgently reviewed. The road system (4,000 km) and the parking facilities (for 1,700 lorries) were planned with the sole aim of making the country independent of Nigeria. The joint Dahomey-Niger railway and transport undertaking (OCDN), set up in 1959 to support 'Operation Swallow', has an average annual operating deficit of more than 200 m. francs, covered until 1964 mainly by subsidies from the governments of Dahomey and Niger (at a rate of 7.60 francs per kilometric ton). The existence of the organization is also constantly threatened by the disagreements between the two countries. In contrast, the improvement of the river as a transport route has never been given sufficiently serious consideration, in the framework of the economic integration of Mali, Niger and Nigeria. Projects such as the dam at Niandan in Guinea, the hydro-electric installation at Ansongo in Mali, and the dam at Kandji in Nigeria (the only part of the programme so far completed) would make this magnificent river, navigable over almost 3,500 km from Kankan to Port Harcourt, the main artery of a large area in which both industrial development and a modernization of agriculture based on irrigation would be possible. As long as plans of this sort are not considered, Niger will be condemned to vegetate along with Mali and even Northern Nigeria.

Of the mere 23,000 paid workers, almost half are in government service and only 1,000 in industry; and the very slow growth in their numbers is creating employment problems despite the slow rate of urban development. The expulsion of Dahomeyans and their replacement by native personnel, especially in 1964-5, probably relieved for a short time the pressure of unemployment among secondary school leavers. Education is making progress in spite of everything, at the exceptionally rapid rate of 15% a year in the primary sector, where the number of pupils rose from 35,000 in 1962 to 71,000 in 1966 and over 100,000

in 1969-70, so raising the proportion of the relevant age-groups receiving education from 5 to 13%. The small number of pupils in secondary education (under 4,000 in 1969-70), however, shows how recent this spurt has been. Almost all higher posts, outside the administration, are filled by foreigners, and the European population (6,000) includes a high proportion of middle-rank technical staff. The result is that over a third of wage earners are paid the national guaranteed minimum rate, frozen since 1962 at 27 francs an hour.

In Niger, as in other countries, state intervention has been stimulated by the absence of commercial development rather than by ideological motives. The Niger Groundnut Marketing Board (SONARA), set up in 1962 with the government possessing 50% of the capital, the National Trading and Manufacturing Company (COPRO-NIGER), which supplies areas lacking in necessities, and the National Pharmaceutical and Chemical Board (ONPPC), which has a monopoly of drugs and chemicals, together have a turnover of over 7,000 m. francs. But, as a result of the operating conditions imposed on them, these organizations make practically no profits which could contribute to financing economic development.

### 3. UPPER VOLTA: A MANPOWER RESERVOIR FOR THE IVORY COAST

From 1950 onwards, when the development of the lower coast began on a large scale, Upper Volta supplied the Ivory Coast's plantation economy, and later the light industries of Abidjan, with the bulk of their labour force. Out of a population at present around 5 million, Upper Volta sent 800,000 immigrants, 'temporary' or 'permanent', to the countries in the south, the Ivory Coast and Ghana, during the decade 1950-9; an annual rate of 30,000, which increased to 40,000 during the next decade. Allowing for a natural population increase in Upper Volta of around 2.2% a year, this emigration has considerably reduced the growth rate of the population remaining. This increased from 4.4 m. in 1960 to only 5 million in 1970, instead of the 5.4 m. that it would have been without emigration. Furthermore, because

the process involves mainly young men – and in recent years young couples, since ‘permanent’ emigration is gradually replacing temporary emigration – it leaves Upper Volta with a distorted age and sex pattern.

If the Upper Volta labour force has made a large contribution to the miracle of the Ivory Coast’s very high growth rate, Upper Volta itself has paid for this in almost total stagnation. Reconstituted only in 1947 as a colonial administrative unit detached from the Ivory Coast, the Volta hinterland, which became an independent state in 1960, could look forward to no other fate than lethargy in its traditional subsistence economy. The country was also permanently liable to financial crisis, although the level of government spending was very low and increased only very slowly during the decade.

When President Maurice Yaméogo’s government, formed from the old RDA, which took over the administration of the new state, refused to join the projected large Mali Federation, the setting-up of an administration in this non-viable state was made possible only by regular massive financial aid from France. And the later reduction of this support threatened the government’s survival. In 1965 it was obliged to propose a cut in the wages of government employees, and was overthrown in January 1966 by General Lamizana’s *coup d’état*, even though the deficit which brought about the crisis was very small. The military government has since stabilized the financial situation, but it remains at the mercy of a similar accident.

(i) *The Subsistence Economy of Upper Volta’s Rural Reserves*

Economic statistics have been produced in Upper Volta for the years 1954–9 and for 1964. According to these, the GDP is about 56,500 m. CFA francs, of which 68% represents the contribution of the traditional economy: agriculture and livestock 32,300 m. (57% of the GDP); crafts, traditional construction and services 6,100 m. (11% of the GDP). Estimates of such a relatively large product outside a commercial economy are always open to question. The production figures on which they are based are uncertain; and the conventional character of the prices assigned to the commodities produced must raise doubts. But

the huge proportion reflects the weakness of Upper Volta’s connexions with the world economy.

Agricultural production is directed almost entirely to subsistence. Production of millet and sorghums is estimated at around 600,000–800,000 tons, that of maize at 70,000–130,000 tons and that of paddy at around 30,000 tons. Some ‘official’ statistics show high rates of growth for these food crops in recent years, though they are almost entirely consumed locally. The figures are probably unreliable, and the *per capita* product is almost certainly stationary. There have been some improvements in productivity here and there through rural education programmes; but on the whole the policy of promoting animal-drawn equipment has been a failure. This cannot be attributed to the ‘administrative inefficiency’ of the programmes, but has deeper roots. The use of animals requires more land and more work; and the distribution of population, which is relatively dense on the central Mossi plateau (35 inhabitants per sq. km), makes more extensive cultivation impossible without the risk of soil exhaustion, in view of the needs of the fallow system. The west of the country, the Bobo and Sénoufo region, is less heavily populated, and results here also seem to be better. But there is another consideration. The use of animals means a heavy increase in the work required, and since the product of this work has no outlet if the crop is millet, or only a poorly paid outlet in the case of cotton or groundnuts, there is no real economic incentive to adopt this method. More rational than the experts, with their dream of extending the use of animals to the whole continent – a transformation based on the idea of the European peasantry a century ago – the peasants of Africa have met these so-called attempts at modernization with the force of inertia.

The efforts of French rural education organizations to introduce export crops – SATEC for groundnuts and CFDT for cotton – have certainly had some results. But the overall figures remain derisory: 10,000 tons of groundnuts in 1968–9 (compared with 3,000 in 1960); and 32,000 tons of cotton (compared with 5,000). Other crops are sesame seeds (with 2,200 tons as the annual average for 1960–70) and shea butter nuts (with 10,000 tons as the annual average in the same period). The prices paid for these

crops, however, have had to be quite heavily subsidized, in proportions which vary from year to year according to the level of world prices: at between 5 and 18% for groundnuts; 8 and 20% for cotton; and 30% for shea butter nuts.

In the north and east there are lightly populated areas available for livestock, and suitable for extensive rearing. The total stock is estimated at 2.2 m. cattle and 3 m. sheep and goats. As generally in West Africa, results from livestock have improved, partly because of government efforts to promote water supplies and vaccinate animals, but mainly because rural areas have always responded to the increasing demand of the coastal towns.

We can thus attempt to measure the growth of the traditional product at constant prices during the decade 1960-70.<sup>8</sup> Allowing for an increase in the rural population from 4,180,000 to 4,640,000 (an annual growth rate of 1%) and for growth at the same rate in food crops, crafts, traditional construction and services, the product of these latter will have risen from 29,200 m. francs in 1960 to 32,300 m. in 1970 (at 1964 prices). The product of the four crops commercially marketed for industry or for export (oil products and cotton) rose from 400 m. to 1,500 m. francs between 1960 and 1970, achieving the very high growth rate of 14% a year. Finally, the product of livestock, at the government estimate of a 3% growth rate, will have risen from 6,400 m. francs in 1960 to 8,600 m. in 1970 (at 1964 prices). In total the product of traditional activities will have risen from 36,000 m. francs in 1960 to 38,400 m. in 1964 (the official figure for this year) and 42,400 m. in 1970 (1964 prices): a real annual growth rate of 1.7%.

(ii) *The 'Modern' Sector: An Economy of Administrative Centres*

The value added to factor cost, which rose to a total of 11,700 m. francs in 1964 for the modern sector, thus remains modest. Trade contributes 50% of this added value, industry 11%, building and construction 14%, transport 15%, and miscellaneous services 10%. The total amount distributed in wages in the modern economy is no more than 4,000 m. francs. The gross profits of privately owned businesses in the form of companies rose to

8. See Table 28.

1,000 m. francs, before direct taxation of 100 m. francs, and those of individual entrepreneurs (small traders and carriers, often Lebanese) to 5,700 m. francs.

If the product of administrative and domestic services (6,400 m. francs in 1964) is added to the product of the modern economy, we have the overall product, at factor cost, of the 'modern' sector as 18,100 m. francs. And this, added to the product of the traditional sector (38,400 m.), gives a gross domestic product of 56,500 m. francs. The urban population in 1964 was no more than 270,000 (100,000 in Ouagadougou; 50,000 in Bobo Dioulasso; and 120,000 together in six small towns), compared with a rural population of 4,340,000: which gives an 'urban' *per capita* product of 67,000 francs, as against 8,900 for the rural one.

Urban development in Upper Volta has increased the population of the towns from 220,000 in 1960 (5% of the country's population) to 360,000 (7.2%). Industrial activities remain rudimentary. The country possesses a few cotton gins (capacity 14,000 tons) and a rice mill (capacity 3,000 tons); an oil and soap factory (capacity 9,600 tons); a brewery and lemonade factory (capacity 60,000 hectolitres of beer and 50,000 hectolitres of mineral waters); a bicycle assembly plant (capacity 35,000 units); a tannery (capacity 175,000 hides); and a shoe factory (capacity 800,000 pairs). A number of additional projects have gradually emerged: a sugar factory at Banfora, which, with the plantation of sugar cane in the area, has recently been completed; a small textile plant with a capacity of 1,000 tons, which has been set up in Koudougou under the name of Voltex, in association with German capital supplied by the Kreditanstalt; and finally a small match factory and a brickworks. There was also a small gold mine at Pourra (with an annual yield of 1 ton) which ceased production in 1966. The prospects of manganese at Tambao (250,000 tons of ore a year) are more encouraging, and there seems to be Japanese interest. Signs of copper and uranium also seem promising.

The poverty of the infrastructure creates an obstacle to the development of any industry which could reasonably compete with the industries of the Ivory Coast. It is true that the railway, which has linked Ouagadougou with the sea since as long ago as

1934, may be extended to Dori, 353 km from the sea, if working of manganese begins; and the road system (16,000 km) is not negligible. On the other hand, electricity, produced by a few steam generating plants (production 9.6 m. kWh in 1961 and 20.5 m. kWh in 1965), is still very expensive.

Education has made marked progress since independence, and the number of pupils in primary schools has risen from 60,000 in 1961 to 115,000 in 1969. There has thus been an annual growth rate of 8%; and the proportion of the age-group receiving education has risen from 9 to 15%. The even faster progress made in secondary education (where pupils have increased two and a half times in eight years, to more than 8,000 in 1969) and the growth in the number of those pursuing further education mean that the country is far from being the least fortunate in the region, as regards both trained and potential middle-rank and senior personnel. The real use of these educated people is prevented, however, by economic stagnation, and they are often forced to emigrate. The rules of competitiveness, in fact, destroy any possibility of development.

Upper Volta is the type of country in the interior of the continent to which the liberal pattern of an economic and customs union is useless. Only pan-regional planning that takes account of social costs – especially emigration – and of national needs, for a harmonious distribution of investments, would make it possible to escape from the increasing waste and distortion produced by the balkanization of the area. At present Upper Volta's tiny industries are largely working below their capacities – sometimes at only 20% – and in spite of the very modest level of urban development, urban unemployment is not unknown.

The conclusion from the indications available must be that the modern sector has been stagnant during the decade. Industry may have enjoyed a relatively high growth rate (7% a year?); but in fact it makes up no more than 11% of the product in the modern sector. Activity in building and construction, in proportion to investment, showed only a limited expansion: the volume of public and private investment was around 6,500 m. francs at current values in the later years of the decade; compared with 4,500 m. at the beginning. The BCEAO index of commercial

activity was stationary until 1969: which, given the increase in prices, reflects a decline in the real volume of sales. Trade and the transport which is inextricably connected with it account for two thirds of the value added in the modern sector. The real product of this economy increased from 11,000 m. francs in 1960 to 13,000 m. in 1970 at constant 1964 prices: a growth rate of 2% a year, compared with a rate for urbanization of over 5%. The reduction in the number of employees outside the government service between 1962 and 1965 also increases fears about stagnation in the 'modern' economy and the development of unemployment. There were only 26,200 employees in 1965 (13,340 of them in the public sector); compared with 26,300 in 1962 (11,100 in the public sector). The paid labour force is made up one third of labourers and one fifth of skilled workers; the rest are clerical and managerial staff.<sup>9</sup>

9. Source: Office de la main-d'œuvre, *Rapports annuels*, Ouagadougou.



Neo-Colonialism in West Africa

Table 25. French Sudan: Economic and Social Growth, 1928-59

|  | 1928  | 1939  | 1945  | 1959  |
|--|-------|-------|-------|-------|
| 1. Population (000s)                               | 3,000 | 3,480 | 3,480 | 4,200 |
| 2. Urban population <sup>1</sup> (000s)            | 50    | 85    | 100   | 250   |
| 3. Principal crops <sup>2</sup>                    |       |       |       |       |
| (a) Millets and sorghums<br>(000 tons)             | 520   | 590   | 590   | 760   |
| (b) Paddy (000 tons)                               | 90    | 117   | 129   | 182   |
| (c) Groundnuts (000 tons<br>unshelled)             | 35    | 105   | 40    | 105   |
| (d) Cotton (tons of grains)                        | 0     | 7,300 | 6,400 | 8,500 |
| (e) Cattle (000s)                                  | 1,460 | 1,830 | 2,185 | 3,300 |
| (f) Sheep and goats (000s)                         | 5,950 | 6,970 | 7,000 | 7,200 |
| (g) Dried and smoked fish<br>(000 tons)            | 7.7   | 9.1   | 9.3   | 20.0  |
| 4. Components of the GDP <sup>3</sup>              |       |       |       |       |
| (a) Primary production                             | 20.3  | 25.2  | 24.6  | 34.9  |
| (b) Secondary production                           | 4.2   | 5.0   | 4.9   | 6.9   |
| (c) Tertiary production                            | 3.7   | 5.5   | 5.5   | 12.5  |
| (d) Administrative services                        | 2.9   | 3.2   | 3.7   | 5.9   |
| 5. Gross fixed investment <sup>4</sup>             |       |       |       |       |
| (a) Public   | 1.1   | 1.3   | 0.4   | 3.1   |
| (b) Private  | 0.4   | 0.6   | 0.6   | 2.5   |
| 6. Estimate of the national<br>wealth <sup>5</sup> | 23    | 39    | 43    | 98    |
| 7. Public expenditure <sup>6</sup>                 |       |       |       |       |
| (a) Recurrent civil                                | 2.9   | 3.5   | 3.9   | 6.7   |
| (b) Capital investment                             | 1.1   | 1.3   | 0.4   | 3.1   |
| (c) National debt                                  | 0.2   | 1.0   | 0.3   | 0.0   |
| (d) Military expenditure                           | 1.4   | 1.4   | 1.8   | 2.4   |
| 8. Local and parasiscal revenue <sup>7</sup>       | 2.7   | 3.2   | 3.1   | 7.9   |
| 9. Commercial balance <sup>8</sup>                 |       |       |       |       |
| (a) Exports  | 2.0   | 4.2   | 2.2   | 7.8   |
| (b) Imports  |       |       |       |       |
| (i) Finished goods                                 | 2.5   | 3.1   | 3.3   | 7.5   |
| (ii) Intermediate goods                            | 0.8   | 1.1   | 0.8   | 2.4   |
| (iii) Capital goods                                | 0.2   | 0.3   | 0.2   | 0.9   |
| 10. Balance of Payments <sup>9</sup>               |       |       |       |       |
| (a) Expenditure                                    |       |       |       |       |
| (i) Trade deficit                                  | 1.5   | 0.2   | 2.2   | 3.0   |

Undeveloped 'Reserves'

|   |     |     |     |     |
|---|-----|-----|-----|-----|
| (ii) Miscellaneous current<br>expenditure                   | 0.2 | 0.4 | 0.4 | 0.7 |
| (iii) National debt   | 0.2 | 1.0 | 0.3 | 0.0 |
| (iv) Exported income and<br>savings                         | 0.9 | 1.4 | 0.8 | 3.8 |
| (b) Income  |     |     |     |     |
| (i) Transit income<br>and income from<br>expatriate workers | 0.4 | 0.7 | 0.8 | 2.0 |
| (ii) Private capital  | 0.3 | 0.5 | 0.5 | 0.9 |
| (iii) Foreign public<br>contribution                        |     |     |     |     |
| Current expenditure   | 1.7 | 1.8 |     | 1.2 |
| Capital investment  | 1.3 | 2.3 | 3.3 | 3.1 |

All these figures are comparable, having been worked out according to consistent methods of estimating by the author in the context of the 1959 frontiers. All money totals (line 4 onwards) are expressed in 000 m. CFA francs at constant 1959 values, reduced where appropriate according to the general index of prices.

1. Agglomerations with 2,500 inhabitants or more.
2. Estimates adjusted on the basis of the trend.
3. At factor cost: the tertiary sector includes transport, trade and non-government services.
4. Between 1947 and 1959, agricultural improvements and improvements to water supplies accounted for half of public investment (including 30% for the Niger Office alone), the transport infrastructure (railways and roads) for over 30%, and investment in the social services for the rest.
- Private investment does not include 'traditional' housing or 'traditional' improvements to agricultural land.
5. Reproducible wealth.
6. National debt: interest and annual repayments, military expenditure (army, police and military pensions).
7. 'Real' fiscal revenue: that borne by actual consumption within the territory.
8. Trade balance at 1959 prices; i.e., without allowing for fluctuations in the terms of trade.
9. Since the balance of payments is calculated at constant prices, the totals are meaningless.

Source: Samir Amin, *Trois expériences africaines de développement, le Mali, la Guinée et le Ghana*, Paris, 1965.

Table 26. Niger: Miscellaneous Statistics, 1960-9

|  | 1960 | 1961  | 1962  | 1963  | 1964  | 1965  | 1966  | 1967  | 1968  | 1969 |
|--|------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| <i>Food crops</i> (000 tons)                           |      |       |       |       |       |       |       |       |       |      |
| Millet and sorghums                                    | 940  | 1,051 | 1,254 | 1,323 | 1,328 | 1,055 |       |       |       |      |
| Onions   | 19   | 26    | 24    | 23    | 24    | 42    |       |       |       |      |
| <i>Commercial crops</i> (000 tons)                     |      |       |       |       |       |       |       |       |       |      |
| Groundnuts - unshelled                                 | 150  | 152   | 205   | 220   | 184   | 277   |       |       |       |      |
| Groundnuts - commercial crop shelled                   |      |       |       |       | 114   | 106   | 156   | 191   | 182   | 150  |
| Cotton (seeds)   | 1    | 2     | 4     | 4     | 5     | 6     | 6     | 6     | 6     | 7    |
| <i>Foreign trade</i> (000 m. francs at current values) |      |       |       |       |       |       |       |       |       |      |
| Controlled exports of which groundnuts                 |      |       | 4.83  | 5.34  | 5.26  | 6.25  | 8.57  | 8.22  | 9.35  |      |
| Controlled imports                                     |      |       | 2.75  | 3.38  | 3.29  | 3.06  | 5.33  | 5.71  |       |      |
| <i>Electricity production</i> (000 m. kWh)             |      |       | 6.78  | 5.97  | 8.11  | 9.30  | 11.11 | 11.35 | 10.23 |      |
| <i>Commercial turnover</i> (1963-4 = 100)              |      |       |       | 100   | 117   | 124   | 138   | 133   | 141   |      |
| GDP (000 m. francs at current values)                  | 50.1 | 54.1  | 61.6  | 64.9  | 64.4  | 74.1  | 78.9  |       |       |      |

|  |      |      |      |      |      |      |      |      |      |      |
|--|------|------|------|------|------|------|------|------|------|------|
| <i>Population</i> (millions)               | 3.09 | 3.17 | 3.25 | 3.33 | 3.42 | 3.51 | 3.61 | 3.71 | 3.81 | 3.90 |
| <i>Price Indices</i>                       |      |      |      |      |      |      |      |      |      |      |
| African consumption (1962-3 = 100)         | 102  | 101  | 101  | 98   | 100  | 105  | 116  | 118  | 48   | 133  |
| European consumption (1960 = 100)          | 100  | 108  | 105  | 108  | 116  | 120  | 125  | 127  | 127  | 143  |
| <i>Distribution of paid workers</i> (000s) |      |      |      |      |      |      |      |      |      |      |
| Administration <sup>1</sup>                |      |      | 8.0  | 9.0  | 8.9  | 11.2 |      |      |      |      |
| Construction                               |      | 3.5  | 2.9  | 3.4  | 3.5  | 3.3  |      |      |      |      |
| Banks, trade                               |      | 1.5  | 1.7  | 1.8  | 2.0  | 2.3  |      |      |      |      |
| Transport                                  |      | 0.9  | 0.9  | 0.6  | 0.8  | 0.9  |      |      |      |      |
| Industry                                   |      | 0.6  | 0.6  | 0.6  | 0.7  | 1.0  |      |      |      |      |
| Domestic service                           |      | 2.5  | 2.5  | 2.5  | 2.5  | 2.5  |      |      |      |      |
| Miscellaneous                              |      | 0.3  | 0.9  | 0.4  | 0.6  | 0.8  |      |      |      |      |
| TOTAL paid workers                         |      | 9.3  | 17.5 | 18.3 | 19.0 | 22.0 |      |      |      |      |

1. Not including the army and technical experts from abroad.

Sources: Agricultural reports, BCEAO Bulletin, Nos. 159 and 167; IMF Handbooks; Annual civil service reports; R. L. Clifford, *Renseignements sur la République du Niger* 1964.

Table 27. Niger: Origin and Employment of Resources 1960-4 (000 m. francs at current values)

|   | Origin of resources |      |      |      | Employment of resources |                               |         |        |        |        |
|---|---------------------|------|------|------|-------------------------|-------------------------------|---------|--------|--------|--------|
|   | 1960                | 1961 | 1962 | 1963 | 1964                    | 1960                          | 1961    | 1962   | 1963   | 1964   |
| Agriculture, livestock, forestry, fisheries | 45.9                | 33.1 | 37.4 | 39.2 | 40.0                    | Consumption private           | 45.4    | 49.2   | 53.0   | 54.4   |
| Mining, industry, building, public services |                     | 5.8  | 6.8  | 7.2  | 7.3                     |                               | public  | (38.5) | (40.5) | (44.3) |
| Transport, trade and services               | 4.0                 | 10.6 | 12.3 | 13.0 | 13.4                    | Investment gross              | (6.9)   | (8.7)  | (8.7)  | (8.6)  |
| Administration                              |                     | 4.4  | 4.9  | 4.5  | 4.0                     |                               | private | 4.6    | 5.1    | 9.9    |
| Households                                  | 0.2                 | 0.2  | 0.2  | 0.2  | 0.2                     | public                        | (2.6)   | (3.6)  | (7.4)  | (6.4)  |
| GDP at market prices                        | 50.1                | 54.1 | 61.6 | 64.1 | 64.9                    | Exports of goods and services | (2.0)   | (1.5)  | (2.5)  | (2.5)  |
| Imports of goods and services               | 7.7                 | 8.4  | 10.7 | 9.8  | 9.9                     |                               | 7.8     | 8.2    | 9.4    | 9.6    |

Sources: Comptes économiques, Commissariat général au Plan, Service de la Statistique.

Table 28. Upper Volta: Economic Growth, 1960-9

|                  | (A) Crops marketed 1962-9 (tons) |        |        |        |        | 1967/8 | 1968/9 |
|------------------|----------------------------------|--------|--------|--------|--------|--------|--------|
|                  | 1961/2                           | 1962/3 | 1963/4 | 1964/5 | 1965/6 |        |        |
| 1. Marketed      |                                  |        |        |        |        |        |        |
| Groundnuts       | 3,251                            | 5,693  | 5,504  | 5,595  | 8,372  | 10,879 | 10,333 |
| Shea butter nuts | 14,180                           | 497    | 15,154 | 1,501  | 18,658 | 91     | 15,302 |
| Sesame seeds     | 708                              | 1,950  | 2,263  | 2,417  | 1,659  | 2,635  | 3,549  |
| Cotton (seeds)   | 2,341                            | 6,622  | 8,048  | 8,787  | 7,463  | 16,297 | 32,028 |
| 2. Exported      |                                  |        |        |        |        |        |        |
| Groundnuts       | 854                              | 3,533  | 3,583  | 4,278  | 5,786  | 7,440  | 8,867  |
| Shea butter nuts | 11,770                           | —      | 10,653 | 694    | 15,541 | —      | 12,178 |
| Sesame seeds     | 683                              | 1,750  | 2,122  | 2,414  | 1,659  | 2,280  | 3,549  |

The difference between the quantities of oil-seeds marketed and those exported forms the basis for a small local industry.

Source: BCEAO Bulletin, No. 166, October 1969.

(B) Index of prices and commercial activity 1960-9

|                                      | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969             |
|--------------------------------------|------|------|------|------|------|------|------|------|------|------------------|
| Commercial activities <sup>1</sup>   | —    | —    | —    | 95   | 102  | 104  | 97   | 93   | 98   | 118 <sup>2</sup> |
| African consumer prices <sup>3</sup> | 100  | 117  | 122  | 128  | 131  | 128  | 132  | 126  | 127  | —                |

1. 1963-4 = 100.

2. Seven months.

3. Author's calculations on the basis of the index given by the BCEAO (1958 = 100).

Sources: BCEAO Bulletins, Nos. 146, 166, 170.

**Part Two: The Results of Colonization and  
Balkanization: Financial Problems and the  
Balance of Payments**

## 6 'Liberal' Solutions: The 'Rich' Countries

At the time of their independence, Senegal was already an old colony, while the development of the Ivory Coast was only beginning, and that of Mauritania was at an even earlier stage. If, as we have maintained, outward-directed development inevitably leads, after a certain stage of growth, to a permanent crisis in the budget and the balance of payments, this double crisis ought to be visible in the first of these countries and detectable in embryo in the other two. Because this is the situation in fact, these three countries are considered together in this chapter. In Senegal, the double crisis long ago brought colonial development to a halt; and in the other two countries, while the financial situation is still comfortable, current tendencies give grounds for the assertion that the fate of Senegal will shortly also be theirs.

### I. SENEGAL AND THE DIFFICULTIES OF AN OLD COUNTRY

Senegal's difficulties are the result of a concentration on ground-nuts, which long ago exhausted their potential and have taken the country down a cul-de-sac. This concentration is the reason for the difficulties of the public finances, and for the relative stagnation of investment and the problems of financing it, as well as for the problems which will arise in the future out of the potential deficit on the foreign balance.

#### (i) *The Financing of Investment*

The volume of gross investment has certainly not been negligible. Between 1961 and 1968 gross capital formation increased steadily, from 9.3% of the GDP to 13.3%; and the average annual volume

of investment was around 20,000 m. francs during the decade.<sup>1</sup> The growth of the GDP, on the other hand, was relatively low – 3.2% a year at current prices – and the capital coefficient around 3.5.<sup>2</sup>

The division of this overall investment between the administration and the productive economy developed, on the whole, satisfactorily. Investment in administration rose slowly from 8,500 m. to 9,400 m. francs at current values between 1961 and 1968 (falling as a proportion of the GDP from 5.1% to 4.5%); while investment in the economy rose from 7,000 m. to 18,400 m. francs at current values (from 4.2 to 8.8% of the GDP).

A more precise distribution of this investment between the various sectors, produced by the IBRD, gives the following average annual percentages for the decade 1959–68. Infrastructure and administration took 44%, agriculture, 2%, power and mining, 14% (the main investments were in phosphates and an oil refinery), industry, 14% (of which, 42% for agricultural industries, mainly oil mills, 20% for fertilizers and 38% for all other light industries, textiles, etc.), construction, 4%, transport, services and trade, 22%.<sup>3</sup>

Almost all the investment in the productive economy involves the foreign sector (including here, with the IBRD analysis, partly state-owned companies), since the Senegalese private sector made only minor investments in transport (lorries), construction, trade and agriculture. Out of an average annual private investment of 11,200 m. francs during the decade, the Senegalese private sector can have accounted for little more than 2,000–2,500 m. francs. The 9,000 m. or so francs of gross investment in the foreign sector (the annual average for 1959–68) was financed partly by the reinvestment of gross profits and partly by calling on new capital. The proportions of the two sources are unfortunately not known; but a likely estimate is 4,000–5,000 m. for reinvested profits (at least investment on new equipment and large-scale maintenance was financed in this way), and a maximum

1. See Tables 29 and 30.

2. This is the relation between investment and the increase in the product which it produces.

3. Table 30.

of 4,000–5,000 m. francs for new capital. These roughly equal proportions are those of the division of gross operating profits between depreciation and net profits, according to a 1962 inquiry.

State investment – an annual average of 8,800 m. francs – has been financed to a decreasing extent out of national savings (the surplus of taxation revenue over current administrative expenditure). National savings in fact fell steadily from 5,500 m. francs in 1961 to 2,200 m. in 1968 (the annual average was 4,600 m. francs). Since the net foreign contribution allocated for the financing of development was about 4,000 m. francs a year on average, and tended to stay at that level, increasing recourse to monetary measures became inevitable, resulting in the rapid reduction of foreign reserves. From this it is possible to construct a schematic model for the financing of investment.<sup>4</sup>

Non-foreign local savings, private and public, can have provided no more than about 34% of the finance required (about 4% of the GDP). The private component of these savings, which was invested almost entirely in housing and certain types of African activities, especially transport, is relatively stable. But it has no visible dynamism, since it is savings of a 'spontaneous' type by better-off groups, mainly wage-earners, and not savings from trading profits.

The dynamic element is foreign financing, the reinvested local savings of foreign companies, which make up 22% of the total finance requirements. This reinvestment of exportable income is, however, beyond the control of the local authorities. New capital from abroad, about 8,500 m. francs a year, represents 12% of the total finance requirements, and is made up half of public aid and half of private capital.

Investment financing is structurally dependent. In practice it therefore determines the strategic orientation of 'development': that is, Senegal's continued concentration on groundnuts and a few import substitution industries. In so doing, it is responsible for the deterioration in the structure of financing, since the effectiveness of investment directed in this way, as reflected in growth, is low. This reduction in the effectiveness of investment, a symptom of the crisis in an economy so concentrated on ground-

4. See Table 31.

nuts, reduces the public saving capacity, which is the main element in local financing. It is ultimately the drain on the Senegalese economy caused by the world market which is totally destroying the possibility of dynamic local financing. The country's balance of payments confirms this. The structural dependence is steadily worsening; Senegal depends more today on the goodwill of foreign aid than it did ten years ago.

(ii) *Budget Difficulties*

Senegal's budgetary difficulties are not so much the result of a growth in expenditure as of the very inadequate growth in income, the relative stagnation of which reflects the stagnation of the material basis of the economy. Certainly between 1959 and 1961, the setting-up of the Senegalese state produced a sudden increase in the level of public spending. This is a general problem in Africa, and an intrinsic result of its balkanization. The increase was very marked between 1959 and 1963, and its causes are known: the establishment of the institutions connected with self-government and the taking on of Senegalese officials formerly in the service of French West Africa or of the Mali Federation. After 1963, however, the increase did not exceed that of the material base of the economy. Between 1965 and 1968 ordinary expenditure rose from 33,100 m. to 36,800 m. francs and income from 35,800 m. francs to 36,800 m. francs. Whereas between 1959 and 1963 current expenditure increased by 55% (or 12% a year), from 1963 onwards the rate was 3% a year.<sup>5</sup>

Although from 1963 onwards the growth in administrative expenditure was limited, for the period 1960-70 as a whole its average growth rate was higher than that of the material basis of the economy. The IBRD estimates that the proportion of public consumption in the GDP gradually rose from 17.2% in 1961 to 21.2% in 1968. This increase, however, was mainly produced by technical assistance, since the product of the Senegalese administrative services, estimated at constant prices, did not rise between 1959 and 1968, and public capital investment, relatively stable in current values between 1961 and 1968, actually fell slightly as a proportion of the GDP.

5. *Troisième Plan*, p. 21. See Table 33.

The inadequate growth in the material base of the economy obliged the government, here as in almost all African countries, to sacrifice administrative efficiency (with constantly decreased resources) to the overriding need for solvency. Even though earnings were held down, the operation of the services necessitated a large increase in staff; between 1962-3 and 1967-8 expenditure on equipment and construction was more or less stationary, while expenditure on staff increased by 5% a year.<sup>6</sup> The volume of subsidies, which was heavy, certainly calls for closer study, but we should be cautious about the frequent claims that the deficit of public undertakings is the result of bad management. Certain inadequacies are notorious. But it should not be forgotten that the nationalization of marketing transferred to the state responsibilities which the private sector was no longer capable of bearing, at least, not at the same cost. Part of the reduction in income associated with the deterioration in the terms of trade was borne by the Senegalese government: the 'structural' deficits of the Groundnut Marketing Board (OCA); of the National Board for Agricultural Cooperation and Development (ONCAD); and of the railways, whose charges were frozen. It was not borne by the Africanized sectors of the private economy (traders and especially carriers)<sup>7</sup>; and colonial capital moved to areas which remained profitable (importing and wholesaling).

The IBRD estimates that, taken as a whole, the public undertakings are not in deficit but, on the contrary, realized a gross saving of 1,300 m. francs. The deficit of the RTS (the Senegalese Transport Authority) was balanced by the gross profits of the port, the post office and the family support fund.<sup>8</sup> The RTS deficit, a total of 850 m. francs over the five years between 1961 and 1966, or the equivalent of a year's turnover,<sup>9</sup> may be reduced, but probably not abolished; because this type of transport cannot be as profitable as the 'express bus' formula which is better suited to African conditions.<sup>10</sup> The railway deficit - which may be partially absorbed in 1969-70, according

6. *Troisième Plan*, p. 24. See Table 33.

7. See Samir Amin, *Le Monde des affaires sénégalais*, Paris, 1969.

8. IBRD report, *Situation et perspectives économiques du Sénégal*, p. 50.

9. *idem*, Annexe II, p. 14.

10. See Amin, *Le Monde des affaires sénégalais*.

to the IBRD – is due above all to the holding-down of charges.<sup>11</sup> Like the deficits of the OCA and the ONCAD (in part), it is in fact a concealed subsidy to the groundnut economy.

In the field of current administration and the social services, the increase in expenditure is undeniable. In 1964–5 Senegal had roughly 100 civil servants per 10,000 inhabitants, compared with 67 in the Ivory Coast, 57 in Dahomey, 27 in Mali and 24 in Niger.<sup>12</sup> In education during the 1950s the number of pupils in primary schools did no more than double; but during the decade 1959–69 it increased two and a half times, with the proportion of the relevant age-groups rising from 24% to 35%. The number of pupils in secondary and technical education increased five times. In this sector, the proportion of the relevant age-group rose from 5 to 14%.<sup>13</sup>

The results of this educational effort nevertheless remain modest, as is shown by the knowledge of French in 1961: the language was spoken by less than 9.5% (0.6% of women). The problem of the language of education is an almost insurmountable obstacle in Senegal; as it is, indeed, throughout black Africa, and especially in French-speaking countries. Similarly, although the total number of students in Senegal has reached a respectable level (1,700 at the University of Dakar in 1969–70), their distribution among the various disciplines and the structure of the courses are both open to question. In health, where Senegal started with a considerable advance over the other territories of the former French West African empire – reflected in a much higher population growth rate, at 1.8% for 1932–61, compared with a maximum of 1.2% for the other territories during the same period – improvements can be seen. Nevertheless the 1960–1 survey revealed a basic inequality between urban and rural areas. The general urban mortality rate was 9.5 per thousand, compared with a rural rate of 18.7 per thousand; the urban infant mortality rate was 36 per thousand, compared with 109; and the natural growth of the urban population was 3.6%, compared with 1.8%.<sup>14</sup>

11. IBRD report, Annexe II.

12. IBRD report, p. 6.

13. Senegalese Ministry of Education figures.

14. 1960–1 survey.

The functional analysis carried out by the IBRD of current public expenditure and public investment during a period of four years allows us to distinguish the sectors responsible for the increase in recurrent public expenditure and to measure the recurrent expenditure brought about by government-sponsored work on infrastructure.<sup>15</sup>

Public investment expenditure financed by Senegal falls into two distinct periods.<sup>16</sup> Between 1959 and 1965 this expenditure increased steadily, rising from 5,500 m. to 8,500 m. francs at current values. But from 1965 onwards, it decreased year by year, finally falling to 3,900 m. francs in 1967–8. During the first period, investment expenditure was certainly responsible in large measure for the growth in public expenditure generally, and rose as a proportion of total public expenditure from 14% in 1959 to 21% in 1965. The explanation for these figures is that public investment took over from inadequate private investment, and its share in the total volume of national investment rose from 22% in 1959 to 42% in 1965. Strictly speaking, this distortion in the structure of investment was not intended by the state. Although subsequently it has sometimes been claimed that public expenditure in this way maintained the level of activity, in reality public investment programmes always fell short of requirements, even if there was waste in certain instances. For example, it was the intensification of groundnut production and the deterioration in the price of the crop which necessitated a programme of improvements to the road system, in order to reduce transport costs. This sort of spending on infrastructure, however, involves very heavy recurrent operating expenditure; and from 1965 onwards, budgetary difficulties gradually forced the government to abandon this investment programme.

Economic stagnation brought with it stagnation in fiscal and para-fiscal revenue, which rose only slightly, from 34,500 m. francs in 1962–3 to 36,200 m. in 1968–9; giving an average annual growth rate since 1961 of 2.8%, and practically zero from 1965 onwards. The surplus allocated to investment was gradually reduced from 5,800 m. in 1961–2 to nothing in 1968–9; while the

15. IBRD report. See Table 32.

16. See Table 32.



### *Neo-Colonialism in West Africa*

current expenditure and investment budgets showed an increasing deficit, varying annually between 1,000 m. and 3,000 m. francs: an average of 1,200 m. a year, and a cumulative total of 12,000 m. francs between 1960 and 1969. Only about 37% of this deficit could be covered by long- and medium-term loans; mainly from abroad (about 3,300 m. francs), but with some raised internally (forced loans totalled 1,100 m. francs in 1968-9). The rest was obtained from monetary measures. The Groundnut Stabilization Fund supplied the bulk of this: 6,500 m. francs over the three years 1966-7 to 1968-9 alone. But classical methods also had to be used: the reduction of the treasury's liquid reserves; the centralization in the treasury of all public and para-public funds (post office savings bank, pensions and savings funds). Since the possibilities for placing treasury bonds with banks and businesses were limited by the operative framework of the monetary system, the last resort was the advancement of collection dates for taxes - the introduction of collection at source meant that two years' taxes, for 1969 and 1970, were paid in 1970 - and the payment of government suppliers and customers by means of treasury bills.

The finance minister, Jean Collin, summed up the position as follows: 'We carried out our first Plan by exhausting our reserves, and since 1965 we have been carrying out the second by exhausting our treasury, with the result that we can no longer rely on the treasury for the carrying out of the third.'<sup>17</sup> The monthly average of available treasury reserves fell from 10,400 m. francs in 1962 to 4,800 m. in 1968. The permanent treasury account was positive in 1961-2 (+4,000 m.) and negative in 1967-8 (-4,500 m.); and treasury assets placed in the banking system as a whole fell from 10,800 m. at the end of 1962 to 2,400 m. at the end of 1968 and 1,600 m. on 31 August 1969 (compared with 3,300 m. on 31 August 1968).

This parafiscal levy on the groundnut economy, in the form of Stabilization Fund surpluses, is now meeting an obstacle in a refusal by peasants to produce. This situation is not peculiar to

17. Speech of 11 January 1969 to the National Council of the UPS, published in the *Bulletin mensuel de la BCEAO*, No. 159, February 1969. The figures which follow are also taken from this source, and from the *IMF Bulletin* and the IBRD report, op. cit., p. 56.

### *'Liberal' Solutions: The 'Rich' Countries*

Senegal, but is found throughout the territories of the former French West and Equatorial African empires. It reflects the difficulties involved in continuing a colonial growth strategy based on 'international specialization', through export crops, and aggravated by the balkanization of the region.<sup>18</sup>

#### (iii) *The Balance of Payments: the Tendential Deficit*

There is no official balance of payments for Senegal except the one which the IBRD attempted to produce for the five years 1964-8. All the elements are, however, available to enable at least a rough balance to be drawn up.

According to the IBRD study,<sup>19</sup> the growth of exports - and indeed of imports, too - during the decade was very slight (1.9% a year). On average, for the four years 1965-8, exports were worth about 43,800 m. francs, including goods in transit for Mali. It should be noted that the solidarities of the franc zone prevented Senegal from increasing the price of its exports of oil and groundnuts to France to compensate for the 12.5% devaluation of the French franc in August 1969, though the African states could scarcely be held responsible for the change in the exchange rate. The reduction in imports of manufactured consumer goods certainly reflects a reduction in consumption, while the increase in the import of food products is an inevitable result of the concentration on groundnuts. Millet production has certainly increased in recent years, but millet is consumed locally by the peasants. The same is true for the bulk of the rice crop (which increased from 79,000 to 137,000 tons between 1960 and 1967), 80% of which is produced in Casamance (southern Senegal), where very little is marketed, and 20% by the River region (where about 20,000 tons of local rice are marketed by a state corporation). The rice crop meets only 30% of local needs, and consumption increases at a rate of 4% a year (about 10,000 tons). As a result, cereal imports have risen from 12% of total imports in 1962 to 20% in 1968.<sup>20</sup> Imports of capital goods

18. See Samir Amin, 'Pour un aménagement du système monétaire des pays africains de la zone franc', *Le Mois en Afrique*, May 1969, Table 24.

19. IBRD report, Tables 13, 24 and 25. See Table 34 below.

20. All these figures are taken from the IBRD report, pp. 42-3.

obviously depend heavily on investment. Overall, imports were worth on average 46,800 m. francs during the four years 1965-8. All these export and import figures, according to the IBRD, take account of clandestine flows, mainly to and from the Gambia.

Expenditure in Senegal by foreign personnel and administration was stable, at about 4,900 m. francs. In future this item may increase if tourism develops. But pensions paid by France (1,500 m. francs) should tend to disappear as the beneficiaries gradually die. Again, on the one hand, remittances from Senegalese workers in France (500 m. francs, according to the IBRD) seem to be considerably underestimated:<sup>21</sup> but, on the other, we must take into account Senegalese public and private expenditure abroad (3,500 m. francs, according to the IBRD).

The current balance thus defined is, as a whole, more or less in balance: with average annual revenue in 1965-8 at 50,700 m. francs, and expenditure at 50,300 m. With an average net contribution from foreign public sources (technical assistance; loans to the treasury; grants and loans for investment: allowing for depreciation and interest on the national debt) of 10,300 m. francs, and allowing for the reduction in Senegal's foreign assets, the net outflow of foreign private revenue will have been 12,600 m. francs a year. This is almost exactly the picture given by the most complete national economic statistics available (for 1959-62), and by the IBRD's estimate for exports of private local savings.<sup>22</sup>

Only 37% of the total for the foreign public contribution<sup>23</sup> (which rose to an annual average of 10,300 m. for 1965-8) in fact went to development. Some 6,500 m. francs was made up partly of current French technical assistance (allowing for costs borne by Senegal) and partly of various forms of current aid, especially the 'price support' temporarily provided by the Com-

21. See the recent work by J. P. N'Diaye, *Les Travailleurs noirs en France* Paris, 1968. N'Diaye estimates the number of Senegalese workers in France at 100,000; which, at a rate of 5,000 CFA francs per person per quarter, would give total transfers of around 4,000 m. francs.

22. See above on the financing of investment. The IBRD gives a figure of 11,800 m. francs for annual private savings between 1961 and 1968.

23. See Table 35.

mon Market (an average of 1,200 m. francs between 1965 and 1968). Funds genuinely allocated to development - a gross annual total of 4,700 m. francs - were made up of grants (a decreasing proportion, 80% in 1964 and 57% in 1968) and loans (correspondingly increasing). The result of this overall process was a growing foreign indebtedness on the part of Senegal, although so far this has remained very low, at around a total 17,000 m. CFA francs on 30 June 1969.<sup>24</sup> The cost of servicing the debt (interest and depreciation) is therefore also low, at 900 m. francs a year (2% of exports). For the period 1959-68 as a whole, promises of foreign aid allocated to investment totalled 58,300 m. francs (including 39,100 m. in grants), and expenditure carried out reached 36,100 m. France (with promises of 20,600 m., 35% of the total) and the Common Market (19,600 m., 29%) were the main contributors: followed by the United Nations (13%), the USA (7%) and West Germany (7%). The aid from France and the FED was allocated in the rough proportions of 40% to agriculture, livestock and fisheries; 7% to industry and mining exploration; 30% to work on infrastructure; and 22% to investment in the administration and the social services.

The contribution of foreign private capital can be calculated by estimating the gross investment of foreign companies. A summary of this investment gives an annual average of about 5,000 m. francs in allowances for depreciation between 1965 and 1968; and 7,500 m. for expansion and new developments.

We now have all the elements for calculating the balance of payments, which allows us to deduct private transfers as one item.<sup>25</sup> According to whether the inflow of private capital is credited only with new capital or also with reinvested profits, the outflow of transferred profits will also either be restricted to profits actually transferred or will include profits shown in accounts as reinvested but transferred (they are transferable) and reimported. Private transfers include at most 7,000 m. francs of savings in the form of foreign earnings (2,700 technicians in aid programmes, a few hundred French soldiers, and 5,000 em-

24. IBRD report, Table 1.

25. See Table 36.

ployees of private companies). There is a balance of 13,000 m. francs made up of business profits (French and Lebanese): net profits—the part of gross profits not reinvested—and miscellaneous transfers ('warrants' and the like). There are thus about 20,000 m. francs in visible private transfers, as well as the huge invisible transfers involved in the unequal terms of trade. The gross public and private foreign contribution, including technical assistance, which is also worth about 20,000 m. francs, makes up for only the visible part of transfers in the other direction. Overall, Senegal does not receive foreign aid. The transfer of value is firmly in the opposite direction: from Senegal to the developed world.

Our final figure is certainly not an underestimate. Any 'errors and omissions' it may include are as likely to give an underestimate as an overestimate. In any case, they are unlikely to amount to more than a few thousand million francs; and we have already seen that transfers by Senegalese workers in France were considerably underestimated. The final figure also comes close to that for the Ivory Coast.

It is not surprising that under the pressure of such a heavy drain the balance of payments is ultimately in deficit. The gradual reduction of Senegal's foreign assets, from 15,200 m. at the end of 1962 to nothing in 1969 – in August 1969, Senegal was in debt for the first time – is also likely sooner or later to threaten the monetary system.

## 2. MAURITANIA AND THE IVORY COAST: NO FINANCIAL PRESSURE YET

### (i) *Mauritania 1960–70: From Impoverished Colony to Financial Comfort*<sup>26</sup>

During the colonial period, Mauritania, 'a colony with no attractions', rated very little investment from metropolitan France. Between 1946 and 1959, under the FIDES colonial plans, it received about 3,800 m. francs a year: allocated in the proportions of 50% to agriculture and livestock rearing (improve-

26. See Tables 37, 38 and 39.

ment of water supplies, etc.); 30% to infrastructure (dirt roads); and 17% to educational and health services. At the time of independence, only 3% of its children were receiving education, and Mauritania had not a single hospital. Nevertheless, the Mauritanian people, fiercely attached to Arabic, cannot be regarded as illiterate, and the traditional education based on the Koran is highly developed. In 1959 gross capital formation – at 1,300 m. francs – represented 9% of the GDP; and two thirds of investment was 'not directly productive' (i.e., was in infrastructure and administration).

The first 'Plan' (1960–2) raised the level of investment sharply, to something like 25% of the GDP. This figure is, however, misleading. It is the result of adding large public investments (3,800 m. francs in three years), 70% of which was spent on the building of the new capital (Nouakchott), to the massive investments of MIFERMA, more than 15,000 m. francs a year during the period.

The second 'Plan' (1963–7) maintained the volume of gross investment at an average of 22% of the GDP: an average investment of about 6,700 m. francs a year in relation to an average product of 30,000 m. But, here again, out of an overall total of 18,400 m. francs in private investment, the mining sector absorbed 11,300 m.; and the remainder went – apart from some to housing – to fisheries and private commercial installations. Public investment, totalling about 8,300 m. francs or 2,100 m. a year, was not negligible, representing 7% of the GDP and one third of total public expenditure. But again an important part of this investment should be regarded as directly benefiting the mining economy. The improvement of the main north–south road falls into this category. It was made a priority, whereas the east–west route, which serves the inhabited southern part of the country, never got further than the planning stage. The financing of public investment, 92% from foreign aid, mainly in the form of grants, did not increase the foreign debt. This remained low at 6.5% of the GDP; with depreciation and interest charges at around 0.5% of the GDP, or less than 1% of the value of exports and 3.5% of fiscal revenue.

Although Mauritania's national statistical services are ex-

tremely rudimentary, all the indications are that the proportion of administrative expenditure in the GDP has decreased sharply during the decade. In 1959 this consumption, at 4,300 m. francs (2,500 m. for payments to employees of all administrative services, local and French, and 1,800 m. for current consumption of goods and services), represented about 30% of the GDP. At that time, indeed, Mauritania seemed totally unviable without regular financial aid. In 1969 the cost of services, including technical assistance, rose to 6,300 m. francs; but this represented only 17% of the GDP. The increase in public expenditure was in fact moderate (4.2% a year at current prices), while, as a result of mining operations, the increase in the GDP was around 11% (also at current prices). Taxation revenue, increased by mining royalties, made it possible not only to end foreign aid to the budget, but also to set aside surpluses for a certain period which were devoted to the investment budget.

Already, however, mining royalties are levelling off, and will probably not begin to grow again before 1977, when the working of copper starts. Because the mining economy provided no stimulus for the economy as a whole, the level of taxation on sectors other than mining had to be heavily increased in order to support the growth in public expenditure. In 1959 the true level of taxation – that borne by actual consumption in Mauritania – was around 1,400 m. francs (10% of the GDP, which then did not contain a mining sector). In 1965 taxation, excluding mining royalties, provided 3,400 m., in relation to a non-mining product of around 24,000 m. francs. The rate of taxation was 14%, and it rose to 18% in 1968. It is true that part of this increase in taxation was artificial: simply a reflection of a more efficient collection system and a more effective control of the gaps in the frontier which separates Mauritania from Senegal. But there was also a real increase in the level of taxation. This is also the reason for the disappearance in 1968 of the surplus allocated to the investment budget. The treasury deficit, which was no longer insignificant in 1966 and 1967, had to be financed by a contribution from abroad (allocated to the investment budget). Between 1962 and 1968 treasury assets were reduced by about

half. Whereas in 1962 they still represented 35% of current expenditure, in 1968 they represented only 15%.

The national savings capacity of the country thus remains practically nil. The public saving capacity is almost non-existent: at 160 m. francs a year between 1963 and 1967, or less than 0.5% of the GDP. Private local savings provided 2,400 m. francs in the four years 1963–7, or no more than 2% of the GDP. Only foreign private capital and foreign public aid supply the finance for a growth whose stimulus comes totally from abroad.

The foreign domination of this growth is reflected in the increasing proportion of exports in the GDP. In 1959, restricted to 'traditional' exports of livestock and gum-arabic, the total represented 22% of the GDP. In 1968 exports represented 57%, with iron ore alone making up 80% of the total. This exceptional growth has so far prevented any balance of payments difficulties. Between 1959 and 1968 exports increased at an annual average rate of 22%, while imports increased at the much lower rate of 10%, including MIFERMA's imports, or 4% without them. In 1959 the trade balance was heavily in deficit, with imports worth a total of 7,000 m. francs and exports, 3,200 m. This deficit was covered by current administrative aid, largely organized within the federal structure of French West Africa. Today the trade balance has a large surplus (4,000 m. francs), which is devoted largely to reimbursing foreign capital invested in the country. Like other states, Mauritania, which was once an undeveloped colonial reserve, is now a true underdeveloped country. Imports are already increasing at the same rate as exports: that is, from 1965, when MIFERMA's operations reached their ceiling. That is why this country with rich mineral resources has only derisory foreign assets. In 1968 its reserves represented only 10% of its annual imports and had fallen by half since 1962.

The balance of payments shows that the drain created by the foreign capital responsible for this uncoordinated and unbalanced growth was far from insignificant. To returns on investment (at an annual average for 1965–7 of 1,700 m. francs) should be added a large part of the 'private services' transferred by the mining companies for the settlement of foreign services (at an

annual average of 2,600 m. francs); repayments of private capital borrowed long term and repaid from the gross profits of MIFERMA (at an annual average of 1,800 m. francs); and finally transfers of European private savings (an average of 600 m. francs): a total of 6,700 m. francs, or more than 20% of the GDP. Foreign public aid – a total of about 2,300 m. francs, in technical assistance and aid allocated to investment – is not enough to make up for this surplus transferred. As a result, if the surplus on the trade balance were to decline, the tendential deficit on the balance of payments might well rise to disturbing proportions. The working of the Akjouit copper will probably delay these events, but they remain an inevitable consequence of present developments. The next 'Plan' (for 1969–73), which concentrates its effort on agriculture and livestock (due to receive 4,200 m. francs out of a total of 8,600 m.), will be a partial corrective to a serious distortion characteristic of mineral and oil producing countries in the Third World.

(ii) *The Ivory Coast 1965–70: The Shape of Problems to Come?*

The development of the Ivory Coast since 1965 can be followed with the help of improved statistics. Annual economic statistics show the sectorial distribution of the GDP, exports, imports and investment.<sup>27</sup> Regular complementary statistics also make it possible to follow the development of the main types of production. Of these, coffee production rose from 137,000 tons in 1960 to 213,000 in 1965; the banana crop from 73,000 tons to 128,000; pineapples from 20,000 tons to 48,000 tons; and the production of rough timber from 1.1 m. to 2.5 m. cubic metres. In 1968 the Ivory Coast exported 214,000 tons of coffee; 121,000 tons of cocoa; 133,000 tons of bananas; and 2.6 m. cubic metres of rough timber. In the same year the production of manganese was 116,000 tons (compared with 179,000 in 1965), that of diamonds 187,000 carats (compared with 198,000), of electricity 316 m. kWh (199 m. in 1965), and the production of the fishing industry 45,000 tons (the same as in 1965). Industrial turnover rose from 19,800 m. francs at current values in 1962 to 72,200 m. in 1969, produced by 309 firms with equipment to a total value of 57,000

27. See Table 40.

m. francs and employing 23,000 people.<sup>28</sup> The turnover of building firms rose from 23,300 m. to 58,200 m. francs between 1960 and 1965, while the index of commercial turnover rose from 100 in 1964 to 129 in 1968.

Information about the volume of investment and the structure of its financing is less reliable. The official figures give a total for investment in 1960 of 20,200 m. francs: of which 9,900 m. of finance came from private sources; 9,600 m. from local public resources; and 700 m. from foreign public sources. The corresponding figures for 1965 are 26,000 m., 15,300 m., and 2,700 m.: a total investment of 44,000 m. francs. But 'local' public financing includes items which in fact conceal foreign resources, as will be seen; and in addition all the investment figures are artificially inflated. The official figure for the total of investments during the seven years 1960–6 is 201,000 m. francs: 108,000 m. for the private sector (including 31,000 m. for industry alone); and 93,000 m. for the public sector. This last divided as follows: agriculture 11,000 m.; infrastructure 43,000 m.; education and health 10,000 m.; administration 17,000 m.; shares in companies 6,600 m.; and studies 5,300 m. A considerable part of this 'investment', notably that under the heading 'studies', but also under others, was in fact current expenditure.

For the four years 1967–70 the economic planning bill envisaged investments totalling 224,000 m. francs: 108,000 m. for the private sector (including 39,000 m. for industry), and 116,000 m. for the public one (with a greater emphasis on agriculture than in the previous plan). This corresponded to the speeding-up of agricultural diversification. As part of this programme, 19,000 hectares of oil palms had already been planted in 1965 and about 40,000 in 1967 (1970 target 76,000). Production of palm oil was planned to rise from 9,800 tons in 1965 to 13,400 in 1967 and 38,000 in 1970; and that of palm nuts from 4,300 tons in 1965 to 4,000 in 1967 and 10,000 in 1970. Plantations of hevea rubber plants have been increased from 11,000 hectares in 1965 to 12,200 in 1967 (1970 target 26,800 hectares); and the production of latex is planned to rise from 3,500 tons in 1965 and 5,900 in 1967 to 11,000 in 1970.

28. See Table 41.

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The alleged sources of finance for the investments undertaken in 1960-6 in the public sector were, according to the same official figures: income from the investment budget 42,000 m. francs; non-distributed profits of public undertakings and internal borrowings 9,000 m.; public foreign aid (grants and net loans) 26,000 m. The corresponding figures in the forecast of the four-year plan for 1967-70 are 48,000 m.; 19,000 m.; and 49,000 m. respectively. It should be remembered, however, that 'local' income from the investment budget includes medium-term borrowings from foreign credit suppliers. In 1968, out of a total revenue from the investment budget of 20,000 m. francs, allocated fiscal revenue rose to 8,600 m.; the contribution of the stabilization funds, to 2,100 m.; and 'internal' loans, to 9,300 m.

The budget figures show that total public expenditure on current expenditure and investment rose from 49,900 m. francs in 1965 to 63,300 m. in 1967. Expenditure on the ordinary budget alone rose from 34,400 m. in 1965 to 43,200 m. in 1968, with wages and salaries of civil servants 45% of this figure, the cost of materials and equipment 35%, and subsidies and transfers 20%. Fiscal and para-fiscal revenue of all sorts rose from 47,300 m. in 1965 to 50,900 m. in 1967. The growing deficit (2,600 m. in 1965 and 12,400 m. in 1967) was covered by various forms of public borrowing.<sup>29</sup>

An official balance of payments has been produced annually since 1963,<sup>30</sup> but its value is debatable. By the end of 1967 the public foreign debt had reached 39,000 m. francs: 10,800 m. for government contractual borrowings; 5,300 m. for public bonds issued; 9,400 m. for debts to suppliers; and 13,400 m. for debts of public and semi-public undertakings.

From 1965 onwards, therefore, the Ivory Coast's economic growth has continued, but at a rate which seems bound to decline. For the years 1964-8 (1968 is the last year for which official figures are available), the GDP was respectively 240,000 m., 240,000 m., 258,000 m., 276,000 m. and 320,000 m. CFA francs at current values, an average annual growth rate at current values of 7.6%. With an annual increase in the index of prices of 3.8%,

29. See Table 42.

30. See Table 43.

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the average annual growth rate at constant prices will have been about 4%. The volume of exports for each year from 1962 to 1968 went from index 84 to 100, 120, 117, 115, 107 and 137 respectively. The bad harvest of 1967 was balanced by an excellent one in 1968. Thus, there was an average annual growth rate in the volume of exports of between 7 and 8%, or higher than the real growth of the GDP, reflecting the persistent foreign domination of the growth. The establishment of light import substitution industries, which between 1960 and 1965 took over from public investment in infrastructure the role of second force in the economy, seems to be slowing down if the official figures for private capital coming into the Ivory Coast are to be believed.

The figures for the official balance of payments, published since 1963, were 4,700 m. for that year; 4,900 m. for 1964; 3,000 m. for 1965; 3,000 m. for 1966; 3,000 m. for 1967; and 1,800 m. for 1968, in CFA francs at current values. Nevertheless in 1968, the last year for which this figure is available, the rate of growth in industrial turnover still remained unchanged (at 25% a year); implying a time-lag of several years before the effects of the slowing-down in investment are felt.

Imports in the years 1962-8 were worth respectively 39,000 m., 42,000 m., 58,000 m., 64,000 m., 65,000 m. and 78,000 m. CFA francs at current values: giving an average annual growth at current prices of 13%, and at constant prices of 10%. This growth rate is one and a half times as high as that envisaged in the *Perspectives*, which confirms another characteristic of colonial development: a growth rate of imports higher than that of the product.

The official balance of payments gives the following figures for foreign transfers in each of the years 1963-8: first, in respect of income from investments, 5,100 m., 7,000 m., 6,600 m., 8,400 m., 8,900 m. and 9,500 m. francs at current values; second, in respect of private transfers, 5,400 m., 7,300 m., 8,700 m., 8,900 m. and 9,200 m. francs; third, in respect of other current non-governmental operations, 3,600 m., 5,000 m., 3,700 m., 5,800 m., 6,200 m. and 7,500 m. francs. All these are largely underestimated, however: in part because they correspond to underestimates for the inflow of capital. (Our analysis, more correctly,

showed all gross profits of foreign capital as exports and credited the balance with imports corresponding to local reinvestment.)

This is the place to add the numerous ways of concealing profits which foreign companies use. For example, transfers under the item 'miscellaneous services' often conceal profits. Even so, the official balance of payments shows a grand total of transfers under the three items mentioned above amounting to 14,000 m. francs in 1963, 18,000 m. in 1965, and 26,000 m. in 1968. This gives a growth rate for these transfers of 13-14% a year, or almost three times the growth rate of the product. There is no sign of any 'forecasts' for a reduction in the proportion of these transfers in relation to the product, such as to allow foreign capital to be replaced by local savings. We may approach a more accurate estimate of these transfers by noting that, though the official balance of payments puts them at around 5,000-8,000 m. francs, the mover of the bill setting up the National Investment Fund cited them at 19,000 m. in 1963.<sup>31</sup> We have suggested a figure of 25,000 m. francs for the transfer of profits and savings in 1965. This figure, 14% of the GDP in 1965, would have been in 1970, if we accept the official growth rates, around 40,000 m. francs at 1965 values, or 16% of the product.

And yet, despite these unfavourable developments, the Ivory Coast's balance of payments does not seem in too bad a state; the country's foreign assets rose from 5,800 m. francs at the end of 1962 to 15,700 m. at the end of 1965 and 22,400 m. at the end of 1968.<sup>32</sup> These reserves represented 14% of the value of imports in 1962, and 29% in 1968.

There are two main reasons for this. First, the prices of coffee and cocoa recovered sharply after 1965. Taking 1963 as 100, they were respectively 104 and 76 in 1965 and 124 and 141 in 1968. Second, foreign public aid did not decline, as the *Perspectives* had expected. According to the official balance of payments, government transfers, both current and capital, for the years 1963-8, were respectively 5,600 m., 5,300 m., 8,800 m., 5,500 m.,

31. Quoted by C. V. Diarassouba, *Dette extérieure et croissance économique*, thesis, Paris 1966, p. 234.

32. As in the case of all the countries of the franc zone, the real value of these assets was reduced by 12½% in August 1969, following the devaluation of the French franc.

3,700 m. and 8,600 m. francs at current values. The consistently positive total in the balance of payments cannot, therefore, be attributed to developments anticipated by the *Perspectives*; the actual developments were precisely the reverse. The positive total must, rather, be attributed to accidental factors - which are very unreliable, given the unstable prices of tropical crops - and to negative developments in the structures of financing.

The favourable development of these structures, which we examined for 1960-5, can only have been of short duration. Private savings in the Ivory Coast did not in fact take over from foreign capital, as assumed the 'theory' of gradual transition from an economy driven by outside stimuli to a self-perpetuating one which underlies the calculations of the *Perspectives*.<sup>33</sup> On the official figures of the government economic services, total gross savings rose from 27,900 m. francs in 1960 to 48,500 m. in 1965: a growth rate of 12%, or slightly above that of the product. An increasing share of this total saving, however, came from the internally generated finance of foreign companies, which means that private savings in the Ivory Coast did not increase. How could they, indeed, when the domination of foreign capital excludes the advancement of a true local commercial bourgeoisie? True public local savings have not taken over from foreign stimuli. In fact, they have ceased to make significant progress.

Just as the balance of payments shows no signs of distress, the public finances also continue apparently sound. The net assets of the Ivory Coast treasury in the banks rose from 3,100 m. francs at the end of 1962, to 9,300 m. at the end of 1965, and 10,300 m. at the end of 1968. It should be realized, however, that since 1965 the growth in recurrent public expenditure has no longer been slower than that in the material base of the economy. According to the official figures, the indices for the GDP and for administrative consumption in 1968 were both the same, at

33. The theory of stages in economic growth was put forward by W. W. Rostow in *The Stages of Economic Growth*, London, 1960. The force of this mechanistic theory is weakened by the fact that no underdeveloped country has 'taken off', whatever the level of *per capita* income it reached: even if this were higher than that of the USA, as in Kuwait, for example. For a criticism of this theory, see Hobsbawm and Baran, 'The Stages of Economic Growth', *Kyklos*, 1961, and Samir Amin, *L'Accumulation à l'échelle mondiale*.

133 (1965 = 100). In contrast, between 1965 and 1968, fiscal and para-fiscal revenue increased by only 17%.

This means that public financing capacity has decreased; all the more so since a large part of the expenditure under the special budget for investment and equipment (BSIE) is, in fact, disguised recurrent expenditure.<sup>34</sup> It is true that the Ivory Coast treasury has had no difficulty in financing its deficit with the help of credit-suppliers, mainly abroad. But the Ivory Coast economist Charles-Valy Diarassouba has issued a warning. He points out that the Ivory Coast's national debt rose from 8,700 m. francs at the end of 1960 to 20,500 m. at the end of 1965; that the growth rate of the debt (20% a year for the period studied) has tended to increase; and that the proportion of 'extended credit agreements' rose from 4.7% in 1960 to 34.6% in 1965. These agreements, by which the Ivory Coast government finances a growing proportion of new infrastructure with expensive private credit from foreign construction companies, reduce the real proportion of local financing to well below its apparent level. Examining the capacity of the Ivory Coast's public finances to produce the necessary surplus to meet the service charges on the debt, Diarassouba concludes: 'The projection shows a gradual reduction of the country's margin of security in this field.'<sup>35</sup> This projection also shows that, in present circumstances, service charges on the debt will begin to absorb all public savings in 1975.

Thus, nothing in the developments of the last few years has confirmed the optimistic prognosis of the *Perspectives*. The Ivory Coast is no less dependent on stimulation from abroad in 1970 than it was twenty years ago. Indeed, it is more so. Growth continues, at a consistently high level. But it is accompanied by increasing integration into the world capitalist market, which means an increasing transfer of value to the metropolitan countries. It is important to see that this transfer in 1970 was not limited to the 40,000 m. francs or so which can be traced and shown statistically, from a product of around 250,000 m. francs

34. *Rapport de la Direction du Plan relatif à l'exécution du premier Plan 1960-65 et à la préparation du Plan intermédiaire 1967-70*, duplicated document, Abidjan, 1966.

35. Diarassouba, *Dette extérieure et croissance économique*, p. 205.

at 1960 values. In addition there was the concealed transfer arising out of 'unequal exchange'. If the country's exports were worth about 100,000 m. francs on the world market in 1970, and given that, at equal productivity, the payment of Ivory Coast labour was half what it was in the developed countries, then the true value of the country's exports was about 200,000 m. francs, and the product stood at some 350,000 m. Total transfers – visible (40,000 m. francs) and concealed in the unequal structure of prices (100,000 m.) – then represented 40% of the product. It is no exaggeration to say that the whole of the surplus produced in the Ivory Coast is transferred to the centres of the world capitalist system. In this situation foreign dependence increases, and the moment of 'take-off' moves further away just as it seems to be approaching. 1970 was proclaimed the year of take-off in the *Perspectives*; but in 1970 the Ivory Coast's capacity for independent financing was practically nil.

This sort of development produces clear social contradictions in the country. Urbanization continues at an increasing rate; the population of Abidjan in 1970 was estimated at over 450,000. Urban unemployment on a massive scale has appeared alongside all the vaunted prosperity during the last five years, and is beginning to present serious problems. According to estimates by the Ministry of Labour, taken over by the International Monetary Fund, a growth of 10% in the GDP has produced a growth in paid employment of only 5%.<sup>36</sup> If between 1960 and 1967 the numbers in paid employment outside agriculture increased by 57%, the urban population increased much faster, by 115% in Abidjan. Regional inequalities are becoming more marked, as are social inequalities in the distribution of income in plantation areas. There is still no Ivory Coast bourgeoisie, and the 'European' share of non-agricultural income – 50% in 1965 – has certainly increased further since that date.

The Ivory Coast is passing at a rapid rate through stages which Senegal experienced much earlier. Doubtless in the future it will run into the same problems as colonial development comes to a halt.

36. IMF report on the Ivory Coast, Washington, June 1968, p. 27. See Table 44.



Table 29. Senegal: Expenditure Imputed to the GDP, 1961-8

(000 m. francs at current values)

|   | 1961  | 1962  | 1963  | 1964  | 1965  | 1966  | 1967  | 1968  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| Consumption: public                         | 28.2  | 29.9  | 32.5  | 34.4  | 35.8  | 37.5  | 39.1  | 40.7  |
| private monetary                            | 104.5 | 108.7 | 112.8 | 117.3 | 118.1 | 121.1 | 118.8 | 123.3 |
| private subsistence                         | 15.2  | 17.0  | 18.6  | 19.3  | 19.9  | 19.9  | 20.6  | 20.1  |
| Gross capital formation:                    |       |       |       |       |       |       |       |       |
| public                                      | 8.5   | 9.4   | 8.8   | 8.8   | 9.9   | 8.0   | 9.1   | 9.4   |
| private                                     | 7.0   | 7.7   | 10.7  | 12.3  | 12.0  | 12.5  | 16.0  | 18.4  |
| Private per capita consumption (000 francs) | 37.7  | 38.8  | 39.8  | 40.6  | 40.2  | 40.2  | 38.9  | 39.1  |
| Gross capital formation/GDP %               | 9.3   | 9.8   | 10.8  | 11.3  | 11.3  | 10.2  | 12.4  | 13.3  |
| Public consumption/GDP %                    | 17.1  | 17.4  | 18.7  | 19.3  | 20.0  | 20.0  | 20.9  | 21.2  |
| Gross national savings:                     |       |       |       |       |       |       |       |       |
| public                                      | 11.0  | 10.2  | 8.4   | 8.4   | 9.6   | 13.7  | 15.2  | 18.2  |
| private                                     | 5.5   | 5.8   | 4.9   | 4.6   | 5.2   | 4.8   | 3.9   | 2.2   |
| Difference (savings - investment)           | -1.0  | 1.1   | 6.2   | 8.1   | 7.1   | 2.0   | 6.0   | 7.4   |
| Inflow of private capital (net)             | 2.5   | 4.7   | 3.9   | 4.4   | 4.0   | 4.0   | 4.1   | 4.1   |
| Loans to the private sector                 | —     | —     | 5.0   | 1.9   | —     | 0.2   | 0.9   | —     |
| Variation in foreign assets (net)           | —     | —     | —     | —     | 2.5   | -2.3  | 2.1   | 5.1   |
| Net transfers of private capital            | -3.5  | -3.6  | -2.7  | 1.8   | 0.6   | 0.1   | -1.1  | -1.8  |

Source: IBRD report, Table 12.

Table 30. Senegal: Gross Fixed Capital Formation, 1959-68

(000 m. francs at current values)

|                                  | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 |
|----------------------------------|------|------|------|------|------|------|------|------|------|------|
| <i>Productive economy</i>        |      |      |      |      |      |      |      |      |      |      |
| Agriculture <sup>1</sup>         | 0.1  | 0.2  | 0.4  | 0.3  | 0.5  | 0.4  | 0.2  |      | 0.5  |      |
| Power and mining <sup>2</sup>    | 3.2  | 3.2  | 1.7  | 1.1  | 3.2  | 2.6  | 3.0  |      | 3.5  |      |
| Agricultural and food industries | 0.4  | 0.5  | 0.2  | 1.1  | 1.5  | 1.3  | 1.2  |      | 1.1  |      |
| Textiles and leather             | 0.2  | 0.1  | 0.1  | 0.4  | 0.3  | 0.3  | 0.4  |      | 0.6  |      |
| Other industries <sup>3</sup>    | 0.1  | 0.3  | 0.2  | 0.8  | 0.8  | 1.1  | 0.9  |      | 4.9  |      |
| Construction                     | 0.7  | 0.7  | 0.7  | 0.8  | 1.0  | 0.7  | 0.9  |      | 0.8  |      |
| Transport                        | 1.2  | 1.2  | 1.9  | 1.7  | 2.0  | 3.4  | 3.7  |      | 3.1  |      |
| Services                         | 0.6  | 0.6  | 0.6  | 0.6  | 0.5  | 1.4  | 0.4  |      | 0.5  |      |
| Trade                            | 1.2  | 1.1  | 1.2  | 0.9  | 1.0  | 1.1  | 1.1  |      | 1.1  |      |
| <i>Administration</i>            |      |      |      |      |      |      |      |      |      |      |
| Senegalese                       | 3.5  | 2.5  | 6.9  | 8.3  | 6.8  | 8.4  | 9.7  | 7.6  | 8.9  | 9.2  |
| French                           | 2.3  | 2.2  | 1.6  | 1.1  | 2.0  | 0.4  | 0.3  | 0.4  | 0.3  | 0.3  |
| TOTAL GFCF                       | 13.5 | 12.6 | 15.5 | 17.1 | 19.6 | 21.1 | 21.8 | 20.5 | 25.3 | 27.8 |
| Administration/Total %           | 43   | 38   | 55   | 55   | 45   | 42   | 45   | 39   | 37   | 34   |

1. Excluding 'traditional' investments (land improvement, etc.).

2. Excluding the oil exploration of 1959-60.

3. The very high 1967 figure is due to the opening of the SIES fertilizer factory.

Source: IBRD report, Table 12.

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Table 31. Senegal: Approximate Financing of Gross Investment, 1961-8

|  | Annual average<br>(000 m. francs) | Tendency<br>1961-8 |
|--|-----------------------------------|--------------------|
| <i>Gross investment</i>                      |                                   |                    |
| Government                                   | 8.8                               | stability          |
| Private                                      | 11.2                              | increase           |
| <b>TOTAL</b>                                 | <b>20.0</b>                       |                    |
| <i>Financing</i>                             |                                   |                    |
| 1. Local savings:                            |                                   |                    |
| (a) public                                   | 4.6                               | rapid fall         |
| (b) Senegalese private                       | 2.2                               | stability          |
| (c) foreign private (depreciation)           | 4.5                               | stability          |
| 2. Foreign contribution:                     |                                   |                    |
| (a) public (net)                             | 4.0                               | stability          |
| (b) private (new capital)                    | 4.5                               | increase           |
| (c) reduction in foreign assets <sup>1</sup> | 0.2                               | increase           |

1. This is the part of the reduction in foreign assets imputable to the financing of investments. The total reduction was much larger than this.

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Table 32. Senegal: Financing of Development Expenditure (000 m. francs at current values)

|   | 1965-6     | 1966-7     | 1967-8     | 1968-9     |
|---|------------|------------|------------|------------|
| <i>Development expenditure</i>              |            |            |            |            |
| Development budget <sup>1</sup>             | 2.6        | 4.0        | 3.2        | 5.1        |
| Road fund <sup>1</sup>                      | 0.5        | 0.6        | 0.6        | 0.8        |
| Special accounts                            | 1.2        | 0.6        | 0.2        | 0.2        |
| FAC and FED                                 | 0.2        | 1.6        | 1.6        | 1.2        |
| <b>TOTAL</b>                                | <b>4.5</b> | <b>6.8</b> | <b>5.6</b> | <b>7.3</b> |
| <i>Financing</i>                            |            |            |            |            |
| (a) External:                               |            |            |            |            |
| Borrowings (net)                            | 0.6        | 0.3        | 0.5        | 1.9        |
| Less depreciation                           | -0.3       | -0.3       | -0.3       | -0.6       |
| Grants                                      | 0.9        | 2.0        | 1.7        | 1.2        |
| (Total external resources)                  | (1.2)      | (2.0)      | (1.9)      | (2.5)      |
| (b) Internal:                               |            |            |            |            |
| Current savings                             | 3.4        | 2.6        | 1.8        | 0.1        |
| Stabilization fund surpluses                | —          | 4.5        | 1.0        | 1.1        |
| Other special accounts                      | -0.3       | -0.6       | -0.2       | -0.6       |
| Internal borrowings                         | —          | —          | —          | 1.1        |
| Variation in Treasury holdings <sup>2</sup> | 2.4        | -2.1       | 2.2        | 2.0        |
| Other Treasury operations                   | -2.4       | 0.3        | -0.7       | 1.3        |
| (Total internal resources)                  | (3.2)      | (4.7)      | (4.0)      | (4.9)      |

1. Excluding internal transfers from the budget to the fund.

2. — sign means an increase in holdings.

Source: IBRD report, Table 8.

Table 33. Senegal: Implementation of Budgets 1960-69

1960 1961-2 1962-3 1963-4 1964-5 1965-6 1966-7 1967-8 1968-9  
(18 months)

1. National Budget 1960-68 (000 m. francs at current values)

|   | 1960 | 1961-2 | 1962-3 | 1963-4 | 1964-5 | 1965-6 | 1966-7 | 1967-8 | 1968-9 |
|---|------|--------|--------|--------|--------|--------|--------|--------|--------|
| Ordinary expenditure                            | 7.3  | 17.1   | 14.0   | 14.1   | 15.4   | 16.0   | 17.1   | 17.7   | —      |
| Personnel                                       | 3.2  | 8.0    | 6.2    | 7.1    | 6.4    | 6.2    | 6.1    | 6.3    | —      |
| Equipment                                       | 0.1  | 0.5    | 1.0    | 0.9    | 1.0    | 0.9    | 0.5    | 0.8    | —      |
| Debt  | 1.3  | 7.8    | 2.2    | 2.6    | 1.6    | 1.6    | 1.5    | 1.5    | —      |
| Construction                                    | 8.4  | 5.5    | 6.4    | 7.2    | 8.2    | 8.4    | 8.0    | 8.0    | —      |
| Transfers and miscellaneous                     | 20.3 | 38.9   | 29.8   | 31.9   | 32.6   | 33.1   | 33.2   | 34.3   | —      |
| TOTAL   | —    | 44.8   | 34.5   | 33.9   | 36.7   | 35.8   | 35.4   | 35.8   | —      |
| Ordinary revenue                                | —    | —      | —      | —      | —      | —      | —      | —      | —      |
| (Positive) balance on the ordinary budget       | —    | 5.8    | 4.7    | 2.1    | 4.2    | 2.8    | 2.1    | 1.6    | —      |
| Expenditure in capital                          | —    | 7.2    | 5.5    | 7.0    | 8.5    | 2.9    | 4.8    | 3.9    | —      |
| Extraordinary revenue <sup>1</sup>              | —    | —      | 0.7    | 4.0    | 1.3    | 0.2    | 0.2    | 0.2    | —      |
| (Negative) balance on the extra-ordinary budget | —    | -7.2   | -4.8   | -3.0   | -7.2   | -2.7   | -4.6   | -3.7   | —      |
| Results of management <sup>2</sup>              | —    | -1.4   | -0.1   | -0.9   | -3.0   | -0.1   | -2.5   | -2.1   | —      |
| Permanent Treasury overdraft                    | —    | +4.0   | +3.9   | +3.0   | 0.0    | +0.1   | -2.4   | -4.5   | —      |
| 2. Central and Local Government                 | —    | —      | —      | —      | —      | —      | —      | —      | —      |
| 1965-9 (000 m. francs at current values)        | —    | —      | —      | —      | 38.1   | 37.1   | 37.1   | 37.4   | 37.6   |
| Fiscal and parafiscal revenue                   | —    | —      | —      | —      | 17.6   | 18.1   | 19.2   | 20.0   | 21.2   |
| Current expenditure <sup>3</sup>                | —    | —      | —      | —      | —      | —      | —      | —      | —      |
| Personnel <sup>4</sup>                          | —    | —      | —      | —      | —      | —      | —      | —      | —      |

Table 33 (cont.)

|                              |   |   |   |   |      |      |      |      |      |
|------------------------------|---|---|---|---|------|------|------|------|------|
| Equipment                    | — | — | — | — | 9.5  | 10.1 | 9.7  | 10.0 | 10.2 |
| Debt interest                | — | — | — | — | 0.6  | 0.6  | 0.2  | 0.4  | 0.5  |
| Miscellaneous                | — | — | — | — | 0.4  | 1.5  | 1.0  | 1.0  | 1.0  |
| Transfers <sup>5</sup>       | — | — | — | — | 4.4  | 4.2  | 4.1  | 3.9  | 3.7  |
| TOTAL <sup>3</sup>           | — | — | — | — | 33.1 | 34.0 | 33.9 | 35.4 | 37.1 |
| Gross savings                | — | — | — | — | 4.1  | 3.5  | 3.4  | 1.8  | 0.1  |
| Expenditure in capital:      | — | — | — | — | —    | —    | —    | —    | —    |
| Total <sup>6</sup>           | — | — | — | — | 10.5 | 5.7  | 8.8  | 5.8  | 7.9  |
| Gross capital formation      | — | — | — | — | 9.5  | 4.4  | 6.5  | 5.5  | 6.6  |
| Participations               | — | — | — | — | —    | 0.1  | 0.2  | 0.0  | 0.5  |
| Loans (net)                  | — | — | — | — | 0.8  | 0.5  | 1.3  | -0.4 | 0.1  |
| Subsidies                    | — | — | — | — | 0.3  | 0.7  | 0.8  | 0.7  | 0.7  |
| Financing of the deficit:    | — | — | — | — | —    | —    | —    | —    | —    |
| Deficit                      | — | — | — | — | -6.4 | -2.3 | -5.4 | -4.0 | -7.8 |
| Borrowings                   | — | — | — | — | —    | 0.9  | 2.0  | 1.7  | 1.2  |
| Foreign aid                  | — | — | — | — | 2.8  | 0.8  | 0.2  | 0.5  | 2.3  |
| Stabilization fund surpluses | — | — | — | — | —    | —    | 4.5  | 1.0  | 1.1  |
| Treasury                     | — | — | — | — | 2.7  | 0.1  | -1.8 | 1.5  | 3.3  |
| Other sources of finance     | — | — | — | — | 0.9  | 0.6  | 0.5  | -0.8 | 0.0  |

1. Internal and external borrowings.

2. Financed by monetary means (Treasury 'im passe').

3. Excluding depreciation on the debt.

4. Including Senegal's share of the cost of technical assistance.

5. Net of inter-government transfers.

6. Including investments financed by foreign aid.

Source: IBRD report, Table 33.

Source: BCEAO Bulletin 159 (February 1969); speech by M. J. Collin, finance minister.

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*Table 34. Senegal: Foreign Trade, 1964-8*  
(000 m. francs at current values)

|  | 1964          | 1965          | 1966          | 1967          | 1968          |
|--|---------------|---------------|---------------|---------------|---------------|
| <i>Imports</i>   |               |               |               |               |               |
| 1. Food products   | 15.8          | 14.8          | 14.2          | 14.5          | 16.2          |
| of which corn  | (1.2)         | (1.3)         | (1.7)         | (1.4)         | (1.4)         |
| rice   | (4.9)         | (4.5)         | (4.3)         | (5.5)         | (7.0)         |
| millet   | (0.3)         | (0.4)         | (0.1)         | (0.1)         | (0.1)         |
| sugar  | (3.5)         | (3.0)         | (2.3)         | (2.1)         | (1.9)         |
| milk   | (1.1)         | (1.1)         | (1.3)         | (1.2)         | (1.4)         |
| 2. Oil products  | 2.0           | 2.5           | 1.0           | 0.3           | 1.4           |
| 3. Raw materials   | 0.8           | 1.8           | 2.1           | 2.3           | 2.3           |
| 4. Semi-finished goods                                   | 5.4           | 4.3           | 4.7           | 5.2           | 5.8           |
| 5. Capital equipment<br>(of which vehicles)              | 5.6<br>(1.4)  | 4.8<br>(1.1)  | 4.8<br>(1.5)  | 5.7<br>(1.5)  | 6.7<br>(1.8)  |
| 6. Manufactured consumer<br>goods<br>(of which textiles) | 12.8<br>(4.5) | 11.4<br>(3.8) | 11.4<br>(3.9) | 11.0<br>(3.6) | 12.1<br>(4.8) |
| <b>TOTAL</b>   | <b>42.4</b>   | <b>39.6</b>   | <b>38.2</b>   | <b>39.0</b>   | <b>44.5</b>   |
| <i>Exports</i>   |               |               |               |               |               |
| 1. Groundnuts and<br>derivatives                         | 23.5          | 24.9          | 28.6          | 26.3          | 26.9          |
| 2. Phosphates  | 2.4           | 2.6           | 2.6           | 2.6           | 2.6           |
| 3. Tinned fish   | 1.1           | 1.1           | 1.3           | 1.5           | 1.6           |
| 4. Flours and derivatives                                | 0.9           | 0.7           | 0.9           | 0.5           | 0.7           |
| 5. Other products  | 2.3           | 2.4           | 3.4           | 3.0           | 5.6           |
| <b>TOTAL</b>   | <b>30.2</b>   | <b>31.7</b>   | <b>36.8</b>   | <b>33.9</b>   | <b>37.4</b>   |

Sources: *Bulletins statistiques.*

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*Table 35. Senegal: Public Foreign Aid, 1964-8*  
(000 m. francs at current values)

|                                  | 1964        | 1965        | 1966        | 1967        | 1968        |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| <i>I. Current aid</i>            |             |             |             |             |             |
| French technical assistance      | 5.2         | 5.2         | 6.1         | 6.3         | 6.2         |
| Other technical assistance       | 0.2         | 0.3         | 0.4         | 0.8         | 0.8         |
| Price support (EEC)              | —           | 1.1         | 1.5         | 0.3         | 0.7         |
| <b>TOTAL</b>                     | <b>5.4</b>  | <b>6.6</b>  | <b>8.0</b>  | <b>7.4</b>  | <b>7.7</b>  |
| <i>2. Aid in capital, grants</i> |             |             |             |             |             |
| France                           | 1.5         | 1.2         | 0.5         | 0.7         | 0.6         |
| European Economic<br>Community   | 1.7         | 1.9         | 1.5         | 2.0         | 1.1         |
| Other                            | 0.8         | 0.8         | 1.6         | 1.3         | 1.0         |
| <b>TOTAL</b>                     | <b>4.0</b>  | <b>3.9</b>  | <b>3.6</b>  | <b>4.0</b>  | <b>2.7</b>  |
| <i>3. Aid in capital, loans</i>  |             |             |             |             |             |
| France                           | 0.5         | 0.6         | 1.0         | 0.3         | 1.9         |
| IBRD and IDA                     | —           | —           | —           | 0.4         | 0.3         |
| Western Germany                  | 0.5         | —           | —           | —           | —           |
| <b>TOTAL</b>                     | <b>1.0</b>  | <b>0.6</b>  | <b>1.0</b>  | <b>0.7</b>  | <b>2.2</b>  |
| <b>GRAND TOTAL</b>               | <b>10.4</b> | <b>11.1</b> | <b>12.6</b> | <b>12.1</b> | <b>12.6</b> |

Source: IBRD report, Table 23.

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Table 36. Senegal: Balance of Payments, 1965-8  
(000 m. francs, at current values)

|   | Annual average<br>1965-8 | Tendencies and<br>observations  |
|---|--------------------------|---|
| <b>Resources</b>                                  |                          |   |
| <b>Current:</b>                                   |                          |   |
| Exports and transit                               | 43.8                     | } 50.7 very slow growth<br>stable except for<br>development of<br>tourism |
| Foreign personnel,<br>tourists                    | 4.9                      |   |
| Pensions and transfers<br>from Senegalese workers | 2.0                      |   |
| <b>Foreign contribution:</b>                      |                          |   |
| (a) current                                       | 6.5                      | } 10.3 will depend on<br>technical<br>assistance                          |
| (b) development of<br>public finances<br>grants   | 3.6                      |   |
| loans   | 1.1                      | } 3.8 decrease<br>increase  |
| Less depreciation on the<br>debt                  | -0.9                     |   |
| (c) private capital<br>depreciation               | (5.0)                    | } 12.5 depends on<br>'profitable'<br>foreign<br>investment                |
| new foreign capital                               | 7.5                      |   |
| (d) reduction in foreign<br>assets                | 1.9                      |   |
| <b>TOTAL</b>                                      | <b>75.4</b>              |   |
| <b>Expenditure</b>                                |                          |   |
| Imports   | 46.8                     | } 50.3 slow growth<br>slow growth   |
| Travel, embassies, etc.                           | 3.5                      |   |
| Gross transfers from profits<br>and savings       |                          | } 25.1 stable   |
| individual savings                                | 7.0                      |   |
| depreciation                                      | (5.0)                    |   |
| net company profits                               | 13.1                     |   |

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Table 37. Mauritania: Investment, 1963-7  
(000 m. francs at current values)

(a) Actual Gross Investment 1 July 1963-1 July 1967

|  | Public<br>Amount | %           | Private<br>Amount | %           |
|--|------------------|-------------|-------------------|-------------|
| Agriculture, livestock                     | 1,176            | 14.2        | 107               | 0.6         |
| Mines                                      | 262              | 3.2         | 11,293            | 61.3        |
| Fisheries                                  | 970              | 11.7        | 3,110             | 16.9        |
| Infrastructure, transport                  | 2,376            | 28.7        | —                 | —           |
| Services, trade                            | 334              | 4.0         | 1,765             | 9.6         |
| Education, health                          | 1,197            | 14.5        | —                 | —           |
| Urban development,<br>housing              | 1,072            | 12.9        | 1,290             | 7.0         |
| Administration, building,<br>miscellaneous | 525              | 6.4         | 650               | 3.5         |
| <b>TOTAL</b>                               | <b>7,912</b>     | <b>95.6</b> | <b>18,215</b>     | <b>98.6</b> |

(b) Financing

|                            | Foreign       | National     |
|----------------------------|---------------|--------------|
| Public sector: FAC         | 3,934         | —            |
| FED                        | 2,739         | —            |
| Borrowings                 | 526           | 105          |
| Capital investment budget  | —             | 350          |
| Miscellaneous              | 446           | 178          |
| <b>Total public sector</b> | <b>7,645</b>  | <b>633</b>   |
| <b>private sector</b>      | <b>16,020</b> | <b>2,409</b> |
| <b>TOTAL</b>               | <b>23,665</b> | <b>3,042</b> |

(c) Annual Implementation

|              | 1963 <sup>1</sup> | 1964         | 1965         | 1966         | 1967 <sup>2</sup> |
|--------------|-------------------|--------------|--------------|--------------|-------------------|
| Public       | 887               | 1,447        | 1,595        | 2,609        | 1,740             |
| Private      | 4,602             | 4,095        | 6,410        | 3,202        | 120               |
| <b>TOTAL</b> | <b>5,489</b>      | <b>5,542</b> | <b>8,005</b> | <b>5,811</b> | <b>1,860</b>      |

1. July to December.

2. January to June.

Source: Plan quadriennal 1963-67, Bilan d'exécution, Nouakchott, duplicated.

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*Table 38. Mauritania: Public Finances*  
(000 m. francs at current values)

(A) *Budgetary Operations*

|                               | 1965       | 1966<br>(actual figures) | 1967       | 1968<br>(estimate) |
|-------------------------------|------------|--------------------------|------------|--------------------|
| Ordinary Budget               |            |                          |            |                    |
| (a) Revenue                   | 4,572      | 4,735                    | 5,189      | 5,971              |
| (of which mining concessions) | 1,196      | 1,652                    | 1,455      | 1,530              |
| (b) Expenditure               |            |                          |            |                    |
| Wages, pensions etc.          | 2,401      | 2,500                    | 2,725      | 3,151              |
| Equipment                     | 1,001      | 891                      | 1,103      | 1,263              |
| National Debt                 | 214        | 397                      | 301        | 373                |
| Total expenditure             | 4,164      | 4,409                    | 4,965      | 5,971              |
| (c) Surpluses                 | 408        | 326                      | 224        | —                  |
| Investment Budget             |            |                          |            |                    |
| Infrastructure                | 175        | 302                      | 247        | 190                |
| Government buildings          | 87         | 375                      | 395        | 696                |
| Participations                | 20         | 59                       | 262        | 88                 |
| Miscellaneous                 | 9          | 25                       | 18         | 78                 |
| <b>TOTAL</b>                  | <b>291</b> | <b>761</b>               | <b>922</b> | <b>1,052</b>       |

(B) *Treasury Operations*

|   | 1965 | 1966   | 1967 |
|---|------|--------|------|
| (a) Deficit or surplus on the ordinary budget | 74   | -205   | 114  |
| (b) Investment budget                         | -291 | -761   | -922 |
| (c) Extra-budgetary operations <sup>1</sup>   | 688  | -123   | 596  |
| (d) Total charge on the Treasury (a + b + c)  | 471  | -1,089 | -212 |

Financing

|  |      |      |      |
|--|------|------|------|
| French contribution to the investment budget         | —    | 600  | 500  |
| Variation in Treasury deposits and customs revenue   | 208  | -402 | -63  |
| Variation in Treasury assets in reserves or in banks | -679 | 891  | -225 |

1. Exceptional revenue from MIFERMA not anticipated in the budget or budget overestimate of revenue from MIFERMA.

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*Table 39. Mauritania: Balance of Payments*

(a) *Official balance of payments* (000 m. francs at current values)

|  | 1965        | 1966        | 1967        |
|--|-------------|-------------|-------------|
| <i>Credit</i>                          |             |             |             |
| Exports                                | 16.4        | 19.1        | 19.6        |
| Public transfers:                      |             |             |             |
| Technical assistance                   | 0.3         | 0.4         | 0.5         |
| Current transfers                      | 1.4         | 1.8         | 2.1         |
| Capital                                | —           | —           | 0.3         |
| Private capital                        |             |             |             |
| long term <sup>1</sup>                 | -0.9        | -3.3        | -1.2        |
| short term                             | 0.7         | -0.5        | 0.5         |
| Errors and omissions                   | 1.0         | 1.8         | -4.1        |
| <b>TOTAL</b>                           | <b>18.9</b> | <b>19.3</b> | <b>20.4</b> |
| <i>Debit</i>                           |             |             |             |
| Imports                                | 14.9        | 14.4        | 15.1        |
| Income from investments                | 1.7         | 1.6         | 1.9         |
| Various private services <sup>2</sup>  | 2.0         | 2.3         | 2.9         |
| Various private transfers <sup>3</sup> | 0.5         | 0.7         | 0.6         |
| Foreign assets:                        |             |             |             |
| Central Bank                           | -0.2        | -0.5        | 0.4         |
| Commercial banks                       | —           | 0.8         | -0.5        |
|  | <b>19.3</b> | <b>20.3</b> | <b>21.4</b> |

1. MIFERMA's repayments of its foreign debt.
2. Including interest on the foreign debt and payment for foreign services by the mining companies.
3. Foreign technicians' savings.

Source: IMF.

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(b) *Payments under foreign aid* (000 m. francs at current values)

|                                   | a = in Mauritania |              | b = abroad   |              | 1967         |              |
|-----------------------------------|-------------------|--------------|--------------|--------------|--------------|--------------|
|                                   | 1965              |              | 1966         |              | a            | b            |
|                                   | a                 | b            | a            | b            |              |              |
| France                            |                   |              |              |              |              |              |
| FAC                               | 344               | 280          | 564          | —            | 620          | 86           |
| budget subsidy                    | —                 | —            | —            | 600          | 500          | —            |
| Technical assistance <sup>1</sup> | -139              | 553          | -105         | 703          | -109         | 725          |
| FED                               | 631               | 130          | 368          | 195          | 708          | 112          |
| Other sources                     | 19                | 46           | 42           | 109          | 53           | 113          |
| <b>TOTAL</b>                      | <b>1,123</b>      | <b>1,009</b> | <b>1,079</b> | <b>1,607</b> | <b>1,990</b> | <b>1,036</b> |

1. 35% credited abroad and 65% to Mauritania, after deducting the contribution paid by Mauritania (30,000 francs per worker per month).

(c) *Foreign National Debt* (000 m. francs at current values)

|                 | as at 31.12.65 | as at 31.12.67 | Depreciation and interest paid 1967 |
|-----------------|----------------|----------------|-------------------------------------|
| CCCE            | 2,040          | 1,913          | 183                                 |
| French Treasury | 22             | 16             | 2                                   |
| FAC             | —              | 230            | —                                   |
| AID             | —              | 221            | —                                   |
| <b>TOTAL</b>    | <b>2,062</b>   | <b>2,380</b>   | <b>185</b>                          |

*Table 40. Ivory Coast: Economic Statistics 1960-68*  
(000 m. francs at current values)

|                               | 1960  | 1964  | 1965  | 1966  | 1967  | 1968  |
|-------------------------------|-------|-------|-------|-------|-------|-------|
| Gross domestic production     | 130.5 | 216.8 | 214.0 | 232.7 | 247.3 | 289.1 |
| Gross domestic product        | 142.6 | 239.7 | 239.6 | 258.0 | 275.7 | 320.4 |
| Agriculture                   |       |       |       |       |       |       |
| Consumed locally              | 28.0  | —     | 36.5  | 35.4  | 36.5  | 99.1  |
| Marketed                      | 33.0  | —     | 47.8  | 52.7  | 49.6  | 63.5  |
| Industry                      | 13.8  | —     | 29.8  | 38.2  | 40.7  | —     |
| Crafts                        | 6.1   | —     | 10.8  | 12.1  | 14.5  | —     |
| Transport and services        | 16.2  | —     | 33.4  | 33.7  | 38.4  | 126.5 |
| Trade                         | 33.4  | —     | 55.6  | 58.5  | 67.6  | —     |
| Gross fixed capital formation | 19.1  | —     | 43.6  | 47.1  | 49.8  | 58.9  |
| Government consumption        | 5.7   | —     | 9.6   | 10.6  | 11.5  | 12.8  |
| Exports                       | 44.4  | —     | 70.9  | 78.3  | 82.5  | 108.4 |
| Imports                       | 34.1  | —     | 63.7  | 67.8  | 72.2  | 85.5  |
| Consumer price index          | 100   | 114   | 118   | 125   | 123   | 132   |
| Population (000s)             | 3,735 | 4,165 | 4,300 | 4,430 | 4,560 | 4,690 |

Source: *Les Comptes de la nation*, revised accounts, Abidjan, 1969.

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Table 41. Ivory Coast: Industry 1962-9

|   | Turnover<br>(000 m. f.<br>current<br>values) |             | No. of<br>firms<br>in<br>1968 |             | Total<br>invest-<br>ment to<br>1968<br>(000 m. f.) |            | No. of<br>workers<br>paid in<br>1968<br>(000 m. f.) |  |
|---|--|-------------|-------------------------------|-------------|--|------------|---|--|
| Food industries                               | 5.9  | 20.4        | 97                            | 11.3        | 6,483  | 1.5        |   |  |
| Mining  | 1.4  | 1.3         | 4                             | 3.6         | 1,362  | 0.5        |   |  |
| Metals  | 1.9  | 6.2         | 30                            | 2.1         | 1,862  | 0.8        |   |  |
| Chemicals, fats,<br>rubber                    | 3.0  | 8.9         | 33                            | 5.0         | 2,198  | 0.7        |   |  |
| Wood  | 2.6  | 9.1         | 73                            | 5.3         | 7,500  | 2.5        |   |  |
| Textiles                                      | 2.2  | 10.2        | 24                            | 6.4         | 5,412  | 1.4        |   |  |
| Construction<br>materials                     | 1.0  | 2.6         | 10                            | 1.6         | 626  | 0.2        |   |  |
| Miscellaneous                                 |  | 3.6         | 34                            | 2.1         | 1,960  | 0.7        |   |  |
| <b>Total<br/>manufacturing<br/>industries</b> | <b>18.0</b>                                  | <b>62.1</b> | <b>305</b>                    | <b>37.4</b> | <b>27,404</b>                                      | <b>8.3</b> |   |  |
| Power and water                               | 1.9  | 9.7         | 4                             | 19.7        | 1,705  | 1.3        |   |  |
| <b>GRAND TOTAL</b>                            | <b>19.9</b>                                  | <b>71.8</b> | <b>309</b>                    | <b>57.1</b> | <b>29,109</b>                                      | <b>9.6</b> |   |  |

Source: Principales industries ivoiriennes, Ivory Coast Chamber of Industry, 1969.

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Table 42. Ivory Coast: Public Finances 1965-7

(000 m. francs at current values)

|  | 1965 | 1966 | 1967  |
|--|------|------|-------|
| <i>Allocated income</i>                      |      |      |       |
| to the general budget                        | 36.1 | 40.1 | 38.9  |
| to the BSIE                                  | 7.0  | 7.7  | 7.4   |
| to the autonomous depreciation<br>fund (CAA) | 4.2  | 4.4  | 4.6   |
| <i>Expenditure</i>                           |      |      |       |
| General budget                               | 34.6 | 38.4 | 41.0  |
| Servicing of debt (CAA)                      | 4.5  | 3.9  | 4.9   |
| Treasury accounts                            | -0.7 | 2.2  | 0.9   |
| BSIE   | 11.5 | 13.7 | 16.5  |
| Overall deficit                              | -2.6 | -6.0 | -12.4 |
| <i>Financing</i>                             |      |      |       |
| Contributions from the Stabilization<br>Fund | —    | 1.3  | 3.0   |
| Long-term borrowings:                        |      |      |       |
| internal                                     | 0.2  | 0.3  | 0.3   |
| foreign                                      | 2.0  | 2.1  | 1.4   |
| Credit suppliers                             | 3.5  | 3.2  | 3.6   |
| Advances from the BCEAO                      | —    | 1.2  | 1.5   |
| Variations in the Treasury deposits          | -5.1 | -3.1 | 2.5   |
| Variations in Treasury reserves              | 2.0  | 1.0  | 0.1   |



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*Table 43. Ivory Coast: Official Balance of Payments 1963-8*

|  | 1963 | 1964 | 1965 | 1966 | 1967 | 1968  |      |
|--|------|------|------|------|------|-------|------|
| <i>Income</i> (000 m. francs at current values)      |      |      |      |      |      |       |      |
| Exports  | 57.4 | 73.2 | 68.4 | 76.7 | 80.3 | 104.9 |      |
| Public transfers                                     | 4.4  | 4.2  | 5.4  | 4.8  | 3.6  | 3.8   |      |
| Capital: private sector                              | 4.7  | 4.9  | 3.0  | 3.0  | 3.0  | 1.8   |      |
| public sector  | 1.2  | 1.1  | 3.4  | 0.7  | 0.1  | 4.8   |      |
| <i>Expenditure</i> (000 m. francs at current values) |      |      |      |      |      |       |      |
| Imports  | 41.9 | 58.1 | 58.3 | 63.6 | 65.1 | 77.6  |      |
| Income from investment                               | 5.1  | 7.0  | 6.6  | 8.4  | 8.9  | 9.5   |      |
| Various private transfers                            | 3.6  | 5.0  | 3.7  | 5.8  | 6.2  | 7.5   |      |
| Private transfers of savings                         | 5.4  | 7.3  | 7.5  | 8.7  | 8.9  | 9.2   |      |
| <i>Volumes and prices</i> (indices)                  |      |      |      |      |      |       |      |
|  | 1962 | 1963 | 1964 | 1965 | 1966 | 1967  | 1968 |
| Volume of exports                                    | 84   | 100  | 120  | 117  | 115  | 107   | 137  |
| Prices: coffee                                       | 99   | 100  | 116  | 104  | 124  | 127   | 124  |
| cocoa  | 92   | 100  | 103  | 76   | 93   | 117   | 141  |
| <i>Foreign Aid</i> (000 m. francs at current values) |      |      |      |      |      |       |      |
|  |      | 1964 | 1965 | 1966 | 1967 |       |      |
| French technical assistance value of services        |      | 2.3  | 2.6  | 3.0  | —    |       |      |
| Ivory Coast contribution                             |      | -0.9 | -1.1 | -1.5 | —    |       |      |
| FAC: grants  |      | 1.4  | 1.0  | 1.5  | 1.6  |       |      |
| France: other grants                                 |      | 0.1  | 0.4  |      |      |       |      |
| EEC: grants  |      | 1.5  | 2.3  | 2.6  | 1.7  |       |      |
| USA: grants  |      | 0.3  | 0.2  | 0.1  | —    |       |      |
| Israel: technical assistance                         |      | —    | 0.1  | 0.2  | —    |       |      |
| Grants from private institutions                     |      | —    | 0.1  | 0.2  | —    |       |      |
| <i>Less</i>  |      |      |      |      |      |       |      |
| contributions to international organizations         |      | 0.5  | 0.2  | 0.3  | —    |       |      |
| current transfers abroad                             |      | —    | —    | 1.0  | —    |       |      |
| <b>NET TOTAL</b>                                     |      | 4.2  | 5.4  | 4.8  | —    |       |      |

*'Liberal' Solutions: The 'Rich' Countries*

*Table 44. Ivory Coast: Employment 1960-67*

(a) *Numbers in paid employment 1964-7*

|                 | Total number of employees (units) |                | National origin (%)               |             |              |            |
|-----------------|-----------------------------------|----------------|-----------------------------------|-------------|--------------|------------|
|                 | 1964                              | 1967           | Africans from outside Ivory Coast |             | Non-Africans |            |
|                 | 1964                              | 1967           | 1964                              | 1967        | 1964         | 1967       |
| Management      | 1,649                             | 1,616          | 4.5                               | 1.5         | 85.4         | 91.3       |
| Technicians     | 2,947                             | 2,915          | 2.5                               | 3.9         | 81.7         | 81.7       |
| Foremen         | 3,265                             | 4,298          | 11.1                              | 10.4        | 60.5         | 54.9       |
| Clerical        | 18,943                            | 18,605         | 21.9                              | 21.6        | 8.4          | 9.9        |
| Skilled workers | 27,565                            | 38,275         | 30.0                              | 30.8        | 0.8          | 0.7        |
| Labourers       | 57,880                            | 63,975         | 66.3                              | 65.7        | —            | —          |
| <b>TOTAL</b>    | <b>112,249</b>                    | <b>129,684</b> | <b>45.7</b>                       | <b>45.1</b> | <b>6.8</b>   | <b>6.4</b> |

Source: Ministry of Labour.

(b) *Numbers in paid employment 1960-67 (000s)*

|   | 1960         | 1964         | 1965         | 1966         | 1967         |      |
|---|--------------|--------------|--------------|--------------|--------------|------|
| <i>Private sector</i>                         |              |              |              |              |              |      |
| Agriculture, forestry, fisheries <sup>1</sup> |              | 78.4         | 90.3         | 91.0         | 91.6         | 92.1 |
| Industry, electricity                         |              | 11.1         | 25.1         | 27.1         | 29.4         | 32.6 |
| Building and construction                     |              | 16.3         | 16.5         | 15.4         | 13.1         | 18.5 |
| Transport                                     |              | 13.4         | 16.9         | 19.0         | 19.9         | 21.3 |
| Trade and services                            |              | 25.6         | 30.1         | 33.9         | 31.3         | 33.8 |
| <i>Public sector</i>                          |              | 24.9         | 30.0         | 30.4         | 35.9         | 37.5 |
| <b>TOTAL</b>                                  | <b>169.7</b> | <b>208.9</b> | <b>216.8</b> | <b>221.2</b> | <b>235.8</b> |      |

1. 'Modern' sector only.

Source: IMF.

## 7 'Liberal' Solutions: The 'Poor' Countries. The Struggle to Balance the Budget

In the four 'poor' countries, or those in which development under colonialism did not get very far, the problem of the public finances exercises a stranglehold on economic progress. At the cost of maintaining the 'liberal' policy of the colonial period, the foreign balance - France's only concern, because it guarantees the stability of the CFA franc - remains more or less solvent. But the cost of keeping the balance in equilibrium is heavy, and involves economic stagnation. As a result, the contradictions of the system are increasing. They find expression in symptoms such as the growth in urban unemployment, a fall in the standard of living in rural areas, the repeated financial crises which are a constant feature of political life, and the insufficient numbers of trained personnel. The African states are not responsible for a system which is the direct result of colonial economic policies, since they were themselves created to meet the demands of the system.

### I. UPPER VOLTA

#### (i) *Investment and Public Expenditure*

Between 1960 and 1970 the gross domestic product rose from 47,000 m. to 55,000 m. francs at constant 1964 prices, giving an annual growth rate of 1.8%, or only 0.5% higher than the growth rate of the resident population. The economic statistics produced by SEDES for the period 1954-9 claim a rate of 5% a year for that period, with an increase in the GDP from 36,000 m. to 43,000 m. francs at 1959 prices. These estimates, however, are very doubtful. Nothing in the colonial period can explain such results, except 'administrative' statistics of a non-commercialized production about which there was little quantitative information. Since the same estimates were the basis of 'perspectives'

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for 1960-75 which, as we shall see, were a complete fantasy, it is only reasonable to reject once and for all the conclusions of the figures for 1954-9.

Between 1954 and 1959 there was definitely an increase in the volume of investment: according to the official figures, from 2,000 m. to 3,600 m. francs at 1959 prices, or from 5.6% to 8.3% of the GDP. And there is no doubt about these figures for investment, because they represent for the most part work on infrastructure which, with the beginning of the FIDES plans, made definite progress. The low level of commercialization in the rural economy, however, indicates that this investment had no effect as a stimulus. The same is also true for the last decade. During this period, at current prices, public investment financed by the local budget ran at between 500 m. and 1,100 m. francs a year; while investment financed by foreign aid rose from an annual average of 2,000 m. francs for the period 1960-3, to figures of between 2,000 m. and 4,000 m. francs a year between 1964 and 1970.

The whole of this investment concerned 'rural development', the infrastructure and investment in the social services. There was also 'private' investment - in small industry, commercial installations, lorries and housing - about which little information is available, but which, given the stagnation of the modern sector, is unlikely to have increased rapidly. A volume of gross investment at current prices rising from 4,500 m. to 6,500 m. francs between 1960 and 1970, or from 4,500 m. to no more than 5,000 m. at constant prices, is the most serious estimate. This would mean that, as a proportion of the GDP, the share of investment would have been between 8 and 9%. The first Four-Year Plan (1967-70) anticipated 33,000 m. francs worth of investment, financed almost entirely by foreign sources and distributed in accordance with the proportions 'traditional' in the country. This would have produced a modest growth of 4% a year.

The policy of building up the infrastructure might make sense in the framework of a large area, like that of the former French West African empire, where the 'rich' developed regions financed the administration and the equipment of 'reserves' whose development would take place later. But continuing this policy

within the limits of a small independent state can only create insoluble problems for the treasury, without inducing automatic growth.

These permanent problems of public finance are characteristic of independent Upper Volta.<sup>1</sup> Current public expenditure rose from 6,500 m. francs at current values in 1961 to 8,100 m. in 1966: a growth rate of 5%, which, allowing for price increases, is modest. It was, nevertheless, enough to produce insurmountable difficulties for the Yaméogo regime, and finally its fall. The deflation produced by the regime which followed – a reduction in expenditure to 7,100 m. and then 7,300 m. francs at current values in 1967 and 1968 – could not be maintained for long; and by 1970 expenditure had again reached the level of 8,900 m. francs. Such was little enough, in fact, at 15% of the GDP. It was also difficult to talk of inflation in the number of civil servants, whose numbers increased only from 11,000 to 13,000 between 1962 and 1965, at a period of ‘lavish’ expenditure. Earnings, frozen for a long time, have now been reduced by the Lamizana government. This dismal austerity is the price of maintaining a state with scarcely any prospect of economic viability.

In an economy with such a small monetary sector taxable commodities are so few that local finances have never reached a structural equilibrium. Until 1966 the deficit was permanent, fluctuating between 1,200 m. and 3,000 m. francs annually, and covered by regular foreign aid. The military regime has certainly managed to wipe out this deficit, by a reduction in expenditure and a remarkable increase in the rate of taxation, which rose from 12% of the GDP to at least 14% from 1966 onwards. But what has been the cost? And if the material base of the economy continues to stagnate, how will it be possible to hold down permanently a public expenditure that reflects elementary needs in the modern world?

The commercial infrastructure itself is very inadequate: so much so that here, as in Congo-Brazzaville, the state, independently of its ideological tendency, had to intervene in 1960 to

1. See Table 45.

make up for the absence of private trading structures in many areas. OFCOM, the Upper Volta Produce Marketing Board, set up in 1960 to collect produce, CSPHV, the Upper Volta Price Stabilization Fund, set up in 1961 to subsidize marketing, and CCCHV, the Upper Volta Central Consumer Cooperative, set up in 1962 to supply villages with basic goods, all inevitably operated at a loss. Their losses – cumulative total of 465 m. francs between 1961 and 1967, when SOVOLCOM, the Upper Volta Marketing Board, took over the functions of both OFCOM and the CCCHV – cannot be attributed only to failures in management.

This situation exposes the absurdity of the ‘Perspectives’, which predicted growth rates never achieved in the country without putting forward a strategy capable of attaining them. Among much else, they even predicted a local financing capacity, growing in both absolute and relative terms, which would take over from foreign sources and bring about the ‘take-off’ of the Ivory Coast’s Voltaic hinterland in 1975!

(ii) *The Balance of Payments and Foreign Equilibrium*

There is still little information available on Upper Volta’s foreign trade. According to the IMF handbook, recorded exports rose from 1,700 m. francs in 1962 to 5,300 m. in 1968, and recorded imports from 8,600 m. to 10,100 m. But only a small fraction of livestock exports are recorded, and some imports ultimately find their way to Ghana and Mali. Such was true especially during the life of the Nkrumah and Modibo Keita regimes, when these two countries experienced difficulties over food imports. The official economic statistics for 1964 put the value of real exports at 3,500 m. francs and of real imports at 11,100 m. According to the *Rapport économique* produced at Ouagadougou for 1965, real exports for 1961, 1962 and 1963 were worth 2,300 m., 3,700 m. and 4,100 m. francs; and real imports, 7,200 m., 8,900 m. and 9,600 m. francs. We suggested 1959 figures of 2,900 m. francs for exports (including 100,000 cattle and 200,000 sheep and goats, worth 2,300 m.) and 6,500 m. for imports, excluding re-exports. The official figures for 1954–9

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estimated a steady rise in real exports during the period, from 3,100 m. francs in 1954 to 3,700 m. in 1959; and in imports, from 6,900 m. to 9,500 m. francs.

It is difficult to calculate Upper Volta's real exports. Until 1960 the bulk of them was livestock. Growth, which continued during the last decade, was at the rate of 3% a year. Thus exports of cattle – net of imports – rose from 90,000 head in 1954 to 100,000 in 1959 and 140,000 in 1970; exports of sheep and goats, from 180,000 to 200,000 and 280,000. At 1959 real prices (18,500 francs apiece for cattle and 2,100 for sheep and goats) this gives net exports of live animals rising from 2,000 m. francs in 1954 to 3,200 m. in 1970. In 1954 the current real prices must have been lower than those of 1959 (by about 20%); they rose by about 25% between 1960 and 1970. Exports of agricultural produce (oilseeds and cotton) rose sharply after 1960, thanks, above all, to cotton. But small exports of gold disappeared after 1966. Imports, excluding re-exports, rose at an average annual rate of 3% between 1962 and 1968.<sup>2</sup>

The current trade deficit seems to have been relatively stable. Around 3,600 m. francs in the last few years before independence, it stabilized at about 5,000 m. during the decade 1960–70. This deficit also corresponds roughly to the public foreign contribution. The stability of the trade deficit reflects an increase in the proportion of imports covered by exports.

The other elements in the balance of payments are quite well known. The foreign public contribution (development aid; subsidies and loans to the treasury; and technical assistance less Upper Volta's contribution) rose to 13,200 m. francs for the period 1959–63, and then settled down at between 4,100 m. and 5,000 m. francs a year between 1964 and 1968. In fact, however, less than 60 per cent of this contribution was allocated to development. To this public revenue should be added 5,000 m. francs a year, in military pensions paid by France to veterans (2,000 m.); remittances from Upper Volta workers temporarily abroad (2,500 m.); and the miscellaneous expenditure of embassies, tourists and so on (500 m.). Finally we must subtract the approximate total of net private transfers, at around 4,000 m. francs:

2. See Table 46.

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the movement of net foreign assets having been slightly positive (an increase of 1,340 m. francs between 1962 and 1968).<sup>3</sup>

We thus reach a result proportionately comparable with that for the other countries of West Africa. About 1,500 m. francs represents the savings transferred by the 5,000 Europeans of the country; 1,000 m., the profits of companies; and 1,500 m., the profits of individually-owned businesses belonging to Lebanese or *petits-blancs*. For this poor and stagnant country the amount drawn off by foreign capital is far from insignificant.

## 2. NIGER

### (i) *Investment and the Public Finances*

According to the economic statistics for 1960–4, the volume of gross investment rose from 4,600 m. francs at current values in 1960 (9.2% of the GDP) to 8,900 m. in 1964 (13.8% of the GDP). The growth of public investment, however, remained modest (2,000 m. francs in 1960 and 2,500 m. in 1964); while the growth rate of private investment (from 2,600 m. to 6,400 m.) was inflated by including the growth of livestock.

Nevertheless, a serious effort at planning was made in Niger. The first Four-Year Plan (1961–4) anticipated investment to a total value of 30,100 m. francs; and 25,200 m. was spent. The second Plan (1965–8) anticipated investments to a total value of 43,200 m. francs; and apparently 30,000 m. was spent. The forecast in the third Plan (1969–72) was for 47,800 m. The actual growth in investment, which seems to be about 5% a year, is in fact parallel to the growth of the GDP.<sup>4</sup>

Almost the whole of public investment was financed by foreign aid. Local private capital supported little more than the building of houses and the provision of some transport equipment (lorries). Despite the very liberal investment code adopted in 1961, foreign capital did not come, except for the working of uranium. The result is that in almost every field, developments have been the work of joint state and privately owned companies. The economic and social infrastructure (roads and power,

3. See Table 47.

4. See Table 48.

education and especially urban development) has absorbed about 60% of the investment carried out during the decade. In the 'directly productive' sectors, agriculture and livestock-rearing have received more than half the resources; and industry only 15% of total investment.

The foreign public contribution received by Niger between 1960 and 1968 rose to a total of 29,000 m. francs (an annual average of about 3,700 m., rising from 2,600 m. a year to 4,800 m. at current values). And of this, 16,700 m. was allocated to investment (an annual average of 2,100 m., rising from 1,200 m. to 3,400 m. between 1960 and 1968). The balance, 12,600 m. francs (a relatively stable annual average of 1,500 m.), represents the various sources of regular public aid: budget subsidies from France and the Entente Council; technical assistance (allowing for costs borne by Niger); various additional forms of aid (scholarships, etc.); and finally price support for groundnuts and cotton provided by the FED to promote 'the diversification of crops'. But part of this current aid - France's budget subsidies - is allocated to the local capital investment budget, which was gradually increased from 500 m. francs in 1960 to 900 m. in 1969-70. We may conclude from this that in fact all public investment has been financed by foreign public aid. The third Plan (1969-72) will be seen naturally, like the others, as a collection of projects submitted to the approval of the paymasters. Of an anticipated 47,800 m. francs of investment, 38,300 m. will be financed from abroad.

Since almost all foreign aid, until recent years, was provided in the form of gifts, the foreign public debt has remained low. At the end of 1966, it had reached 4,600 m. francs (less than 6% of the GDP); and the annual repayments of the debt required 300-400 m. (3.5% of exports). The tendency of recent years, however, has been towards relatively expensive public and private loans (credit suppliers who, by the end of 1966, already accounted for 900 m. francs of indebtedness).

If royalties from uranium are delayed, the public finances may be in difficulties. The current expenditure budget rose gradually from 5,000 m. francs in 1960 to 10,800 m. in 1969-70, to which must be added for the period after 1963 the expenditure of the

collectives (at present 1,000 m), giving a growth rate at current prices of around 9%, or certainly much higher than that in the material base of the economy. Local fiscal and para-fiscal revenue rose from 3,800 m. francs in 1960 to 8,900 m. in 1966-7: a growth rate of 14% a year. The rate of taxation appears to have been sharply raised; but in fact this was largely owing to improved customs control of the frontiers. Since 1966 the increase in revenue has slowed down considerably, as indicated by the stagnation of duties collected by the customs (3,800 m. in 1966; 3,900 m. in 1969). The budget consequently has never ceased to be in deficit; and between 1960 and 1965 there was a deficit on the current expenditure budget in addition to that on the investment budget. The deficit on the current expenditure budget was gradually reduced from 1,200 m. francs in 1960 (24% of all current expenditure) to 200 m. in 1965. The next years were even marked by surpluses on the current expenditure budget: around 600 m. francs, which covered two thirds of the investment budget. The former situation recurred, however, in 1968-9; and the current expenditure budget again went into deficit.<sup>5</sup>

The treasury deficit was covered, as we have seen, by regular foreign aid, given mainly in the form of budget subsidies. This is why the reduction in public assets remained moderate. But in any case the volume of these assets is insignificant, particularly because since 1963 it has been the Development Bank and no longer the treasury which has received the bulk of them (through funds from the post office and semi-public organizations). Since 1960 the treasury seems to have been living on its hopes of future uranium royalties.

(ii) *Foreign Trade and the Balance of Payments*

As with Upper Volta, Niger's foreign trade is only partially under control of the local authorities.<sup>6</sup> Exports of groundnuts and groundnut products (oilcakes and oil), which make up the bulk of recorded exports (cotton is still insignificant), increased, like groundnut production itself, at a rate of 7%: rising from 3,000 m. francs to 6,000 m. between 1960 and 1970, though with considerable fluctuations due to climatic variations. Exports of live-

5. See Table 49.

6. See Table 50.

stock, for which official figures are much less complete, were estimated in 1960 at 180,000 cattle and 520,000 sheep and goats: which, at a price of 12,000 francs apiece for the first and 2,000 for the second, gives a total of 3,200 m. The growth rate of these exports during the decade is estimated at 3% a year, with an increase in prices of 10%; which brings their total value to 4,600 m. francs at current values in 1970. The Nigerian civil war seriously disrupted those exports which were destined mainly for the southern parts of the Federation, but since the end of the war Niger's exports have returned to normal. Overall, with a rise from 6,200 m. to 10,600 m. francs at current values, exports increased during the decade at a rate of 5.5% a year.

Without any doubt, the growth rate of imports was much higher. The IMF gives a rate of 8% a year between 1964 and 1966, confirming the figures for recorded imports, which between 1962 and 1968 rose by 7% a year. Illegal imports arriving through Nigeria have been gradually reduced, both through tighter controls and by a cut in duties on the articles giving rise to the most serious evasion. At a growth rate of 7.5% a year, true total imports would have risen from 6,900 m. francs to 14,200 m. at current values between 1960 and 1970. The trade deficit, which grew from 700 m. francs in 1960 to 4,400 m. in 1970, and which is reflected in the falling percentage of the cost of imports covered by exports (from 90 to 75%), has been met by an increasing foreign contribution.

As we have seen, the foreign public contribution, which ran at an average of 3,700 m. francs during the decade, comprises a relatively stable 'current' element of about 1,600 m. francs (budget subsidies; technical assistance - mainly in the form of 520 French workers - and price support from the FED); and an element allocated to investment, which rose fairly regularly, from 1,200 m. francs to 3,400 m. a year between 1960 and 1970.

In addition to these main resources, there were military pensions paid by France, and the expenditure of foreign embassies, institutions and tourists: a total of around 2,000 m. francs. Liabilities consisted of current public transfers (for Niger's embassies; scholarships and missions; payments to the OCDN;

and the national debt) and travel expenditure: a total of about 1,200 m. francs.

This reconstruction of the balance of payments shows a relatively stable figure of about 5,000 m. francs for private transfers.<sup>7</sup> The contribution of foreign private capital, which made possible the financing of industry, took the form of direct investment or credit supplies to joint state and private companies. This contribution represented an annual average of 2,000 m. francs, but varied heavily from year to year. We have ignored the huge investment in the search for and working of uranium at the end of the period, since this was offset by special imports and additional transfers.

The amount of the transfers of private savings and company profits is exactly comparable with that shown by other countries of the region, making due allowance for the number of Europeans (in this case 6,000) and the volume of the product of the non-agricultural economy (in this case, about 20,000 m. francs).

### 3. DAHOMEY

It has never been possible to balance the current expenditure budget of Dahomey, in spite of an increase in the effective rate of taxation from 12 to 15% of the GDP. The treasury deficit has been around 1,500 m. francs a year, equivalent to some 20% of recurrent expenditure! Between 1960 and 1968 the accumulated public deficit increased to 13,400 m. francs, which was financed in the proportions of 8,300 m. by French budget subsidies; 500 m. by advances from the BCEAO and the liquidation of treasury assets; and 5,600 m. by credit from private suppliers. In these circumstances there was never any question of the state's playing a part in financing development.<sup>8</sup>

The 1966 experiment of an 'investment budget' had to be abandoned in 1967, for a return to 'special treasury accounts' labelled 'investment' (the Road Fund, the National Investment Fund, and the Rural Improvement Fund, combined in 1967 into a Special Investment Fund), but which were in fact additional current expenditure budgets. Unable to keep up repayments for

7. See Table 51.

8. See Table 52.

several years, Dahomey set up an Autonomous Depreciation Fund, with the responsibility for gradually taking over the long-term private debt. At the end of 1967 the foreign national debt had reached 10,100 m. francs: with 7,600 m. in debts to other governments, and 2,400 m. in debts to private sources abroad (mainly credit suppliers). This meant a total debt, domestic and foreign, of 15,700 m. francs; or more than 30% of the GDP. In 1969 it was decided to set up a system of tax farming, with commission in proportion to the tax recovered.

The instability of Dahomey's public finance is not, as is sometimes alleged, the result of political instability. The very opposite is true: it is the cause. The deeper reasons are to be sought in the absurdity of balkanization, coming after seventy years of stagnation, not to say regression, under colonialism.

There is still little information available about Dahomey's balance of payments.<sup>9</sup> The official economic statistics for 1959 gave a figure for real imports (excluding re-exports to Niger) of 4,500 m. francs, and for exports, of 3,100 m., with the proportion of the cost of imports covered by exports as 69%. The foreign public contribution was 3,600 m. francs; that of private capital 600 m.; and the balance, representing private transfers, was estimated at 2,700 m. This supported the estimate for the gross profits of the non-African private modern sector, at about 2,200 m., with the addition of 500 m. for the exported savings of foreign households.

Later official figures, for 1963-8, provided much higher estimates, both for exports (a rise from 3,900 m. to 8,800 m. francs between 1963 and 1968) and imports (a rise in the same period from 8,800 m. to 15,700 m. francs), with an average figure for the coverage of imports by exports of only 49%. Recorded trade figures for the period 1961-8 give more modest estimates, 3,500 m. francs for average annual exports and 8,600 m. for imports, but with a coverage figure of only 41%.

In fact, all the indications are that the country's real exports, excluding Niger's re-exports, are insignificant: an average annual value of 3,400 m. francs between 1961 and 1968, at 1967-8 prices for the main exports. 'Illegal' oil-seed exports via Nigeria are

9. See Tables 53 and 54.

in fact very limited. The total of real exports may be put at an annual average of 4,300 m. for the decade. Imports, on the other hand, have been heavily overestimated. If illegal imports via Nigeria and unrecorded imports of livestock from Niger can be put at 15% of all imports, conversely a significant proportion of the imports attributed to Dahomey are ultimately destined for Niger. With an estimate of 8,200 m. francs as an annual average for Dahomey's total real exports during the decade, we have a proportion of import costs covered by exports of only 52%.

To income from exports must be added various items of current revenue (transit costs of goods to and from Niger; pensions paid by France; expenditure in Dahomey by foreign embassies, tourists, etc.) totalling about 2,000 m. francs on annual average. The corresponding miscellaneous items of current expenditure (Dahomey's embassies abroad, travel, students, etc.) come to an annual average of no more than 500 m. francs.

With a foreign public contribution of around 3,900 m. francs a year and an inflow of private capital of 1,200 m., the final balance of payments shows, as for 1959, a volume of private transfers worth about 2,700 m. francs a year.

One last remark needs to be made. It is true that the foreign reserves held by the monetary system remained unchanged between 1962 and 1968 (at 1,800 m. francs, or 22% of the value of imports). But in contrast, the state's indebtedness to local foreign companies increased by 5,600 m. francs (an annual average of 800 m.) This figure could be added to the balance as a short-term contribution of private capital, advanced by the central offices of foreign creditor firms, with a corresponding debit in additional private transfers.

#### 4. TOGO<sup>10</sup>

The relative volume of public investment in infrastructure between 1890 and 1914 was relatively high, but this situation changed in the inter-war period. Between 1920 and 1946 public investment in infrastructure, financed almost entirely by the local budget (budget allocations and colonial borrowings), totalled

10. See Tables 55, 56, 57 and 58.

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little more than 8,000–9,000 m. francs at 1965 values; as is indicated by the table of national reproducible capital, or 350 m. francs a year on average at present values. This was the equivalent of about 2% of the GDP in the period. After the war, with the start of the FIDES projects, these investments were increased to 14,200 m. francs at constant 1960 values for the period 1946–60, of which 5,200 m. francs worth was financed by Togo.<sup>11</sup> This was equivalent to an annual average of about 1,200 m. francs at 1965 values between 1948 and 1960, with 420 m. of it provided by Togo. The volume of public investment in infrastructure more than doubled in relative terms, reaching 4.3% of the average GDP for the period.

After independence the volume of investment in infrastructure increased again. The overall total of investment expenditure financed by the local budget rose to 6,900 m. francs at current values between 1960 and 1969. The foreign contribution allocated to investment expenditure rose to 4,100 m. francs at current values in French aid; 3,100 m. from the Common Market; and 4,500 m. from West Germany (a loan for the construction of the port of Lomé): making a total, including other minor contributions, of an annual average 2,000 m. francs at current values during the decade 1960–70. Brought up to 2,700 m. francs a year on average, public investment in infrastructure will have been around 6.6% of the GDP during the decade.

The growth of public investment at least partly determined the growth in recurrent administrative expenditure. In addition, the development of the social services required a rapid growth in public expenditure quite independently of investment. In 1968 Togo had 171,000 pupils in primary schools, or 42% of the age-group; 13,000 pupils in secondary schools; and a thousand students in higher education. Independence, which was gained in 1960, brought with it new expenditure which was relatively heavy for so small a state. As a result, recurrent public expenditure rose from 8.2% of the GDP (the average for 1948–60) to 12.2% (the 1960–70 average).

In spite of an increase in the effective rate of taxation from

11. IEDES, *Les Investissements publics en Afrique tropicale francophone 1946–60*, Paris, 1964 (duplicated).

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9.6 to 12.9% of the GDP between the two periods, Togo's public finance is no longer in its former comfortable state. Foreign financing, unknown before the Second World War and devoted exclusively to investment (of which it financed 65%) between 1946 and 1960, represented during the decade of independence an annual average 8.3% of the GDP. This public contribution, however, has had to be devoted largely to covering current expenditure; since although the budget contains a provision for capital investment expenditure (about 25% of public investment) the budget itself has a considerable deficit. The average deficit during the decade was around 400 m. francs: which means that local public savings were in fact very low – even lower than before the war. The budget deficit was covered partly by French subsidies; by advances from the French treasury; support from the Entente Council; and finally by the withdrawal of public funds invested in France. The tendency of current expenditure to grow faster than the GDP is clear, and the austerity measures imposed by the military regime since 1967 may now prove to have been inadequate.

It has only been possible to keep the balance of payments in equilibrium at the cost of an increasing foreign public contribution. As an annual average over the decade, exports were worth 6,500 m. francs, and imports 9,300 m. (of which 1,000 m. was the direct result of investment in the working of phosphates). Current public revenue (expenditure by foreign embassies, etc.) and private income (tourism), at 1,500 m. francs, was comfortably in excess of the corresponding expenditure (800 m.). The public contribution has been calculated as 3,400 m. francs, and that of private capital as an average of 2,000 m. francs (half for phosphates, and the other half representing the gross investments of the foreign sector). The national debt is still very low, since Togo has received most of its aid in the form of grants. Gross transfers of exportable profits and foreign savings may be put at 2,400 m. francs (about half the gross business income of the foreign sector). The balance represents the increase in foreign assets: around 700 m. francs a year on average during the decade.



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Table 45. Upper Volta: Public Finance

(a) 1961-5 (000 m. francs at current values)

|   | 1961   | 1962   | 1963   | 1964   | 1965   |
|---|--------|--------|--------|--------|--------|
| <b>Central Government</b>                     |        |        |        |        |        |
| Revenue                                       | 8.81   | 6.12   | 8.57   | 8.68   | 8.62   |
| (of which foreign)                            | (3.05) | (0.50) | (1.28) | (0.93) | (0.72) |
| <b>Expenditure</b>                            |        |        |        |        |        |
| Personnel                                     | 3.07   | 3.76   | 4.14   | 4.38   | 4.49   |
| Debt  | 1.79   | 2.31   | 1.65   | 1.83   | 1.55   |
| Total current expenditure                     | 6.50   | 7.58   | 8.12   | 8.69   | 8.31   |
| Expenditure in capital                        | 1.08   | 0.79   | 0.83   | 0.63   | 0.62   |
| Total expenditure                             | 7.58   | 8.37   | 8.95   | 9.32   | 8.93   |
| <b>Local Government</b>                       |        |        |        |        |        |
| Revenue                                       | 0.77   | 1.09   | 1.31   | 1.26   | 1.18   |
| Expenditure                                   | 0.60   | 0.86   | 1.13   | 1.12   | 1.16   |
| <b>Treasury Operations</b>                    |        |        |        |        |        |
| Deficit on execution of budgets <sup>1</sup>  | 2.11   | 3.02   | 1.24   | 1.62   | 1.21   |
| Financing:                                    |        |        |        |        |        |
| Foreign contributions <sup>2</sup>            | 3.10   | 0.74   | 1.49   | 1.03   | 1.24   |
| Changes in net Treasury holdings <sup>3</sup> | +0.99  | -2.28  | +0.25  | -0.59  | +0.03  |

1. Excess of actual expenditure (ordinary budget, capital investment, local authorities, extra-budget accounts) over local resources.

2. French subsidies included in the budget, subsidies from the Entente Council, advances from the French Treasury and a loan from Ghana (1961-2).

3. Balance: - means a reduction in holdings, + an increase; includes assets of the Treasury and public corporations (post office, social security fund, stabilization funds, etc.).

Source: IMF, 1967 report, 54.

(b) National Budget 1966-7 (000 m. francs at current values)

|                                    | 1966   | 1967  | 1968  | 1969      | 1970 |
|------------------------------------|--------|-------|-------|-----------|------|
|                                    | actual |       |       | forecasts |      |
| Ordinary revenue                   | 7.55   | 7.64  | 8.93  | 8.93      | 9.65 |
| Extraordinary revenue <sup>1</sup> | 1.00   | 0.19  | 0.10  | 0.10      | 0.11 |
| Recurrent expenditure              | 8.07   | 7.11  | 7.29  | 8.22      | 8.85 |
| Expenditure in capital             | 0.64   | 0.49  | 0.71  | 0.81      | 0.90 |
| Surplus or deficit                 | -0.16  | +0.23 | +0.36 | 0         | 0    |

1. Mainly from abroad.

Source: BCEAO Bulletin, Nos. 154, 167 and 170.

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Table 46. Upper Volta: Real Foreign Trade, 1954-70

|  | 1954 | 1959 | 1960 | 1962 | 1965 | 1968 | 1970 |
|--|------|------|------|------|------|------|------|
| <b>Exports (000 m. francs)</b>                   |      |      |      |      |      |      |      |
| Livestock (1959 prices)                          | 2.0  | 2.3  | 2.4  | 2.5  | 2.7  | 2.9  | 3.2  |
| Livestock (current prices)                       | 1.9  | 2.3  | 2.4  | 2.7  | 3.0  | 3.5  | 4.0  |
| Other (current prices)                           | 0.2  | 0.6  | 0.6  | 1.0  | 1.5  | 1.5  | 1.9  |
| Total exports (current prices)                   | 2.1  | 2.9  | 3.0  | 3.7  | 4.5  | 5.0  | 5.9  |
| <b>Imports (000 m. francs)</b>                   |      |      |      |      |      |      |      |
| (at current prices)                              | 5.7  | 6.5  | 8.0  | 8.6  | 9.2  | 10.1 | 10.7 |
| Trade deficit (000 m. francs current values)     | 3.6  | 3.6  | 5.0  | 4.9  | 4.7  | 5.1  | 4.8  |
| Proportion of import cost covered by exports (%) | 37   | 45   | 38   | 43   | 49   | 50   | 55   |

Table 47. Upper Volta: Balance of Payments 1960-70

(a) Annual average 1960-70 (11 years). (000 m. francs at current values)

|   |     |       |
|---|-----|-------|
| <b>Resources</b>                        |     |       |
| Foreign public support                  |     | 4.5   |
| development aid                         | 2.6 |       |
| technical assistance (net)              | 0.7 |       |
| support for the Treasury                | 1.2 |       |
| Miscellaneous foreign contributions     |     | 5.0   |
| military pensions                       | 2.0 |       |
| remittances from emigrants              | 2.5 |       |
| foreign embassies, etc.                 | 0.5 |       |
| Contribution of foreign private capital |     | (0.6) |
| <b>TOTAL</b>                            |     | 10.1  |
| <b>Employment of Resources</b>          |     |       |
| Trade deficit                           |     | 5.0   |
| Current foreign expenditure             |     | 1.0   |
| public                                  | 0.5 |       |
| private                                 | 0.5 |       |
| Private transfers                       |     | (3.9) |
| Increase in foreign assets              |     | 0.2   |
|   |     | 2.11  |

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(b) *Public Foreign Aid 1959-68*<sup>1</sup> (000 m. francs at current values)

|                          | 1959-63       | 1964         | 1965         | 1966  | 1967  | 1968  |
|--------------------------|---------------|--------------|--------------|-------|-------|-------|
| <i>France:</i>           |               |              |              |       |       |       |
| Aid tied to investment   | 3,346         | 621          | 817          | 837   | 1,435 | 1,610 |
| Technical assistance     | 2,790         | 893          | 970          | 1,060 |       |       |
| Upper Volta contribution | -335          | -186         | -210         | -230  |       |       |
| Various <sup>2</sup>     | 1,738         | 937          | 490          |       |       |       |
| Budget subsidies         | 2,250         | 423          | 671          | 300   |       |       |
| FED                      | 1,673         | 983          | 1,345        | 1,043 | 577   | 1,197 |
| USAID and others         | 2,812         | 1,397        | 1,768        |       |       | 203   |
| Entente Council          | 595           | —            | —            | —     | —     | —     |
| <b>TOTAL</b>             | <b>13,176</b> | <b>4,085</b> | <b>4,506</b> |       |       |       |

1. Breakdown of the use of investment aid 1959-66: agriculture and live-stock 56%, infrastructure 17%, social development 23%. — means zero, a blank means that the figure is not known.

2. Military aid (789 m.), scholarships (525 m.), ASECNA and other agencies.

Source: *Rapport économique 1965*, FED, franc zone, BCEAO Bulletin, No. 170.

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Table 48. *Niger: Investment 1961-8*  
(000 m. francs at current values)

|   | First Plan <sup>1</sup><br>1961-4<br>(actual) | Second Plan<br>1965-8<br>(forecasts) |
|---|---|--------------------------------------|
| <i>Gross investment</i>                     |   |                                      |
| General studies                             | 1.1   | 2.1                                  |
| Economic infrastructure<br>(of which roads) | 7.3   | 8.8<br>(7.0)                         |
| Social infrastructure                       | 6.9   | 11.0                                 |
| Administrative infrastructure               | 0.8   | 1.0                                  |
| Production                                  | 9.1   | 20.4                                 |
| of which hydraulics                         |   | (7.1)                                |
| agriculture                                 |   | (3.3)                                |
| industry                                    |   | (8.6)                                |
| <b>TOTAL</b>                                | <b>25.2</b>                                   | <b>43.3</b>                          |
| <i>Financing</i>                            |   |                                      |
| Public                                      |   |                                      |
| domestic                                    | 3.3   |                                      |
| foreign                                     | 9.1   |                                      |
| Private                                     | 12.8  |                                      |

1. Distribution of expenditure by years: 1961-2 11,400 m., 1963 7,500 m., 1964 6,300 m. francs.

Sources: *Résultats d'exécution du premier Plan*, Commissariat général au Plan, Niamey; *Plan quadriennal 1965-68*, 2 vols., Niamey, 1965.

Table 49. Niger: Public Finance 1960-67  
(000 m. francs at current values)

| Budgetary Operations  | 1960           | 1961         | 1962 <sup>1</sup> | 1962-3         | 1963-4         | 1964-5         | 1965-6         | 1966-7 <sup>2</sup> |
|---|----------------|--------------|-------------------|----------------|----------------|----------------|----------------|---------------------|
| <b>A Revenue</b>  | 3,786          | 3,888        | 4,241             | 5,387          | 6,444          | 6,865          | 8,419          | 8,962               |
| <b>B Expenditure</b>  |                |              |                   |                |                |                |                |                     |
| 1. Current expenditure budget   | 4,983          | 4,844        | 5,022             | 6,106          | 6,237          | 7,108          | 7,815          | 8,592               |
| (a) National Debt <sup>2</sup>  | 42             | 46           | 43                | 81             | 215            | 303            | 267            | 277                 |
| (b) Personnel and equipment   | 3,797          | 3,885        | 3,850             | 4,989          | 5,004          | 5,534          | 6,195          | 6,946               |
| (c) Transfers and subsidies of which infrastructure and roads subsidies | 1,144<br>(419) | 913<br>(359) | 1,129<br>(320)    | 1,036<br>(315) | 1,018<br>(284) | 1,271<br>(358) | 1,353<br>(269) | 1,369<br>(350)      |
| 2. Investment budget  | (169)          | (320)        | (293)             | (384)          | (287)          | (506)          | (366)          | (489)               |
| Total expenditure   | 486            | 100          | 389               | 534            | 847            | 813            | 1,071          | 923                 |
| <b>C Surplus (+) or Deficit (-)</b>                                     | 5,469          | 4,944        | 5,411             | 6,640          | 7,084          | 7,921          | 8,886          | 9,515               |
| 1. Current expenditure budget   | -1,683         | -1,056       | -1,170            | -1,253         | -640           | -1,056         | -467           | -262                |
| 2. Investment budget  | -1,197         | -956         | -781              | -719           | +207           | -243           | +604           | +661                |
|   | -486           | -100         | -389              | -534           | -847           | -813           | -1,071         | -923                |
| <b>Treasury Operations</b>  |                |              |                   |                |                |                |                |                     |
| Total budgetary revenue <sup>4</sup>                                    | —              | —            | —                 | 5,387          | 6,444          | 6,865          | 8,419          | —                   |
| Total budgetary expenditure <sup>5</sup>                                | —              | —            | —                 | 6,640          | 7,084          | 7,921          | 8,886          | —                   |
| Budget deficit  | —              | —            | —                 | -1,253         | -640           | -1,056         | -467           | —                   |

Table 49 (cont.)

|  |   |   |   |        |        |        |       |   |
|--|---|---|---|--------|--------|--------|-------|---|
| Net extra-budgetary revenue (+) and expenditure (-) <sup>6</sup> | — | — | — | -138   | -492   | +392   | +115  | — |
| Overall Treasury deficit   | — | — | — | -1,391 | -1,132 | -664   | -352  | — |
| Financing  | — | — | — | +1,391 | +1,132 | +664   | +352  | — |
| Foreign aid  | — | — | — | 1,319  | 495    | 416    | 437   | — |
| Subsidy from France  | — | — | — | (486)  | (620)  | -(416) | (250) | — |
| Various <sup>7</sup>   | — | — | — | (833)  | -(125) | —      | (187) | — |
| Internal Treasury operations                                     | — | — | — | +124   | 647    | -336   | -27   | — |
| Position of holdings (increase -)                                | — | — | — | -52    | -10    | 584    | -58   | — |

1. Budget covering a period of 9 months. Since 1969 the budget has come into effect on 1 October and run until 30 September.

2. Interest and depreciation.

3. Budget forecasts.

4. Not including foreign aid, the use of reserve funds and transfers from local budgets, which are included in revenue in the official sources.

5. Including the investment budget.

6. Additional budgets and extra-budgetary funds such as the Retirement Fund and the Road Fund.

7. The Entente Solidarity Fund until 1963. In 1965 Niger received 187 m. francs under the winding-up arrangements of the French West African Federation.

Sources: Inspection générale de l'État, *Évolution des recettes et des dépenses de l'État de 1958 à 1964*; BCEAO, *Notes d'information et de statistiques* 134 (November 1966); IMF Niger Report, 1967.

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*Table 50. Niger: Real Foreign Trade*  
(000m. francs at current values)

|                                      | 1964  | 1965  | 1966  |
|--------------------------------------|-------|-------|-------|
| I. Exports f.o.b.                    | 7.77  | 8.20  | 9.24  |
| Groundnuts (shelled)                 | 3.29  | 3.06  | 3.18  |
| Groundnut oil                        | 0.41  | 0.28  | 0.78  |
| Groundnut oilcakes                   | 0.12  | 0.09  | 0.13  |
| Cotton                               | 0.27  | 0.26  | 0.27  |
| Livestock (on the hoof)              | 3.00  | 2.97  | 2.97  |
| Various <sup>1</sup>                 | 0.68  | 1.54  | 1.91  |
| II. Imports c.i.f.                   | 9.11  | 10.23 | 11.56 |
| III. Trade balance (— means deficit) | -1.34 | -2.03 | -2.32 |

1. Leather and hides, dried and smoked fish, millet and other products.

*Table 51. Niger: Balance of Payments, 1960-70*

(a) *General Tendencies of the Balance of Payments 1960-70<sup>1</sup>*  
(000 m. francs at current values)

|   | <i>Tendencies</i><br>1960-70 | <i>Annual Average</i><br>1960-70 |
|---|------------------------------|----------------------------------|
| <i>Revenue</i>                                  |                              |                                  |
| Exports   | 6.2-10.6                     | 8.4                              |
| Private foreign contribution<br>for development | 1.2-3.4                      | 2.1                              |
| current   | 1.6                          | 1.6                              |
| Various current revenue                         | 1.6-2.4                      | 2.0                              |
| Private capital                                 | 2.0                          | 2.0                              |
| Foreign assets (reduction)                      | 0.4                          | 0.4                              |
| <b>TOTAL</b>                                    | <b>13.0-20.4</b>             | <b>16.5</b>                      |
| <i>Expenditure</i>                              |                              |                                  |
| Imports   | 6.9-14.2                     | 10.5                             |
| Various current transfers                       | 0.9-1.5                      | 1.2                              |
| Private transfers                               | about 5.0                    | 4.8                              |

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(b) *Payments Under Public Foreign Aid 1960-8*  
(000 m. francs at current values)

|   | 1960-3       | 1964        | 1965        | 1966        | 1967        | 1968        |
|---|--------------|-------------|-------------|-------------|-------------|-------------|
| <i>France<sup>2</sup></i>                   |              |             |             |             |             |             |
| Investment aid                              | 2.31         | 1.26        | 1.46        | 1.23        | 1.40        | 2.18        |
| Budget subsidies <sup>3</sup>               | 2.52         | 0.56        | 0.34        | 0.16        |             |             |
| Technical assistance                        | 2.80         | 0.97        | 1.05        | 1.12        |             |             |
| Research and<br>training<br>scholarships    | 0.12         | 0.08        | 0.06        | 0.03        |             |             |
| Matching payments<br>to grants <sup>4</sup> | -0.28        | -0.09       | 0.14        | 0.24        |             |             |
| <b>Total French aid</b>                     | <b>7.47</b>  | <b>2.78</b> | <b>2.77</b> | <b>2.30</b> |             |             |
| <i>EEC</i>                                  |              |             |             |             |             |             |
| 1st FED                                     | 1.56         |             | 0.98        | 1.21        |             |             |
| 2nd FED                                     | —            | 0.94        | 0.06        | 0.30        |             |             |
| <b>TOTAL</b>                                | <b>1.56</b>  | <b>0.94</b> | <b>1.14</b> | <b>1.51</b> | <b>1.30</b> | <b>1.10</b> |
| <i>USA</i>                                  | 0.61         | 0.05        | 0.02        | 0.01        | 0.00        | 0.01        |
| <i>Entente Solidarity</i>                   |              |             |             |             |             |             |
| Fund  | 1.39         | 0.13        | —           | —           | —           | —           |
| Other payments                              | 0.32         | —           | 0.15        | 0.15        | 0.40        | 0.38        |
| <b>GRAND TOTAL</b>                          | <b>11.35</b> | <b>3.90</b> | <b>4.08</b> | <b>3.97</b> |             |             |

1. The official balance of payments, drawn up since 1964, takes account only of recorded operations, and for this reason has no real economic meaning (for the official balance see the IMF reports).

2. Not including subsidies made to French research and development institutes operating in various African countries and various French grants not classified by country.

3. Salaries of French technical assistance experts are paid to their accounts in France. They only transfer to Niger what they need for their expenses.

4. Niger government contribution to the cost of French technical assistance.

Sources: IMF 1967 report on Niger, *BCEAO Bulletin*, No. 167.

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Table 52. Dahomey: National Budgets, Implementation, 1966-9  
(000 m. francs at current values)

|  | 1966         | 1967         | 1968         | 1969         |
|--|--------------|--------------|--------------|--------------|
| Local revenue                                  | 5,531        | 6,083        | 6,905        | 7,347        |
| Expenditure                                    |              |              |              |              |
| Personnel                                      | 4,047        | 4,188        | 5,038        | 5,407        |
| Equipment                                      | 1,448        | 2,467        | 1,562        | 1,428        |
| National Debt                                  | 151          | 92           | 112          | 216          |
| Various  | 1,638        | 137          | 963          | 1,654        |
| <b>TOTAL</b>                                   | <b>7,284</b> | <b>6,884</b> | <b>7,675</b> | <b>8,705</b> |
| Budget deficit                                 | 1,753        | 801          | 770          | 1,359        |
| Treasury deficit <sup>1</sup>                  | 1,343        | 1,097        | 1,300        |              |
| <i>Financing</i>                               |              |              |              |              |
| French budgetary aid                           | 850          | 500          | 400          |              |
| BCEAO advances, customs revenue                | 423          | 120          | 240          |              |
| Postponement of payments to the private sector | 202          | 102          | 120          |              |
| Various, including French Treasury Account     | 132          | 375          | 540          |              |

1. The Treasury deficit is different from the budget deficit because of the existence of extra-budgetary Treasury accounts.

Sources: BCEAO Bulletin, No. 171 (March 1970), IMF 1969 report.

*Growth in the Volume of Budgets*  
(million francs at current values)

|      |     |      |    |
|------|-----|------|----|
| 1893 | 1.0 | 1928 | 30 |
| 1900 | 2.2 | 1941 | 40 |

Source: Cornevin, *Histoire du Dahomey*, Paris, 1966.

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Table 53. Dahomey: Foreign Trade

|   | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 |
|---|------|------|------|------|------|------|------|------|
| <i>Exports</i>  |      |      |      |      |      |      |      |      |
| Quantities<br>(000 tons)                                    |      |      |      |      |      |      |      |      |
| Palm-oil <sup>1</sup>                                       | 11.1 | 9.3  | 9.3  | 12.7 | 13.3 | 9.9  | 8.5  | 10.5 |
| Palm kernels <sup>1</sup>                                   | 48.5 | 43.9 | 50.6 | 56.2 | 16.7 | 5.8  | 4.0  | 7.2  |
| Kernel oil <sup>1</sup>                                     | —    | —    | —    | —    | 16.7 | 11.7 | 16.9 | 22.7 |
| Palm oilcakes   | —    | —    | —    | —    | 16.1 | 11.7 | 21.7 | 23.5 |
| Groundnuts  | 12.5 | 4.3  | 6.6  | 4.0  | 2.7  | 3.3  | 5.5  | 8.0  |
| Shea nuts   | 2.9  | 2.6  | 1.0  | 7.4  | 5.0  | 2.8  | 6.4  | 8.1  |
| Copra   | 0.3  | 0.3  | 0.6  | 1.5  | 1.7  | 1.1  | 0.6  | 0.7  |
| Coffee  | 2.2  | 1.7  | 1.0  | 1.1  | 0.9  | 1.0  | 1.1  | 0.5  |
| Cotton  | 1.3  | 0.7  | 1.4  | 1.1  | 1.3  | 2.3  | 2.6  | 4.8  |
| <i>Value of exports at 1967-8 prices</i><br>(000 m. francs) | 3.7  | 3.0  | 3.4  | 3.8  | 3.6  | 2.5  | 3.1  | 4.1  |
| <i>Recorded exports</i> (000 m. f. at current values)       | 3.6  | 2.7  | 3.2  | 3.3  | 3.4  | 2.6  | 3.9  | 5.5  |
| <i>Recorded imports</i> (000 m. f. at current values)       | 6.3  | 6.6  | 8.2  | 7.8  | 8.5  | 8.3  | 10.7 | 12.2 |
| <i>Real trade</i><br>(000 m. f. at current values)          |      |      |      |      |      |      |      |      |
| exports   |      |      |      |      | 4.5  | 4.8  | 5.2  | 6.9  |
| imports <sup>2</sup>  |      |      |      |      | 10.0 | 10.9 | 13.8 | 14.0 |

1. Between 1950 and 1960 exports of kernels varied between 40,000 and 60,000 tons a year and of palm-oil between 11,000 and 16,000 tons (Cornevin, *Histoire du Dahomey*, p. 468).

2. Until about 1920 Dahomey's trade retained a structure similar to that of nineteenth-century trade, with alcohol and textiles each making up between a quarter and a third (Agossou, *L'Installation de l'administration française dans le sud du Dahomey de 1880 à 1894*, p. 198). The radical change in these proportions after 1920 was the result of government demand.

Source: BCEAO Bulletin, March 1970, October 1968.

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Table 54. Dahomey: Balance of Payments, 1960-8

| (a) Balance of Payments 1959-68 (000 m. francs at current values) |            |                 |
|---|------------|-----------------|
|   | 1959       | Average, 1960-8 |
| <i>Income</i>   |            |                 |
| Exports   | 3.1        | 4.3             |
| Current receipts  | } 3.6 {    | 2.0             |
| Public foreign contribution                                       |            | 3.9             |
| Private capital   | 0.6        | 1.2             |
| <b>TOTAL</b>  | <b>7.3</b> | <b>11.4</b>     |
| <i>Expenditure</i>  |            |                 |
| Imports   | 4.5        | 8.2             |
| Recurrent expenditure   | } 2.7 {    | 0.5             |
| Private transfers   |            | 2.7             |

(b) Public Foreign Aid, Actual Payments 1960-8  
(000 m. francs at current values)

|                                  | 1960       | 1961       | 1962       | 1963       | 1964       | 1965       | 1966       | 1967       | 1968       | 1969     |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|----------|
| <i>France</i>                    |            |            |            |            |            |            |            |            |            |          |
| Budget subsidies                 | 0.90       | 1.20       | 1.00       | 0.95       | 0.75       | 0.75       | 0.85       | 0.50       | 0.40       | —        |
| Technical assistance and various | 0.50       | 0.75       | 0.63       | 0.66       | 0.73       | 0.75       | 0.75       | 0.75       | 0.75       | —        |
| Aid allocated to investment      | 0.75       | 1.27       | 0.93       | 4.67       | 1.42       | 1.44       | 0.37       | 0.92       | 0.65       | 0.68     |
| FED                              | —          | 0.05       | 0.34       | 0.55       | 0.64       | 0.69       | 0.90       | 1.30       | 1.46       | —        |
| Other sources of finance         | —          | 0.67       | 0.59       | 1.15       | 0.19       | 0.57       | 0.10       | 0.10       | 0.10       | —        |
| <b>TOTAL (rounded)</b>           | <b>2.2</b> | <b>3.9</b> | <b>3.5</b> | <b>8.0</b> | <b>3.7</b> | <b>4.1</b> | <b>3.0</b> | <b>3.6</b> | <b>3.4</b> | <b>—</b> |
| of which allocated to investment | 0.8        | 1.8        | 1.8        | 6.2        | 2.1        | 2.5        | 1.3        | 2.1        | 1.9        | —        |

Sources: Philippe Agossa, *Mémoire D.E.S.*, Dakar, 1970; BCEAO Bulletin, October 1968 and March 1970.

'Liberal' Solutions: The 'Poor' Countries

Table 55. Togo: Public Finance, 1920-70  
(000 m. francs at constant 1965 values)

|                                       | Annual Averages |         |         |
|---------------------------------------|-----------------|---------|---------|
|                                       | 1920-48         | 1948-60 | 1960-70 |
| <i>GDP</i>                            | 17.4            | 27.9    | 41.0    |
| <i>Public Expenditure</i>             |                 |         |         |
| 1. Local current expenditure budget   |                 |         |         |
| (a) salaries, goods and services      | 1.0             | 1.7     | 3.6     |
| (b) transfers                         | 0.3             | 0.6     | 1.4     |
| (c) total current expenditure         | 1.3             | 2.3     | 5.0     |
| 2. Investment budget                  | 0.4             | 0.4     | 0.7     |
| 3. Investments financed from abroad   | 0.0             | 0.8     | 2.0     |
| 4. Total investment expenditure       | 0.4             | 1.2     | 2.7     |
| 5. Technical assistance               | —               | —       | 1.0     |
| 6. Total public expenditure           | 1.7             | 3.5     | 8.7     |
| <i>Financing</i>                      |                 |         |         |
| 7. Fiscal and para-fiscal revenue     | 1.7             | 2.7     | 5.3     |
| 8. Foreign financing                  |                 |         |         |
| (a) for investment                    | —               | 0.8     | 2.0     |
| (b) current                           | —               | —       | 1.4     |
| 9. (Local public savings)             | (0.4)           | (0.4)   | (0.3)   |
| <i>Current expenditure/GDP</i>        | 7.5%            | 8.2%    | 12.2%   |
| <i>Fiscal revenue/GDP</i>             | 9.8%            | 9.6%    | 12.9%   |
| <i>Total foreign contribution/GDP</i> | —               | 2.9%    | 8.3%    |



Table 57 (cont.)

(b) Foreign Trade 1959-68 (000 m. at current values)

| Total Trade | Exports | Imports | Trade deficit | Phosphates | Quantity (000,000 tons) | Value (000 m. f.) | as % of total value of exports | Indices | Volume of exports | Export prices |
|-------------|---------|---------|---------------|------------|-------------------------|-------------------|--------------------------------|---------|-------------------|---------------|
| 4.3         | 3.6     | 4.3     | 4.2           | 4.6        | 0.1                     | 0.2               | 4                              | 99      | 100               | 163           |
| 3.7         | 6.5     | 6.5     | 6.7           | 6.5        | 0.2                     | 0.5               | 4                              | 98      | 100               | 106           |
| -0.6        | 2.9     | 2.9     | 2.5           | 1.9        | —                       | —                 | —                              | —       | —                 | —             |
| 7.4         | 7.4     | 10.3    | 7.2           | 7.4        | 0.8                     | 1.9               | 26                             | 100     | 100               | 163           |
| 4.5         | 4.5     | 10.3    | 7.2           | 6.5        | 0.5                     | 1.1               | 24                             | 100     | 100               | 106           |
| 4.2         | 4.2     | 10.3    | 6.7           | 6.5        | 0.2                     | 0.5               | 12                             | 99      | 100               | 163           |
| 6.8         | 6.8     | 11.1    | 4.3           | 4.6        | 1.0                     | 2.2               | 32                             | 181     | 116               | 160           |
| 8.9         | 8.9     | 11.7    | 2.8           | 1.9        | 1.1                     | 3.8               | 43                             | 181     | 116               | 160           |
| 11.1        | 11.1    | 11.7    | 0.6           | 6.5        | 1.1                     | 3.0               | 38                             | 158     | 115               | 160           |
| 3.2         | 3.2     | 2.1     | 1.1           | 1.9        | 1.1                     | 3.0               | 38                             | 158     | 115               | 160           |
| 1.4         | 1.4     | 2.1     | 0.7           | 1.9        | 1.1                     | 3.0               | 38                             | 158     | 115               | 160           |
| 3.2         | 3.2     | 2.1     | 1.1           | 1.9        | 1.1                     | 3.0               | 38                             | 158     | 115               | 160           |
| 34          | 34      | 2.1     | 1.1           | 1.9        | 1.1                     | 3.0               | 38                             | 158     | 115               | 160           |

Sources: BCEAO Bulletin, No. 161 (April 1969); IMF.

## 'Liberal' Solutions: The 'Poor' Countries

Table 58. Togo: Balance of Payments, 1960-70

(a) Real Balance of Payments, Average 1960-70<sup>1</sup>  
(000 m. francs at current values)

|  |             |
|--|-------------|
| Income                                       | 6.5         |
| Exports                                      | 6.5         |
| Current public and private income            | 1.5         |
| Public contribution                          | 3.4         |
| investment                                   | 2.0         |
| technical assistance and support to Treasury | 1.4         |
| Private capital                              | 2.0         |
| <b>TOTAL</b>                                 | <b>13.4</b> |
| Expenditure                                  |             |
| Imports                                      | 9.3         |
| Current public and private expenditure       | 0.8         |
| National Debt                                | 0.2         |
| Private transfers                            | 2.4         |
| Increase in foreign assets                   | 0.7         |

(b) Foreign Aid Allocated to Investment (000 m. francs at current values)

|                        | Position at 31 December |       |       |       |       |       |                    |
|------------------------|-------------------------|-------|-------|-------|-------|-------|--------------------|
|                        | 1962                    | 1963  | 1964  | 1965  | 1966  | 1967  | 1968               |
| <i>Actual Payments</i> |                         |       |       |       |       |       |                    |
| FED subsidies          | 391                     | 968   | 1,465 | 2,060 | 2,534 | 3,128 | 3,356 <sup>2</sup> |
| FAC subsidies          | 744                     | 1,028 | 1,616 | 2,218 | 2,735 | 3,270 | —                  |
| FAC loans              | —                       | —     | —     | 45    | 45    | 45    | 45                 |
| CCCE: loans to         |                         |       |       |       |       |       |                    |
| government             | 525                     | 503   | 564   | 585   | 678   | 753   | —                  |
| loans to firms         | 2,561                   | 2,558 | 2,456 | 2,354 | 1,778 | 1,708 | —                  |

1. The official balance of payments, published from 1965 onwards, has little meaning; it records only the result of registered operations. It can be found in the IMF documents.

2. At 31 September 1968.

NOTE: To these sums should be added the loan from West Germany allocated to the construction of the port of Lomé, another loan from West Germany allocated to the construction of a brewery and textile factory (in progress) and smaller contributions from the IBRD and the United Nations Special Fund.

Source: BCEAO Bulletin, No. 160 (March 1969).



## 8 The Search for an Answer: Inflationary Solutions

In contrast with the countries discussed so far, three West African countries have tried to escape from the colonial impasse by giving the state a more active role in economic life. This decision has resulted in their, perhaps premature, description as 'socialist' countries, or 'countries in the process of transition to socialism'.

One of them, Mali, had hardly been developed at all when the colonial period ended; and in this situation, the particularly poor social structures which formed the Malian policy of state control have produced no more than never-ending inflation. In Guinea the same social and political conditions have not had such serious consequences; but only as a result of the contribution from outward-directed development, based on the mining which began at independence. Ghana, on the other hand, is an example of a 'rich' country, developed very early. The failure here resulted from the indecisiveness of those in power, and their refusal to break with the social forces in the country that had been promoted by colonial development and have always been nostalgic for the colonial period.

For these three countries, the deadlock is now as complete as for the others. And it will no doubt continue to be so until new social forces appear, open to the future rather than dominated by the past, and capable of conceiving a strategy for liberation that goes beyond the narrow horizons of minor ex-colonial civil servants.<sup>1</sup>

1. See Samir Amin, *Trois expériences africaines de développement, le Mali, la Guinée et le Ghana*, Paris, 1965.

### I. MALI

The vast French Sudan had a population of 4,200,000 when it became independent, as the Republic of Mali, in 1960, under the leadership of a solidly structured party, the Union Soudanaise (the local section of the RDA). It has no access to the sea, and in 1960 had few towns. Its meagre exports came mainly from the traditional activities of livestock rearing and fishing, and went to the countries of the coast. It had very little infrastructure and a very small administration.

#### (i) *Stagnant Production and the Uncoordinated Creation of a Public Sector*

The 1960-5 Five-Year Plan, after many difficulties, fixed extremely ambitious development targets. The rate of growth stipulated, at 8%, presupposed the equipment of 100,000 agricultural holdings with animal-drawn implements; the successful training of 2-3 million peasants; the improvement of 22,000 hectares of land in the Niger Office area and 67,000 hectares elsewhere; a large programme of improvement in the semi-nomadic livestock sector; and establishing an initial range of industries (oil mills, slaughterhouses, food-canning and textile factories, and so on). The Plan provided for investment totalling around 78,000 m. francs, or ten times the total of the four colonial FIDES plans: with 43% for infrastructure; 26% for agriculture; 16% for industry; and 14% for social services. Since contributions from abroad were expected to meet only 60% of requirements, a policy of strict government austerity was essential, and it was decided to freeze public expenditure at the 1962 level. Nonetheless, even on the most optimistic predictions of a gradual rise in the effective rate of taxation and the management of the (mainly commercial) public sector, a deficit was expected which could be financed only by monetary means.

Unfortunately, the first two years of independence alone showed how hollow were the hopes of the Plan. The distortions which later were to grow so large were already emerging: stagnation in agricultural production and inefficiency in the bureau-

cratic system of peasant training; distorted implementation, with too much weight on prestige projects at the expense of productive activity; and an increase in current public expenditure by 72% in three years (1959-62). The sharp increase in the volume of investment (65% in three years) and government spending brought with it an equally sharp rise in imports (27% in three years). The stagnation of exports - a result of stagnant agricultural production - had not as yet produced a deficit on the balance of payments, because foreign aid had also increased by 40%; but a deficit soon appeared as these 'spontaneous' tendencies grew stronger.

It was during these first years of the republic's existence that its principal institutions were established. At the Bamako Congress, on 22 September 1960, immediately after the collapse of the Mali Federation, the Union Soudanaise RDA defined the basic political and economic policies of the regime: 'decolonization and the setting-up of structures of a socialist type'.

The establishment of state organizations in the main sectors of economic activity during these first years laid the basis for the gradual elimination of the domination of foreign capital. SOMIEX, the Mali Import-Export Corporation, was set up, with a monopoly over groundnut exports and imports of essential goods. The Mali Transport Authority (RTM) was made responsible for operating a lorry pool of 300 vehicles, intended to transport the country's food supplies from Abidjan after the breaking-off of relations with Senegal and the termination of services on the Dakar-Niger railway. A Mineral Office was established with a monopoly of exploration. SONETRA, the National Construction Company, was to command public works. There was a state authority set up to control the principal new industries. And rural cooperatives were initiated with the aim of gradually leading Malian peasants towards socialist forms of organization. This programme of reconstruction was completed by the gradual establishment of institutions for independent monetary control: exchange control and the Treasury (September 1960); followed by a national currency and an issuing bank, the Republic of Mali Bank (BRM), in July 1962.

In this poor country's difficult position, such a programme

involved serious dangers. Success or failure depended on the nature of the political relations between the small ruling class produced by the USRDA and the rural and urban masses. The absence of any effective organization which would have allowed the masses some control over the state structures inevitably made Malian socialism a caricature, marked chiefly by the growth of a government bureaucracy. In the situation of this impoverished country, inefficiency inevitably resulted in the total disorganization of the economic system, leading to a constant search for foreign aid under the pressure of an increasing foreign payments deficit, and finally to the capitulation and eventual overthrow of the regime.

The various difficulties encountered by the ambitious projects; the failures of management in the public sector; the continual outrages done to the basic principles of the plan; the daily intervention of the leadership and the political committee of the USRDA in economic policy: all this is now only of historical interest. It is sufficient to note here the wide gap between the targets of the plan and the results achieved. Production during the 1960s increased at an average of 1.8% a year, at constant prices, a lower rate than that of population growth (2.2%).<sup>2</sup>

In agriculture the growth rate was only 1.5% a year. Groundnut exports fell steadily, from figures of around 50,000 tons (shelled) at the start of the period to around 20,000 tons at the end. With millet production stationary, the country had to rely on imports of corn and rice and even millet to feed its capital (Bamako, the country's only real town, increased its population from 130,000 in 1960 to 200,000 in 1970). Enormous investments were poured fruitlessly into the Niger Office. Badly prepared mechanization programmes and constant changes in the type of crop and the method of cultivation and the social forms of organization (settlers, wage-earning producers, etc.) continued the colonial Niger Office's history of ineptitude. The Office's only successful project, indeed, was the cultivation of sugar cane, which was carried out under the direction of technicians from communist China (4,000 tons were produced in 1967). The traditional activities of livestock rearing and fishing continued

2. See Table 59.

their development of previous years, and exported their growing surpluses to the coast (Ivory Coast and Ghana). Monetary confusion, however, deprived the Malian government of the profits from this growth, since the proportion of illegal exports increased constantly, providing finance for illegal imports (to avoid increasingly heavy taxation) and illegal exports of capital which swelled the foreign free market in the Malian franc. At the same time, the state industrial developments planned in these sectors (the SONEA slaughterhouses and cold stores in Bamako, Ségou, Mopti and Gao) were unable to achieve financial success. Total exports were stationary, rising only from 7,800 m. CFA francs at current values in 1959 to 9,500 m. Malian francs in 1968, while the proportion of illegal exports soared beyond 50%.

In the various sectors of non-agricultural activity (excluding transport and commerce), the apparent overall quantitative results were less bad. Growth in these sectors was around 5-6% a year at constant prices. Exploration for minerals accounted for over 3,500 m. francs from independence to the fall of the regime (46% for oil exploration and 27% in exploration for gold and diamonds); but produced no significant exportable result. The opening of the little hydro-electric station at Sotuba in 1966 provided a short-term solution to Bamako's electricity problem.

Eleven projects were carried out in the transformation industry. There were six in the food and agricultural industries (the groundnut oil mill at Koulikoro; the Niger Office's sugar refinery; cotton ginneries; refrigerated slaughterhouses; windmills; and the Baguineda fruit-canning factory). There were three in other light industries (textiles, tobacco and matches, and shoes); and two in basic sectors (a cement works and a metal goods factory). Industry took up 13% of total investment, with 92% of this financed by foreign aid. The state-controlled organizations set up in this sector, which in 1967 were responsible for 90% of industrial production, were on the whole badly planned and badly run, with the probable exception of projects financed by China: notably the Ségou textile factory, the cigarette and match factory, and the sugar refinery, which constitute practically the only real industrial developments in the country. In contrast, progress in building up the infrastructure during the decade was remarkable.

In seven years 15,000 m. francs were invested in road building; 5,000 m. in the building of aerodromes, the equipping of river transport and telecommunications; and 14,000 m. in social and private building (20% of which was financed by private domestic savings). In this field the state sector was responsible for about 40% of turnover in 1967.

Trade and transport were largely nationalized. In 1967 the state sector was responsible for 90% of the turnover in trade in goods other than oil and its products, and 65% of turnover in transport. Both were disastrous failures. The state commercial sector made only 10% of its forecast profits, despite the protection that it enjoyed from its monopolies. The government reaction to the increasing malpractice resulting from administrative inefficiency and the sometimes inordinate margins was a policy of 'forward retreat': the persecution of small traders, and the extension of state control into retail trade, which only made the problems worse. With the prestige organizations in this sector (Air Mali owned an aircraft park to take intercontinental jets!) and the Niger Office, trade and transport were the most expensive state operations.

Even in the field of social development, to which the regime paid special attention, the results were poor. The proportion of children receiving education rose from 8% in 1959 to 23% in 1968, and the number of hospital beds increased two and a half times; but the quality of these developments, their concentration in towns, and their running costs reduce the significance of these totals.

(ii) *The Mechanisms of Inflation in Mali*<sup>3</sup>

There is no mystery about the permanent inflation experienced by Mali since independence. With production stagnant, the government distributed increased monetary incomes to cover its recurrent expenditure and to finance investment over and above what was financed by foreign aid, while the state corporations added their own deficit to that of the government. The overall total of the support given by the monetary system to the public sector (the government and state corporations), excluding the

3. See Tables 60-4.

effects of revaluing the foreign debt as a result of the 1967 devaluation (10,500 m. francs), increased by an average of 6,200 m. francs a year between 1961 and 1968. In relation to the national income – which was around 60,000 m. francs at the beginning of the period – this represented a huge inflationary gap: about 10 per cent of the total domestic product, and 20 per cent of the product of the money economy.

Local liquid savings were unable to absorb such a volume of excess distributed income, and this is why money in circulation, which reflects the absorption of a part of the inflationary gap, increased by no more than an average of 1,600 m. francs a year. The overall volume of money in circulation, which doubled in the eight years 1961–8, follows closely the increase in prices, which also doubled during this time. The real value of assets retained in liquid form therefore remained constant. This means that the excess of income distributed was concentrated in demand for consumer goods, which, since local production did not expand, had to be imported. Since the government lacked the means to finance these imports, they were always behind demand and so increased the constant pressure for an increase in actual prices on the black market. The adjustment was made by an increase in foreign indebtedness; for net foreign assets had already been liquidated by 1962. The average annual foreign debt (again ignoring the revaluation of the foreign debt in 1967) was around 4,600 m. francs.

It is not easy to allocate quantitative responsibility for this public deficit, so disordered are government finances. Concealed subsidies from the state to public corporations and vice versa are intermingled in all public accounts. In addition, the artificial nature of many prices makes the allocation of responsibility totally formal. Nevertheless, it appears that the volume of recurrent government expenditure in francs at current values increased at an average rate of around 11–12% a year: rising from 9,000 m. in 1959 (or 15% of the GDP, which was around 60,000 m. francs at current values) to 24,000 m. in 1968 (or 20% of the GDP, which was about 110–120,000 m. at current values). The taxation rate of the product could not keep pace; because dutiable goods illegally escaped the attention of government officials, and

because a large part of the product was outside the money economy altogether. Fiscal and para-fiscal revenue, which covered 90% of current public expenditure in 1959 (leaving a current deficit of about 1,100 m. francs), covered little more than 80% in 1968 (producing a current deficit of 4,000–5,000 m. francs). In other words, the real rate of taxation rose only from 13 to 17% of the product. The deficit resulting from current public expenditure will thus have run at an annual average of about 2,300 m. francs between 1959 and 1968.

This means that the execution of the 'Plan' – government expenditure on investment (infrastructure) and capital investment by public corporations – and the deficit of the public corporations were responsible for the inflationary gap to an average extent of 3,400 m. francs a year, or 55% of the overall gap. In ten years, during the decade 1959–69, the overall volume of investment was around 90,000 m. francs at current values (of which 75,000 m. went on the execution of the 'Plan'): divided between the infrastructure and the government (about 60%) and state corporations (about 30%). But foreign aid allocated to investment (subsidies and loans net of repayments) covered no more than 78% of this investment (70,000 m. francs); and local private savings (internal financing by firms, housing finance, etc.), just under 11%. Thus, the government financed about 10,000 m. francs worth of investment by monetary means, an annual average of 1,000 m. francs. The deficit of the public corporations will have been around 2,400 m. francs a year on average. For, while the Ségou textile factory and the manufacture of tobacco and matches brought in 2,000 m. francs in profits during the last three years of the period (1965–8), and the state commercial sector 1,000 m. a year in good years and bad, all the other undertakings ate up money, especially Air Mali, RTM, the railways, the Niger Office, the slaughterhouses and SONEIRA.

In this situation the inflationary gap inevitably produced a foreign deficit. Both official and illegal exports were in fact stationary during the decade at about 10,000 m. francs at current values; while imports rose from about 10,000–12,000 m. francs at the start of the period, to average annual totals of about 16,000–17,000 m. francs at the end (1965–9). Imports showed great

effects of revaluing the foreign debt as a result of the 1967 devaluation (10,500 m. francs), increased by an average of 6,200 m. francs a year between 1961 and 1968. In relation to the national income – which was around 60,000 m. francs at the beginning of the period – this represented a huge inflationary gap: about 10 per cent of the total domestic product, and 20 per cent of the product of the money economy.

Local liquid savings were unable to absorb such a volume of excess distributed income, and this is why money in circulation, which reflects the absorption of a part of the inflationary gap, increased by no more than an average of 1,600 m. francs a year. The overall volume of money in circulation, which doubled in the eight years 1961–8, follows closely the increase in prices, which also doubled during this time. The real value of assets retained in liquid form therefore remained constant. This means that the excess of income distributed was concentrated in demand for consumer goods, which, since local production did not expand, had to be imported. Since the government lacked the means to finance these imports, they were always behind demand and so increased the constant pressure for an increase in actual prices on the black market. The adjustment was made by an increase in foreign indebtedness; for net foreign assets had already been liquidated by 1962. The average annual foreign debt (again ignoring the revaluation of the foreign debt in 1967) was around 4,600 m. francs.

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irregularity, corresponding to that of investment. The growth rate of imports was around 7% a year until about 1965; after which imports levelled off because of a shortage of resources, and prices increased faster for the same reason. The total of current transactions produced an average deficit of 9,300 m. francs a year between 1964 and 1968. To this deficit should be added the deficit on legal transfers of private capital (about 1,700 m.), and that from illegal transfers (illegal exports less illegal imports), of about 2,800 m. francs. This deficit could not be covered by foreign aid allocated to development, which averaged 6,300 m. francs a year, but with a sharp tendency to fall (from 8,200 m. in 1964 to 4,600 m. in 1968). The result was a true balance of payments deficit of around 7,400 m. francs a year, 4,600 m. of which was admitted in the official balance.

(iii) *Economic Collapse and the Troubles of the Succession*

Although the regime of Modibo Keita was not overthrown by a military coup until 19 November 1968, Keita had already admitted bankruptcy in May 1967, when he agreed to return to the franc zone.

The only basis of this regime, for which 'socialism' in practice meant no more than the development of the public sector, was the urban environment of the public service, in which the number of civil servants increased from 13,300 in 1961 to 23,900 in 1968; and which also employed 9,000 people in state organizations and several thousand soldiers. The proportion of the national income accruing to this small sector of the population increased steadily. The share of wages in the national income doubled in ten years, reaching 26 per cent in 1969! Unable to tax the rural masses effectively because they were largely outside the market economy, the Malian government lived on foreign subsidies.

Until June 1962 it covered its deficits by makeshifts available to it as a result of its membership of the franc zone: advances from the French Treasury (3,000 m. francs); postponed payment of postal debts (the Malian post office's debt to the French post office in respect of transfers); and an artificial rediscounting of Mali state corporation bills by the BCEAO. Between 1962 and 1967 the countries of the Eastern bloc filled the gap. Internally

the government deficit was covered by monetary means, again masked by makeshifts (the use by the Treasury of the funds in the post office bank; and special deposits with the Treasury by the banks). The foreign deficit was partly covered by foreign aid: an IMF credit, confirmed in 1964, of 2,000 m.; long-term investment credits from the Soviet Union, 32,000 m.; from China, 7,500 m.; from the UAR, 7,000 m., etc.; and loans in currency from (China 15,700 m.; from the Soviet Union, 1,600 m. etc.). But there was also resort to temporary expedients: a moratorium on transfers by large foreign oil and shipping companies, etc. (1,500 m.); a freeze on public transfers; and suspension of the servicing of the national debt, payments on which had risen to 5,000 m. by the time of the financial collapse in the spring of 1967. The actual foreign national debt at the end of 1968 was 110,000 m. Malian francs: 33,000 m. to the USSR; 27,000 m. to France; 24,000 m. to China; 7,000 m. to the UAR; 7,000 m. to Ghana; 5,000 m. to various other countries; and 9,000 m. to the IBRD and the IMF.

In May 1967 the regime signed an agreement with France for its return to the franc zone. On 7 May the value of the Malian franc was cut by half. On 1 April 1968 convertibility in francs was re-established; the BRM was abolished; and a new Malian central bank, the BCM, was set up under the 'joint' control of Mali and France. Devaluation, together with a wage freeze, was intended to re-establish the financial equilibrium of the government and of the foreign balance. It failed. The government deficit persisted; exports did not increase, nor imports decrease; and there was no return of capital. The government of Modibo Keita was accused of bad faith in its execution of the agreement. (In fact, its successors did no better.) In the political field, the regime tried to make up for its surrender by a so-called 'cultural revolution' organized from above. This farce was ended by the soldiers in November 1968.

The social base of the new regime is no different from that of its predecessor. On the 'recommendation' of the French experts who returned to take over key positions, a 'recovery programme' was drawn up for 1970-3. It gave priority to agriculture (cotton production was to be increased from 40,000 to 85,000 tons),

and provided for the dismantling of the cooperatives. French organizations were to take over 'rural training' (CFDT for cotton and SATEC for groundnuts). Viable industries would be transferred to private ownership, and others wound up; private trade would be re-established, and mineral exploration abandoned; there would be a slowing-down of investment in infrastructure and social services (especially education) and the re-directing of foreign trade to France.

None of these measures has succeeded, however, in producing financial equilibrium at home or abroad. The proportion of imports from the West increased from 19% in 1965 to 70% in 1969, and of imports generally from 21% to 68%; while the share of the private sector in foreign trade rose from 5 to 22%. The foreign deficit has still not diminished, however, and France has merely replaced the communist countries as the supplier of finance, through the current account, on which Mali's debt has increased by 4,000 m. francs a year since 1968. The establishment of real equilibrium in the balance of payments would require equilibrium in public finance; but this is an aim which cannot be achieved without damaging the interests of the class of officials on which the new regime, like its predecessor, is based.

## 2. GUINEA

### (i) *Public Finance and the Mechanism of Guinea Inflation*

On the eve of independence (1957-8), the total of public expenditure being carried out in the territory of Guinea was 10,500 m. francs: made up of 5,500 m. for the central budget and 800 m. for the budget of local authorities and other local organizations; 1,000 m. for the French military budget; 700 m. for the French civil budget; 900 m. for civil and military pensions; and 1,600 m. for investments undertaken by FIDES.

Contrary to what is now asserted, the Guinean government's ordinary budget was almost always in equilibrium, and even frequently produced quite considerable surpluses.<sup>4</sup> Expenditure increased from 8,000 m. francs in 1960 to over 19,000 m. in 1967-8. From 1964, however, the ordinary budget included the

4. See Table 65.

budgets of the National Posts and Telecommunications Office and the Railway and Ports Authority; and from 1965, service charges on the national debt, to which were allocated the revenue of the Equalization Account and the Nationalized Undertakings Depreciation Fund. The surpluses were around 1,000-2,000 m. francs a year until 1964; but they seem now to be gradually disappearing and payments in respect of depreciation are insufficient to cover the servicing of the national debt. In addition to the ordinary budget, there were budgets for each of the twenty-nine administrative regions set up in 1961; the total of which rose from 1,000 m. to 3,000 m. francs.

The operating budget for the Plan was very irregular from one year to another. The average Plan expenditure between 1960 and 1968 was about 10,000 m. francs a year, rising from 8,000 m. to 12,000 m. in the course of the decade. This budget was largely financed by foreign aid: the foreign contribution rose from 4,600 m. francs a year in the first half of the decade to 8,200 m. in the second.

Government current expenditure in the strict sense (expenditure on wages and current purchases of goods and services, i.e., excluding the national debt, social transfers and balancing subsidies to nationalized undertakings) rose from 7,000 m. francs in 1959 (the first budget after independence) to 16,000 m. in 1969, including, respectively, 4,000 m. and 11,000 m. for wages. The growth rate of this expenditure (8.5% a year) was certainly higher than that of the material base of the economy. The main reasons were defence spending and a speeding-up of development in education: the number of pupils in the primary sector increased from 160,000 in 1960 to 300,000 in 1968, in the secondary, from 5,300 to 25,000 in the same period. The rate of taxation had to be all the higher because the revenues paid by the mining companies were so low (less than 6% of all fiscal and parafiscal revenue). The growth of total fiscal and parafiscal revenue, including royalties from the mining companies, was less than 7% a year at current prices. The surplus on a genuine current expenditure budget, excluding depreciation funds and the national debt, was therefore diminishing.

Finance for the Plan (10,000 m. francs a year) came in a pro-

portion of 62% from foreign loans: almost entirely from the communist countries for the first Plan; but with some also from Western countries, especially the United States, for the second. Local savings – budget surpluses devoted to the Plan, profits from state trading, and investments in the form of voluntary human work – provided 20% of the total. The rest, an average of 2,000 m. francs a year, came from inflation.

Between 1960 and 1965 the main source of inflation was the nationalized undertakings and not current government spending. The nationalized bodies received, in addition to 25,000 m. francs in long-term loans allocated to investment, another 25,000 m. in credit facilities; partly to cover investment not financed by foreign aid, but mainly to cover operating deficits. The second source of inflation was the government's investment budget. This received 11,000 m. francs from the Plan; and, allowing for the surpluses on the ordinary budget (7,000 m.), kept its calls on the central bank within modest proportions (4,000 m.). Between March 1960, when Guinea left the franc zone and set up its own central bank, and the end of 1965, the net contribution from the monetary system to the Treasury, for the ordinary budget, the budget for the Plan and the nationalized undertakings, rose from 7,000 m. to 36,000 m. francs.

Then, after 1965, the origin of inflation moved from the nationalized undertakings to the government itself. Between 1965 and 1968 the net contribution from the banks to the nationalized undertakings (credits granted less deposits) decreased from 30,000 m. to 27,000 m. francs. Net support to the government, on the other hand, increased from 12,000 m. to 31,000 m. Overall, the net support from the monetary system to the government and nationalized undertakings rose from 42,000 m. to 58,000 m. francs. This support made it possible to cover the deficits of the government, of the Plan (investments not financed by foreign aid), and of the nationalized undertakings.

The exact division of responsibility for inflation between its three possible sources (current government deficit; investment finance; and failings of management in the nationalized undertakings) is difficult to calculate, and perhaps artificial, to the extent that the prices on which 'profitability' calculations are

based are also artificial.<sup>5</sup> One figure, however, is certain: the total inflationary gap, which reached around 50,000 m. francs in eight years (more than 6,000 m. a year). Compared with Guinea's GDP at the beginning of the period (around 60,000 m. francs), the gap was considerable, at 10% of the GDP.<sup>6</sup>

Only about 60% of this assistance to the government – an approximate rate of 6,000 m. francs a year – came from an increase in liquidity (notes and private deposits) held by the public. The total volume of money in circulation increased from 12,000 m. francs in 1960 to 42,000 m. in 1968. The rest was made up by the deficit on the foreign balance.

Inflation produced runaway price increases, despite the introduction of official price control in 1959, and a black market of considerable size, especially in foreign currency supplied by illegal importers. Wages, raised by between 10% and 20% in 1959, were later frozen. A readjustment of government wages in 1965 reduced the overall range; but this continued to widen in the productive economy.

(ii) *The Balance of Payments and the Foreign Debt*<sup>7</sup>

Exports rose sharply from 5,000 m. francs in 1958 to over 12,000 m. in 1960, and stood at around 14,000 m. in 1968–9. The share of minerals exceeded 60% of total receipts. When working of the iron ore from Mount Nimba and the bauxite of Boké begins around 1975 there will be a new spurt in exports, and minerals will account for some 90% of the total.

Imports other than those of FRIA and imports of capital goods financed by foreign aid under the Plan ran at an average of 7,500 m. francs during the decade. And despite official restrictions, they tended to grow faster than exports. The tendential growth rate of exports is 1.6% a year; that of current imports, 4.2%. A significant proportion of these imports, however – basic foodstuffs – has been provided by American aid for a number of years.

Between 1945 and 1958 Guinea received from FIDES about

5. See Table 66.

6. See Table 67.

7. See Tables 68 and 69.



25,000 m. francs at current values (almost 60% as subsidies). Between 1960 and 1965 it received over 45,000 m. francs in foreign aid: of which 20,000 m. constituted long-term loans from the communist countries; 19,000 m. was American aid (half in foodstuffs); and the rest was provided by various Western countries (West Germany, Britain, etc.) and the IBRD. Between 1965 and 1968 Guinea received 18,000 m. francs from the USA and 12,000 m. from the communist countries.

Nevertheless this vast amount of aid has not produced equilibrium in the balance of payments. On the contrary; to the total trade deficit should be added the transfers of income by the mining companies (3,000 m. francs) and foreign experts (2,000-3,000 m.). In addition, huge repayments on the foreign debt have begun in recent years (13,000 m. francs in the four years 1965-8). In 1960 Guinea had a tiny foreign debt, about 3,400 m. francs, less than its foreign assets, which totalled 5,500 m. By the end of 1965, the foreign debt had risen to 43,000 m. francs, and by the end of 1968, to over 65,000 m. Two thirds of it are long-term investment loans, but the proportion of medium-term credit from private suppliers is tending to rise. In addition, the short-term debt (for supplies of consumer goods) from the communist countries with which Guinea has clearing agreements is very large, at over 15,000 m. francs; though a third of this has been converted into a long-term debt. All Guinea's foreign assets were naturally liquidated at the beginning of the decade. Annual service charges on the debt (interest and depreciation) have increased to over 4,000 m. francs since 1968-9 and absorb a third of receipts from exports.

### 3. GHANA

#### (i) *Independent Ghana: The First Period of Nkrumahism, 1957-61*<sup>8</sup>

Independence brought no immediate change from colonial economic policy. Between 1957 and 1961, on the advice of the Jamaican economist Arthur Lewis, Ghana decided to invite foreign capital. The government continued to restrict its economic activity to investment in infrastructure, which accounted for the

8. See Tables 70-3.

whole of the increase in the volume of investment between 1955 and 1962 (from 15 to 21% of the GDP). The result was moderate growth (about 1.5% a year in real terms) and a gradual increase in the government deficit (G£37 m. in 1961) and that on the balance of payments (G£53 m. in 1961). The deterioration in the price of cocoa after 1954 promoted the process. Private foreign capital did not arrive, despite the favourable terms offered. The possibilities of highly profitable investment had long ago been exhausted by the country's colonial development. The failure of liberal economic policy was total. The period 1957-61 will go down in the history of Ghana as one in which the country's foreign reserves were squandered without increasing productive capacity.

The political failure was no less glaring. The regime provoked strong opposition on both right and left. The right-wing opposition came from the landowning and merchant planter class, dissatisfied with the policy of the Cocoa Marketing Board, whose purchasing prices they considered too low. They also regarded the accumulation of foreign reserves - in fact, support from Ghana for the pound against the pressure of the dollar - as contrary to the national interest. The setting-up by the government of the Cocoa Purchasing Company, a subsidiary of the Marketing Board, with a monopoly on cocoa purchasing, completed the liquidation of the small African middlemen between the planters and the Marketing Board. This assault on the embryonic local bourgeoisie alongside support for British interests - a continuation of colonial policy - placed the right-wing opposition, led by Danquah, in the curious position of 'defending the national interests' against the alliance of the CPP and Britain.

On the left, the main force, the Trades Union Congress, adopted a wait-and-see attitude. The TUC was legally recognized in 1941, and, after an 'apolitical' period between 1941 and 1947, became radical. From 1953, its leaders, Anthony Woode, Pobe Binay, Turkson Ocran and Nyemitei, were faced with government attempts to integrate the unions into the regime. In 1953 the appointment of John Tetegah, from a moderate white-collar union, as chairman of the TUC in place of Ocran, a

Marxist worker, and the TUC's entry into the ICFTU were significant developments.

In 1958 the law reorganized the TUC and made union membership obligatory. Unrest among the workers, however, in response to the fall in real wages, surfaced in September 1961, with strikes at the port of Takoradi and in Kumasi. These were ruthlessly crushed by Tetegah. At the same time repression fell on the right. With the exile of the opposition leader K. A. Busia in 1958, and the arrest of opposition MPs, the regime moved towards a one-party system.

During the period 1955-62 the rate of investment did increase - from 15 to 21% of the GDP. The emphasis, however, remained 'traditional': 46-55% went on construction; 20-23% on public works; 9-18% on investment in transport; and only 7-14% on other, directly productive, investments. Out of a total of 118 m. Ghanaian pounds spent in public investment between 1951 and 1959, the country's administrative and social infrastructure received G£50 m.; transport and communications, G£36 m.; and power G£4.4 m.: compared with only G£5.5 m. for industry and G£7.6 m. for agriculture. At the same time, world demand for cocoa no longer encouraged high spontaneous outward-directed growth.

Cocoa is consumed almost entirely in the West,<sup>9</sup> where its demand elasticity is less than 1 (i.e., the growth rate of demand is less than the growth rate of income in these countries). The world system also organizes overproduction of cocoa, as of everything else, and encourages competition between the countries of the Third World. Ghana provided only 34% of world production in 1958-61 (compared with 39% in 1934-8); while Nigeria's share increased from 14 to 16%, Cameroun's, from 3 to 6%, and the Ivory Coast's from 6 to 7%. In all, the share of new producers rose from 19% before the war to 23%. Overproduction leads, of course, to a fall in prices; and Western consumers successfully opposed the organization of the market at a conference organized by the FAO in 1963.

9. 80% of world consumption is in Western Europe, North America and Oceania, compared with 10% in Eastern Europe and 10% in the Third World.

An increasing deficit on foreign payments ensued. Whereas the demand elasticity of Ghana's exports in relation to the product of the developed countries is less than 1 (about 0.7), the elasticity of its imports in relation to its own GDP is higher (about 1.2). Consumer goods which cannot be displaced by locally produced substitutes account for about half of imports; with the inadequacy of food production in the market sector of local agriculture making it necessary to import increasing quantities of corn, rice, and so on. In its turn, the development of light industry has led to mounting imports of raw materials, power and semi-finished goods (35% of imports) and of capital goods (15%). It has been calculated that the income of cocoa planters determined 60% of import demand; public expenditure, 20%; and investment 20%. Public current and investment expenditure grew very fast, in response to the pressures both of social need and of the spontaneous growth in the bureaucracy.

The deficit on the trade balance was also aggravated by the deficits on other items in the balance of payments. The negative balance on current expenditure, public (embassies, etc.) and private, increased from G£5 m. around 1950 to G£10 m. around 1960; the total of private capital and public aid entering the country was stationary at around G£5 m.; and the visible transferred surplus increased gradually, from G£15 m. around 1950 to G£30 m. around 1960.

The deficit on public finance was due to the inelasticity of the tax system, as a result of which the rate of taxation reached a ceiling. Between 1955 and 1962 the GDP increased by 60%, and receipts from taxation by 55%.

These developments manifestly contained the seeds of inflation, though this was prevented for a long time by the liquidation of foreign assets. The Central Bank, which took over from the West Africa Currency Board in 1957, continued to operate according to the most liberal rules of the sterling area until 1960. The increase in prices, though modest as yet, was borne by the workers. The index of real wages, at a base of 100 in 1939, reached only 104 in 1958, and actually fell to 89 in 1963.

(ii) *Nkrumahite Socialism (1962-6)*<sup>10</sup>

The economic and political crisis of 1961 led the Nkrumah regime to look for new solutions. The draft of the second Five-Year Plan (1959-64), which followed a similar strategy to its predecessor, was abandoned after the president's visit to the USSR, and a Seven-Year Plan for 1963-70 was drawn up. This new Plan provided for a reduction in the proportion of investment devoted to infrastructure, as compared with the draft Plan, from 80 to 63%, and for an increase in the proportion to be spent on government intervention in industry and agriculture, from 20 to 37%.<sup>11</sup> But doubts, and the resistance of the bureaucracy, remained strong. When the regime fell in 1966, of the 600 industrial projects planned, 150 had been completed; bureaucratic State Corporations had multiplied; and external controls (exchange control, import licences, etc.) had been formally reinforced, though their effectiveness had been weakened by corruption. Limited though these achievements were, they nevertheless made it possible for the country's industrial production to double in four years: value added in the transformation industries increased at a rate of 15% a year at constant prices. With more than 75,000 workers in industrial and mining enterprises employing more than ten people, Ghana is still far ahead of the French-speaking countries in West Africa; even of the most advanced, such as Senegal and the Ivory Coast. Furthermore, in Ghana industrialization was not achieved by foreign capital, but to a great extent by the government, whose share in industrial production rose from 27% in 1963 to 43% in 1967.<sup>12</sup> The country's industries were also largely managed by nationals, unlike those of the French-speaking countries. Finally, Ghana is the only country in the region to have tried to make a start on heavy industry, in metallurgy, engineering and chemicals. The refusal of the other West African states to coordinate their own industrialization plans with Ghana's was at least as much to

10. See Tables 70-3.

11. See Samir Amin, *Trois expériences africaines de développement, le Mali, le Ghana et la Guinée*.

12. See the *Economic Surveys*.

blame for the difficulties and failures experienced in the country as were local corruption and mistakes.

The most important achievement of the period was the Volta dam. This project, which was first discussed in 1925, revived after the war and then abandoned when Britain overcame its own difficulties in obtaining aluminium, resulted in agreements with the American firm Kaiser and the IBRD in 1957 and 1960. Completed in 1965, it cost G£75 m. for the dam, the power station and the port of Tema: a sum financed half by the Ghana government and half by a loan from the IBRD. The aluminium refinery was financed by the VALCO company.

The project was severely criticized for its lack of effect on the country's economy (either on public finance or the balance of payments); and because of the special terms given to VALCO by the Ghana government, which agreed to supply electricity at cost price. It made possible, however, the production not only of 80,000-135,000 tons of aluminium, but also, from 1967, of 1,600 m. kWh: giving southern Ghana electricity in almost unlimited quantity, and cheap too, which is rare in the region. From 1968, agreements with Togo and Dahomey provided for the supply of electricity from Akosombo to these two countries. Still, the direct effects of the project on growth were slight: 1,600 jobs created; an added value of G£8 m. produced directly and indirectly (mainly through taxation and the operations of the port of Tema); and a net gain of G£13 m. to the balance of payments. Lake Akosombo may well make possible intensive fishing (with an estimated product of G£3 m.). But it will produce only a moderate development of irrigated land, at a high additional cost (an investment of G£26 m. to provide 30,000 tons of rice in the Accra plain), and will remain of little use for transport because of its awkward situation.

This disjointed economic policy produced a deterioration of the government deficit; at around 40 m. new cedis a year between 1960 and the end of 1965. (The new cedi, which in February 1967 replaced the cedi created in July 1965, was at that time worth \$1.40.) On top of this source of inflation came the inflationary credits granted by the Ghana Commercial Bank to the public undertakings from 1961 onwards. With the exhaustion of the

foreign reserves, the foreign deficit (30 m. new cedis a year between 1960 and 1965) could only be covered by an increasing short-term foreign debt. At the same time inflation, which until then had been contained, burst its banks. The cost of living increased by 48% between 1963 and 1966, bringing disorganization of the legal markets, a thriving black market, a breakdown in supplies, and so on.

Between 1961 and 1967 real growth remained very slow, at 2.4% a year; slower than the growth in population. The investment drive, kept at a high level until 1965, and current public expenditure, which increased much faster (at more than 10% a year at current prices), reduced the share of private consumption: perhaps by 25% in average real *per capita* consumption. This fall in standards of living was borne by the mass of the urban population, especially the lower-paid, while the bureaucrats flaunted their corruption and increasing affluence. With the slow growth in employment – jobs in the money economy increased by only 2% in five years, while the urban population increased by at least 25% – this reduction in living standards detached the masses from the regime and prepared the ground for the *coup d'état*.

With world cocoa prices still very low and exports stationary, the switching of foreign trade towards the communist countries – their share in Ghana's trade increased from 0 to 10% – brought no real solution, since the communist countries followed the same price system as the world market.

In six years, the government's current civil expenditure increased 1.4 times; while government investment, investment in the public enterprises and current subsidies paid to enterprises running at a loss increased three and a half times. The inelasticity of the tax system (receipts increased at no more than the rate of the GDP at current prices) forced the government to finance its increasing deficit by borrowing: first at home (partly through 'forced' loans), but later mostly abroad. Interest and depreciation on the national debt took up a growing proportion of fiscal revenue: 17% at the fall of the regime, compared with 4% in 1960. The national debt itself, which had been insignificant in 1960, amounted to over 60% of the GDP by the end of 1967. The

foreign debt alone represented over 30% of the GDP at the fall of the regime; 70% of it was credits supplied at medium term and particularly dear. The domestic debt reached a ceiling, and all the money invested abroad (notably the funds of the Post Office Savings Banks, which had been invested in Britain) was recalled between 1963 and 1965. In total, at the end of 1967, the domestic debt stood at 514 m. new cedis, including 180 m. short-term. The foreign debt composed 15 m. short-term; 341 m. medium-term (to credit suppliers); 45 m. from the IMF; and long-term debts of 83 m., with 70 m. of this last made up of loans for the Volta project. It was bankruptcy.

Political opposition from the 'right' gradually consolidated. For a period in 1957 various elements were associated in a United Party: which included the Ghana Congress Party, a small grouping of rich traders and anglicized Accra intellectuals; the Northern People's Party, the northern chiefs' lobby; and the Togolese opposition led by Apaloo and Kodzo Ayoke. The Togolese group was based on Ewe support and motivated by the dissatisfaction of the cocoa planters at having to sell their produce to the Marketing Board at 72 shillings, while their counterparts in the former French Togo could get 200. The most important element in the United Party, however, was the National Liberation Movement, founded in Kumasi and led by Danquah, Busia and Bafour Osie Akoto, an alliance of planters, Ashanti chiefs and anglicized intellectuals unhappy with the policy of the Marketing Board and with the government trading monopolies.

Nkrumah never attempted to fight this opposition by asking for support from agricultural workers, who were still unorganized, or the urban workers, who were themselves victims of inflation. Ghana's foreign policy, based on 'pan-Africanism' (symbolized in 1959–60 by the paper union between Guinea, Ghana and Mali) was not enough to make up for the causes of internal discontent. The single party never acquired any real substance, and the ideology took on a more and more mystical tinge, in 'consciencism', the cult of Nkrumah as *Osagyefo* (Redeemer), and the like.

(iii) *The February 1966 Coup d'État and the Succession*

The *coup d'état* of 24 February 1966, organized by General Ankrah during a visit by Nkrumah to Peking, met no resistance, either in the CPP, which was dissolved by decree (in spite of its 500,000 members!) or in the civil service, which rallied to the Anglophile officers who made up the National Liberation Committee. The years 1968-9 were taken up with constitutional discussions. The resignation in April 1969 of General Ankrah, who admitted corruption, opened the way for a return to civilian government. In August 1969 a Legislative Assembly was elected on a multi-party system, though the pro-Nkrumah opposition party was banned. The new constitution, proclaimed in October 1969, provided for two sources of power. Dr Busia was appointed prime minister. But, since no agreement could be reached about the presidency, a 'Temporary Presidential Commission', chaired by General Alfred Afrifa, exercised the presidential powers. Dr Busia's pro-Western policy brought him an interest-free credit of \$1,500,000 from the IBRD and a very flexible moratorium on Ghana's debt payments to the USA, Britain and France.

The new regime proclaimed its faith in a liberal economic policy inspired by the IMF, the IBRD and the USA. The first effects of this new policy included a drastic devaluation of the new cedi in July 1967 (1 new cedi = \$0.98); a wage freeze; the lifting of foreign transfer restrictions; and the return to private ownership of many nationalized undertakings, which were sold to foreign capital. The results were scarcely edifying. The deficit on public finance remained as large as ever, despite the proclamation of 'austerity'. The halt to government investment (reduced from 150 m. new cedis in 1965 to 92 m. in 1966-7) and the abandonment of the industrialization policy, far from restoring confidence, increased stagnation. In spite of the guarantees offered by the new regime, foreign capital refused to come to Ghana, where the possibility of 'profitable' investment had long ago been exhausted. Economic stagnation, even more serious than under Nkrumah, produced a reduction in receipts from taxation, which fell from 282 m. new cedis in 1965 to 240 m. in 1966-7. The budget deficit increased from 77 m. new cedis in 1965 to

101 m. in 1968. Although the rise in prices slowed down, the wage freeze reflected a continued reduction in living standards. This produced a renewal of trade union opposition, with violent strikes in March 1969, which were brutally suppressed by the army.

A partial restoration of equilibrium on the foreign balance was achieved at the cost of mortgaging the future. With Nkrumah's fall, the boycott of Ghanaian cocoa on the world market ended, and its price rose 2.2 times in two years. At the same time, the halt in investment and the deflationary policy of reducing real earnings produced a cut of 20% in the volume of imports in two years. The trade balance, in deficit until 1966, showed a surplus of 50 m. new cedis in 1968.

(iv) *Problems and Prospects*

Ghana's misfortune is that her 'economic miracle', the spontaneous growth of export agriculture, is so far in the past. As a result, the country can no longer live on illusions, and is being forced into locally based development. This, however, excites the hostility of the dominant landed trading class, which increased and grew rich through colonial integration into the 'world market'. Nkrumah's mistake was not to go far enough. He tried to fight the landed trading class by means of the urban bureaucracy, instead of looking for genuine organized popular support. The bureaucracy, the product of the colonial system, then turned against the regime, after alienating the masses from it by exactions and corruption. In any event, it is true, decisive and irreversible progress would have been difficult. The international system isolated Nkrumah on the continent. His pan-Africanism was labelled 'aggressive' by his neighbours, although in fact only such a policy would have made it possible to begin solving the real problems of development: problems which, except for Senegal, may not yet be visible in Ghana's neighbours, but exist nonetheless.

The regime which replaced Nkrumah's could solve none of modern Ghana's problems because it, too, was based on the bureaucracy and the landed trading class of cocoa planters. At the cost of considerable international support, it just managed to

maintain the foreign equilibrium; but this was a regressive equilibrium, without growth or prospects.

This 'foreign equilibrium' is, in fact, the only thing which interests the international system; but it represents an extraordinary drain on the potential surplus of Ghana's economy. The balance of payments reveals a fraction of it. Private transfers, income from investments, and a large part of the 'current services' which in fact conceal transfers of profits total about 100 m. new cedis, or 6% of the GDP. This is certainly an underestimate: it presupposes that the balance of payments is accurate, that controls are completely effective, and that the classical forms of fraudulent transfer (false import invoices, the artificial under-valuing of company profits, etc.) do not exist.

Even the 6% proportion, however, is lower than that of the visible transfers which reflect the drain on the French-speaking countries of West Africa. Such constitute around 10% in Senegal and the Ivory Coast. The reason for this is the higher stage of evolution reached by economic domination in Ghana. In the French-speaking countries, as is well known, the drain results from the operations of the large numbers of *petits-blancs* in addition to those of the big companies. In Ghana, an indigenous bourgeoisie performs this function.

If we accept the hypothesis that, at equal productivity, labour in Ghana's exporting sector is rewarded at half the rate of labour in the developed countries, we arrive at a figure for the real drain from the country to the international system of 350 m. new cedis, out of a revalued GDP of 2,000 m.; or 17%. This is the clue to Ghana's stagnation and its inability to develop, despite the advanced state of its economy, reflected in a *per capita* volume of capital assets equal to that of Japan.

Table 59. Mali: Economic Growth, 1959-65

(a) Evolution of the General Economic Equilibrium (000 m. Malian francs at 1964-5 values)

|                   | 1959        | 1964-5      | Indices    | Growth rates |
|-------------------|-------------|-------------|------------|--------------|
| Production        | 67.7        | 74.7        | 110        | 1.8%         |
| + Imports         | 12.2        | 18.7        | 142        | 7.0%         |
| - Exports         | -10.8       | -9.5        | 88         |              |
| <b>TOTAL</b>      | <b>69.1</b> | <b>83.9</b> | <b>120</b> |              |
| Final consumption | 62.28       | 68.6        | 109        | 1.7%         |
| Stocks            |             | 1.0         |            |              |
| Capital formation | 7.3         | 14.3        | 196        | 13%          |

(b) Real Growth (added values at factor cost, 1964-5 prices, 000 m. Malian francs)

|                                      | 1959        | 1964-5      | Indices    | Annual growth rates |
|--------------------------------------|-------------|-------------|------------|---------------------|
| Agriculture, agricultural industries | 30.9        | 33.3        | 108        | 1.5%                |
| Energy, water                        | 3.1         | 3.3         | 106        | 1.1%                |
| Artisans, industry                   | 3.5         | 5.2         | 146        | 7.4%                |
| Building, public works               | 3.5         | 5.6         | 160        | 8.4%                |
| Various non-government services      | 3.5         | 4.3         | 122        | 3.5%                |
| Transport and commerce               | 18.0        | 14.8        | 82         | —                   |
| <b>GDP at factor cost</b>            | <b>62.5</b> | <b>66.5</b> | <b>106</b> | <b>1.1%</b>         |
| Indirect taxation                    | 5.0         | 8.2         | 164        | 8.6%                |
| <b>Production at market prices</b>   | <b>67.7</b> | <b>74.7</b> | <b>110</b> | <b>1.8%</b>         |

Sources: 1959, Malian economic statistics (Samir Amin); 1964-5, Malian economic statistics (Jacques Daniel). Adjustment by Daniel to make the figures comparable. S. Amin, *Trois expériences africaines du développement*, contains a detailed account of the development of Mali between 1959 and 1962.

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Table 60. Mali: Public Cash Balance, 1960-9  
(000 m. francs at current values, devalued in 1967)

|                   | <i>Actual expenditure<br/>paid for by Treasury<sup>1</sup></i> | <i>Actual Treasury<br/>receipts</i> | <i>Deficit</i> |
|-------------------|--|-------------------------------------|----------------|
| 1961 <sup>2</sup> | 11.2   | 8.0                                 | 3.2            |
| 1962              | 13.4   | 9.8                                 | 3.6            |
| 1963              | 12.7   | 10.1                                | 2.6            |
| 1st quarter       |  |                                     |                |
| 1964              | 7.1  | 6.0                                 | 1.1            |
| 1964-5            | 13.5   | 13.0                                | 0.5            |
| 1965-6            | 14.1   | 12.4                                | 1.7            |
| 1966-7            | 16.3   | 15.7                                | 0.6            |
| 1967-8            | 21.0   | 15.5                                | 5.5            |
| 1968-9            | 22.7   | 18.0                                | 4.7            |

1. Does not include the budget of the Plan, which was financed by the BRM from 1964-5 onwards (the total advances from the BRM to the Plan were 5,500 m. francs at the end of 1968).

2. The last colonial budget (1960) totalled 7,600 m. francs in income and expenditure.

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Table 61. Mali: Real Foreign Trade  
(000 m. Malian francs at current values)

|                       | 1964-5 | 1965-6 | 1966-7 | 1967-8 |
|-----------------------|--------|--------|--------|--------|
| 1. Registered exports |        |        |        |        |
| Groundnuts            | 2.0    | 0.9    | 0.8    | 0.4    |
| Cotton                | 1.3    | 1.2    | 1.5    | 1.5    |
| Animals               | 1.9    | 1.0    | 1.1    | 1.2    |
| Dried fish            | 1.9    | 0.7    | 0.8    | 0.6    |
| Various               | 0.2    | 0.7    | 0.7    | 0.7    |
| TOTAL                 | 7.3    | 4.5    | 4.9    | 4.4    |
| 2. Illegal exports    |        |        |        |        |
| Animals               | 2.0    | 2.9    | 2.8    | 2.9    |
| Dried fish            | 1.6    | 2.1    | 1.9    | 2.1    |
| TOTAL                 | 3.6    | 5.0    | 4.7    | 5.0    |
| 3. Total exports      | 10.9   | 9.5    | 9.6    | 9.4    |
| 4. Registered imports |        |        |        |        |
| (a) Goods             | 16.2   | 14.2   | 12.6   | 11.4   |
| (b) Services          | 1.6    | 0.8    | 0.9    | 0.8    |
| 5. Illegal imports    | 1.5    | 2.1    | 2.1    | 1.5    |
| 6. Total imports      | 19.3   | 17.1   | 15.6   | 13.7   |

NOTE: Illegal exports are valued at current selling prices in the Ivory Coast, at the official rate of exchange. Registered imports are valued here at the price c.i.f. at the Mali frontier.

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Table 62. Mali: Official Balance of Payments, 1965-8

|  | 1964-5      | 1965-6      | 1966-7      | 1967-8      |
|--|-------------|-------------|-------------|-------------|
| <i>Receipts</i>                              |             |             |             |             |
| <b>A. Current receipts</b>                   |             |             |             |             |
| 1. Exports (official)                        | 7.2         | 4.6         | 5.0         | 4.5         |
| 2. Technical assistance and scholarships     | 1.3         | 1.3         | 1.6         | 1.6         |
| <b>B. Loans and subsidies for investment</b> |             |             |             |             |
| 3. Subsidies                                 | 3.0         | 3.2         | 2.2         | 1.5         |
| 4. Loans less repayments                     | 6.2<br>-1.0 | 4.2<br>-0.9 | 4.6<br>-0.6 | 3.5<br>-0.4 |
| <b>C. Monetary operations</b>                |             |             |             |             |
| 5. IMF                                       | 2.5         | —           | 0.1         | -0.2        |
| 6. Other official loans                      | 2.4         | 3.6         | 2.1         | 1.4         |
| 7. Obligations of the monetary system        | -0.4        | 0.9         | 2.1         | 4.2         |
| <b>TOTAL</b>                                 | <b>21.6</b> | <b>16.9</b> | <b>17.1</b> | <b>16.7</b> |

*Expenditure*

|  |               |               |              |              |
|--|---------------|---------------|--------------|--------------|
| 8. Official imports (of which capital goods) | 12.6<br>(3.4) | 11.0<br>(2.2) | 9.2<br>(1.3) | 8.3<br>(1.8) |
| 9. Transport                                 | 3.6           | 3.0           | 3.3          | 3.0          |
| 10. Services tied to investment              | 1.4           | 0.1           | 0.1          | 0.2          |
| 11. Technical assistance                     | 1.0           | 1.3           | 1.5          | 1.5          |
| 12. Miscellaneous operations                 | 1.1           | 0.8           | 0.8          | 0.7          |
| 13. Private capital                          | 1.3           | 0.1           | 0.4          | 2.0          |
| 14. Errors and omissions                     | 0.2           | 0.5           | 1.8          | 0.4          |

*Content of operations*

- Exports at value ex Mali (official exports).
- French technical assistance (net of the share paid by Mali) and scholarships.
- Subsidies from the FAC, FED, etc.
- Loans allocated to investment (mainly from the communist countries), excluding cash loans in currency.
- Stand-by credit.
- Loans in currency (from the communist countries).
- Central bank, commercial banks and post office: net balance of assets and liabilities.

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- Imports f.o.b. port of embarkation.
- Sea freight and insurance and the Niger-Dakar railway (debit); receipts of Air Mali (credit).
- Geological exploration services.
- Technical assistance from the communist countries paid for by Mali.
- Government (embassies) and private (tourism, foreign companies' transfers for miscellaneous expenditure, etc.) transactions.
- Proceeds from exports (legally) retained abroad and (legal) transfers of savings.

Table 63. Mali: Financing of the Foreign Deficit, 1965-8 (000 m. Malian francs at current values)

|  | 1964-5 | 1965-6 | 1966-7 | 1967-8 |
|--|--------|--------|--------|--------|
| <i>Official Transactions</i>           |        |        |        |        |
| 1. Current trade deficit               | 9.0    | 9.4    | 7.5    | 6.8    |
| 2. Deficit on other current operations | 2.2    | 0.9    | 0.8    | 0.8    |
| 3. Legal private transfers             | 1.5    | 0.6    | 2.2    | 2.4    |
| 4. Total current deficit               | 12.7   | 10.9   | 10.5   | 10.0   |
| 5. Foreign investment aid              | 8.2    | 6.5    | 6.2    | 4.6    |
| 6. Deficit                             | 4.5    | 4.4    | 4.3    | 5.4    |
| <i>Cover for Official Deficit</i>      |        |        |        |        |
| <i>Zone clearing</i>                   |        |        |        |        |
| loans for investment                   | 4.7    | 3.6    | 4.1    | 3.1    |
| cash loans in currency                 | 2.4    | 2.8    | 2.2    | 1.3    |
| Currency zone                          | 0.6    | 0.5    | -0.2   | -0.4   |
| Increase in foreign liabilities        | 0.8    | 0.5    | 1.4    | 4.1    |
| <i>Illegal Transactions</i>            |        |        |        |        |
| Surplus on illegal trade               | 2.1    | 2.9    | 2.6    | 3.5    |

The official deficit cover includes the loans and subsidies for investment included in line 5 of official transactions (see also Table 62, lines 3-4). The surplus on illegal trade is balanced by a flight of capital.



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*Table 64. Mali: Monetary Situation, 1962-8*

Situation at the end of the year, consolidated accounts of the monetary system (000 m. francs at current values)

|                                  | 1962        | 1963        | 1964        | 1965        | 1966        | 1967        | 1968        |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Money                            | 13.0        | 14.6        | 17.0        | 18.4        | 22.4        | 24.5        | 22.5        |
| Quasi-money                      | 0.4         | 0.4         | 0.6         | 0.7         | 0.5         | 0.5         | 1.0         |
| Other items                      | 1.6         | 1.5         | 1.9         | 2.3         | 3.1         | 1.7         | 1.8         |
| <b>TOTAL</b>                     | <b>15.0</b> | <b>16.5</b> | <b>19.5</b> | <b>21.4</b> | <b>26.0</b> | <b>26.7</b> | <b>25.3</b> |
| <i>Contra</i>                    |             |             |             |             |             |             |             |
| Net foreign assets               | 1.1         | -2.1        | -6.4        | -8.2        | -12.0       | -27.5       | -36.4       |
| Aid to government                | 6.3         | 8.3         | 10.7        | 17.6        | 24.9        | 39.1        | 48.7        |
| Aid to nationalized undertakings | 7.6         | 7.9         | 12.8        | 8.7         | 10.1        | 12.2        | 9.3         |
| Aid to the private sector        |             | 2.3         | 2.5         | 3.3         | 2.9         | 2.9         | 3.7         |

NOTE: Until 1965 (inclusive) aid to nationalized undertakings includes certain concealed aid to the government. As a result of the devaluation of 5 May 1967, the government's foreign debt was revalued and a corresponding amount (about 8,000 m. francs) credited in aid to the government.

*Table 65. Guinea: Execution of the National Budget, 1960-9*  
(000 m. Guinean francs at current values)

|                                | 1960 | 1961 | 1962 | 1963 | 1963-4 | 1964-5 | 1965-6 | 1966-7 | 1967-8 | 1968-9 |
|--------------------------------|------|------|------|------|--------|--------|--------|--------|--------|--------|
| Receipts <sup>1</sup>          | 7.6  | 8.7  | 9.1  | 10.4 | 12.2   | 13.2   | 16.2   | 14.4   | 15.6   |        |
| of which taxation <sup>2</sup> | 7.7  | 8.3  | 9.5  | 10.0 | 10.5   | 9.8    | 11.8   | 11.0   | 14.5   | 13.3   |
| Expenditure <sup>1</sup>       | 8.0  | 7.6  | 7.2  | 11.1 | 10.5   | 11.7   | 16.2   | 16.1   | 19.1   |        |
| of which wages <sup>2</sup>    |      | 5.1  | 4.7  | 5.0  | 4.9    | 8.2    | 9.5    | 11.3   | 11.9   | 11.7   |
| national debt <sup>2</sup>     |      | 0.1  | 0.1  | 0.8  | 1.0    | 3.7    | 3.3    | 3.8    | 4.4    | 5.6    |

1. Actual receipts and expenditure. Non-fiscal receipts include, from 1964, payments to the Equalization Fund, the nationalized undertakings' sinking fund; in 1966-7, in addition, they also include the receipts of the National Railways Board.

2. Forecasts.

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Table 66. Guinea: Financing Borne by the Treasury, 1961-8

| (a) 1961-4                              | 1961   | 1962   | 1963 <sup>1</sup> | 1963-4 | 1964-5 |
|---|--------|--------|-------------------|--------|--------|
| Execution of budget Plan <sup>2</sup>   | +1.1   | +1.9   | -0.7              | +1.7   | 0.0    |
| Nationalized undertakings <sup>3</sup>  | -1.7   | -8.1   | 0.0               | -2.0   | -3.8   |
|   | -9.8   | -25.4  | -6.4              | -10.1  | -0.6   |
| <i>Financing borne by Treasury</i>      | 10.4   | 31.6   | 7.1               | 10.4   | 4.4    |
| <i>Sources</i>                          |        |        |                   |        |        |
| Foreign debt <sup>4</sup>               | 5.1    | 10.8   | 3.6               | 5.0    | 3.0    |
| Monetary resources <sup>5</sup>         | 5.3    | 20.8   | 3.5               | 5.4    | 1.4    |
| (b) 1964-8                              | 1963-4 | 1964-5 | 1965-6            | 1966-7 | 1967-8 |
| Payments to Sinking Fund (forecasts)    | —      | 2.8    | 2.4               | 3.7    | 3.2    |
| Payments to Sinking Fund (actual)       | —      |        | 2.4               | 2.3    | 0.0    |
| Net profits made over to Plan           | 2.8    | 3.7    |                   | 1.8    |        |
| Net profits retained by undertakings    | 1.5    | 0.0    |                   | 0.1    |        |
| Expenditure financed by foreign capital | 5.0    | 3.6    | 8.9               | 12.2   | 4.7    |
| Cash surplus or deficit                 | -5.6   | 0.6    | 5.6               | -1.8   | -0.7   |
| <i>Financing borne by Treasury</i>      |        |        |                   |        |        |
| Budget surplus or deficit               | 1.7    | 1.5    | 0.0               | -1.7   | -3.4   |
| Pensions paid                           | -0.8   | 0.5    | -1.5              | -1.9   | -1.9   |
| Result of regional budgets              | 0.5    | 0.2    | -3.7              | 0.3    | 0.2    |
| Plan                                    | -1.0   | -5.2   | -2.9              | -0.1   | -2.4   |
| Nationalized undertakings               | -5.6   | 0.6    | 5.6               | -1.8   | -0.6   |
| Errors and omissions                    | -1.1   | -2.9   | -3.2              | 2.2    | 1.0    |
| Total liquid deficit                    | -6.3   | -5.3   | -5.7              | -3.0   | -7.2   |

Table 66 (cont.)

| Sources                       | 1961 | 1962 | 1963 | 1964 | 1965 |
|-------------------------------|------|------|------|------|------|
| Bank credit                   | 9.3  | 10.8 | 4.0  | 8.1  | 10.3 |
| Government deposits           | -2.1 | -8.0 | 2.1  | -1.3 | -1.3 |
| Equalization Account deposits | -0.9 | 2.5  | -0.4 | -3.8 | -1.8 |

1. Nine months.

2. Surplus of government investments and investment subsidies to nationalized undertakings over foreign resources and funds from the Plan budget.

3. Operating deficits and finance for investment over and above Plan.

4. Of the government and nationalized undertakings.

5. Aid to the government and the public sector.

Table 67. Guinea: Monetary Situation, 1961-8

(a) 1961-5 Analytical Accounts of the Integrated Monetary System (000 m. francs at current values)

|                              | 1961 | 1962 | 1963 | 1964 | 1965 |
|------------------------------|------|------|------|------|------|
| Money                        | 2.8  | 6.6  | 4.3  | 4.8  | 7.0  |
| <i>Contras</i>               |      |      |      |      |      |
| 1. Foreign support           |      |      |      |      |      |
| Reduction in foreign assets  | -5.7 | -8.6 | 0.6  | 0.6  | -1.9 |
| Short-term debt              | 0.0  | 0.0  | -3.5 | -0.2 | -1.9 |
| Medium-term debt             | 0.0  | -2.8 | 2.6  | -0.1 | -0.4 |
| 2. Public Aid:               |      |      |      |      |      |
| to the government            | 0.6  | 6.2  | -5.2 | -1.0 | 4.5  |
| to nationalized undertakings | 3.9  | 16.5 | 6.0  | 0.4  | 3.9  |
| 3. Other Items               |      |      |      |      |      |
| Aid to the private sector    | 0.3  | 1.2  | 0.4  | 0.4  | -0.8 |
| Various                      | 3.7  | -5.9 | 3.4  | 4.7  | 3.6  |

(b) 1963-8, Consolidated Accounts of the Monetary System (000 m. francs at current values)

|                             | 1963 | 1964  | 1965  | 1966  | 1967  | 1968  |
|-----------------------------|------|-------|-------|-------|-------|-------|
| <i>Assets</i>               |      |       |       |       |       |       |
| Net foreign assets          |      |       |       |       |       |       |
| Gross assets                | 2.4  | 2.9   | 2.8   | 1.9   | 1.5   | 2.0   |
| less liabilities            | -8.8 | -10.0 | -10.6 | -10.9 | -13.2 | -16.4 |
| Credits to government (net) | 5.0  | 5.6   | 11.6  | 22.8  | 24.4  | 30.9  |

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Table 67 (cont.)

|                                      |             |             |             |             |             |             |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Credits to nationalized undertakings | 28.9        | 35.7        | 41.5        | 36.2        | 39.5        | 41.7        |
| Credits to private sector            | 2.5         | 2.7         | 2.6         | 1.7         | 1.8         | 2.2         |
| Other items                          | -0.9        | 0.6         | 1.2         | 1.0         | 3.8         | 4.7         |
| <b>TOTAL</b>                         | <b>29.1</b> | <b>37.5</b> | <b>49.1</b> | <b>52.7</b> | <b>57.8</b> | <b>65.1</b> |
| <i>Liabilities</i>                   |             |             |             |             |             |             |
| Banknotes issued                     | 10.4        | 12.8        | 13.8        | 14.6        | 15.8        | 19.3        |
| Sight deposits:                      |             |             |             |             |             |             |
| Nationalized undertakings            | 3.8         | 5.0         | 11.4        | 11.7        | 13.2        | 14.7        |
| Private sector                       | 11.0        | 15.6        | 12.4        | 14.2        | 14.8        | 17.1        |
| Forward deposits                     | 0.0         | 0.0         | 1.8         | 1.9         | 1.9         | 1.8         |
| Deposits in advance of imports       | 1.6         | 0.2         | 1.3         | 0.7         | 2.5         | 3.5         |
| Counterpart funds                    | 2.4         | 3.9         | 8.3         | 9.7         | 9.6         | 8.6         |

Table 68. Guinea: Foreign Trade, 1958-69

(a) 1958-64 (000 m. francs at current values)

|                                 | 1958 | 1960  | 1961  | 1962   | 1963  | 1964  |
|---------------------------------|------|-------|-------|--------|-------|-------|
| Exports                         | 4.9  | 12.7  | 15.2  | 11.1   | 12.3  | 12.9  |
| Imports                         |      | 12.3  | 18.0  | 16.2   | 11.4  | 12.1  |
| (of which imports for the Plan) |      | (0.0) | (0.0) | (10.8) | (4.8) | (5.0) |

(b) 1959-69 (000 m. francs at current values)

|                       | 1964-5 | 1965-6 | 1966-7 | 1967-8 | 1968-9 |
|-----------------------|--------|--------|--------|--------|--------|
| <i>Exports</i>        |        |        |        |        |        |
| Agricultural products | 3.5    | 4.0    | 4.1    | 4.6    | 5.1    |
| Minerals              | 9.3    | 8.8    | 8.5    | 8.5    | 9.0    |
| <i>Imports</i>        |        |        |        |        |        |
| Plan                  | 2.9    | 2.4    | 1.6    | 1.8    | 1.8    |
| Other                 | 3.2    | 3.3    | 2.4    | 4.7    | 3.0    |
| Other                 | 9.8    | 9.3    | 9.2    | 5.8    | 11.3   |
| <i>Balance</i>        | -3.1   | -2.2   | -0.6   | 0.8    | -2.0   |

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Table 69. Guinea: Balance of Payments, 1965-8

|                        | 1964-5      | 1965-6      | 1966-7      | 1967-8      |
|------------------------|-------------|-------------|-------------|-------------|
| <i>Receipts</i>        |             |             |             |             |
| Exports                | 12.8        | 12.8        | 12.6        | 13.1        |
| Foreign contribution   |             |             |             |             |
| Private capital        | 0.5         | 0.4         | —           | 0.3         |
| Public capital         |             |             |             |             |
| USA                    | 4.5         | 3.3         | 2.5         | 8.1         |
| Other countries        | 4.0         | 5.6         | 3.0         | —           |
| less repayments        | -3.1        | -2.6        | -1.2        | -5.9        |
| Foreign assets         |             |             |             |             |
| Payment agreements     | 0.5         | 0.9         | 2.2         | 3.3         |
| Various (net)          | 0.1         | 0.3         | 0.5         | -0.6        |
| <b>TOTAL</b>           | <b>19.3</b> | <b>20.7</b> | <b>19.8</b> | <b>18.3</b> |
| <i>Expenditure</i>     |             |             |             |             |
| Imports                | 15.9        | 15.0        | 13.2        | 12.3        |
| Miscellaneous services | 0.2         | 1.8         | 1.4         | 1.3         |
| Frta services          | 2.2         | 3.1         | 3.8         | 3.8         |
| Errors and omissions   | 1.0         | 0.8         | 1.4         | 0.9         |
| <b>TOTAL</b>           | <b>19.3</b> | <b>20.7</b> | <b>19.8</b> | <b>18.3</b> |

Table 70. Ghana: Economic Development, 1955-68  
National Accounts (Aggregates)

|                               | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | 1961  | 1962  | 1961  | 1962  | 1963  | 1964  | 1965  | 1966 | 1967 |
|-------------------------------|------|------|------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|-------|------|------|
| <i>Current prices</i>         |      |      |      |      |      |      |      |      |       |       |       |       |       |       |       |      |      |
| Private consumption           | 252  | 262  | 291  | 279  | 317  | 339  | 393  | 405  | 804   | 830   | 915   | 984   | 1,255 | 1,337 | 1,286 |      |      |
| Public consumption            | 26   | 30   | 33   | 35   | 39   | 48   | 55   | 63   | 110   | 122   | 138   | 160   | 205   | 261   | 308   |      |      |
| Gross fixed capital formation | 52   | 56   | 56   | 55   | 75   | 96   | 104  | 96   | 210   | 184   | 218   | 232   | 271   | 246   | 213   |      |      |
| Stocks                        | —    | 5    | -6   | -1   | 10   | 11   | -14  | -6   | -20   | -12   | -8    | 14    | 1     | 15    | 6     |      |      |
| Exports                       | 101  | 91   | 96   | 110  | 120  | 123  | 122  | 121  | 244   | 240   | 234   | 244   | 252   | 219   | 265   |      |      |
| GDP                           | 334  | 345  | 363  | 383  | 435  | 469  | 497  | 535  | 1,022 | 1,094 | 1,208 | 1,357 | 1,608 | 1,793 | 1,778 |      |      |
| <i>Constant 1960 prices</i>   |      |      |      |      |      |      |      |      |       |       |       |       |       |       |       |      |      |
| Private consumption           | 278  | 282  | 298  | 288  | 317  | 339  | 364  | 335  | 752   | 710   | 744   | 717   | 722   | 689   | 724   |      |      |
| Public consumption            | 37   | 38   | 40   | 40   | 42   | 48   | 53   | 60   | 104   | 114   | 126   | 134   | 165   | 172   | 193   |      |      |
| Gross fixed capital formation | 60   | 60   | 58   | 58   | 81   | 96   | 99   | 92   | 200   | 182   | 216   | 221   | 250   | 207   | 162   |      |      |
| Stocks                        | —    | 5    | -6   | -1   | 10   | 11   | -14  | -6   | -20   | -10   | -8    | +26   | -9    | +16   | +7    |      |      |
| Exports                       | 86   | 95   | 107  | 94   | 109  | 123  | 137  | 151  | 276   | 324   | 308   | 271   | 334   | 306   | 289   |      |      |
| Imports                       | 106  | 104  | 109  | 97   | 126  | 148  | 163  | 140  | 322   | 282   | 312   | 272   | 350   | 277   | 233   |      |      |
| GDP                           | 355  | 376  | 388  | 382  | 433  | 469  | 476  | 492  | 990   | 1,038 | 1,074 | 1,097 | 1,112 | 1,113 | 1,142 |      |      |

NOTE: The figures in the first eight columns are expressed in millions of Ghanaian pounds. Those in the following seven in millions of new cedis. The cedi was created in July 1965 (1 cedi = \$1.17) and the new cedi in February 1967 (1 new cedi = \$1.40 = 1.20 cedis = £0.50). The new cedi was devalued in July 1967 to give a value of 1 new cedi = \$0.98.

Source: Economic Survey 1968, Accra.

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Table 71. Ghana: Public Finance, 1952-68

|  | (a) Central Government<br>(Ghanaian £m. at current values) |              |         | (b) Central Government and miscellaneous administrations<br>(000,000 new cedis at current values) |              |         |        |
|--|--|--------------|---------|---|--------------|---------|--------|
|  | Re-ceipts  | Expen-diture | Balance | Re-ceipts   | Expen-diture | Balance |        |
| 1952-3   | 42.5   | 24.8         | +17.7   | 1960-1  | 166          | 215     | -49    |
| 1953-4   | 47.6   | 32.3         | +15.3   | 1961-2  | 194          | 299     | -105   |
| 1954-5   | 77.3   | 30.5         | +46.8   | 1962-3  | 165          | 265     | -100   |
| 1955-6   | 60.3   | 42.4         | +17.9   | 1963-4  | 293          | 377     | -84    |
| 1956-7   | 46.6   | 39.7         | +6.9    | 1965-6  | 284          | 361     | -77    |
| 1957-8   | 44.6   | 43.7         | +0.9    | 1966-7  | 231          | 268     | -37    |
| 1958-9   | 49.2   | 48.7         | +0.5    | 1967-8  | 241          | 301     | -60    |
| 1959-60  | 58.3   | 56.7         | +1.6    | 1968-9  | 298          | 399     | -101   |
| 1960-1   | 66.5   | 72.6         | -6.1    |   |              |         |        |
| 1961-2   | 85.6   | 123.0        | -37.4   |   |              |         |        |
| 1962-3   | 90.8   | 125.2        | -34.4   |   |              |         |        |
|  | (c) National Budgets (Execution, NCm. at current values)   |              |         |   |              |         |        |
|  | 1960-1   | 1961-2       | 1962-3  | 1963-4 <sup>1</sup>   | 1965         | 1966    | 1966-7 |
| <i>Current expenditure budget</i>                      |  |              |         |   |              |         |        |
| 1. Revenue   | 144  | 194          | 164     | 255   | 282          | 230     | 240    |
| 2. Current expenditure                                 | 134  | 181          | 160     | 236   | 220          | 203     | 231    |
| of which wages   | 45   | 63           | 48      | 69  | 60           | 60      | 66     |
| interest on the debt                                   | 3  | 5            | 5       | 14  | 14           | 19      | 22     |
| subsidies  | 23   | 41           | 40      | 57  | 55           | 63      | 71     |
| 3. Public savings                                      | 10   | 13           | 4       | 19  | 62           | 27      | 9      |
| <i>Investment budget</i>                               |  |              |         |   |              |         |        |
| 1. Revenue: Public savings and other capital resources | 10   | 13           | 4       | 19  | 62           | 27      | 9      |
| Voluntary contributions                                | 5  | 6            | 4       | -4  | 7            | 10      | 29     |
| Domestic borrowing                                     | 22   | —            | —       | 37  | —            | —       | —      |
| Foreign borrowing                                      | 12   | 74           | 107     | 107   | 101          | 111     | 77     |
| Total resources  | 14   | 10           | 2       | 7   | 2            | 25      | 16     |
| 2. Expenditure: Government investments                 | 63   | 103          | 117     | 166   | 172          | 173     | 131    |
|  | 62   | 97           | 72      | 89  | 101          | 46      | 43     |

*Neo-Colonialism in West Africa*

Table 71 (cont.)

|                                |     |     |     |     |     |     |     |
|--------------------------------|-----|-----|-----|-----|-----|-----|-----|
| Investment loans and subsidies | 38  | 44  | 41  | 56  | 48  | 53  | 49  |
| Depreciation on the debt:      |     |     |     |     |     |     |     |
| domestic                       | 3   | 1   | 3   | 36  | 17  | 54  | 38  |
| foreign                        | —   | 7   | —   | —   | 8   | —   | —   |
| Total expenditure              | 73  | 149 | 116 | 181 | 174 | 153 | 130 |
| 3. Treasury surplus or deficit | -10 | -45 | +23 | -14 | —   | +20 | +2  |

i. Fifteen months.

Table 72. Ghana: Balance of Payments, 1950-68

(a) Cocoa Marketing Board

|         | Exports<br>(G£m. at current values) | Surplus | Index of price<br>paid to producers <sup>1</sup> |
|---------|-------------------------------------|---------|--|
| 1947-8  | 41.5                                | 23.8    | 224  |
| 1948-9  | 37.5                                | 12.5    | 341  |
| 1949-50 | 45.1                                | 17.4    | 202  |
| 1950-1  | 70.3                                | 19.0    | 268  |
| 1951-2  | 51.6                                | 2.0     | 314  |
| 1952-3  | 57.1                                | 4.6     | 276  |
| 1953-4  | 74.7                                | 9.1     | 283  |
| 1954-5  | 77.5                                | 5.9     | 267  |
| 1955-6  | 52.3                                | -1.8    | 295  |
| 1956-7  | 50.7                                | -7.5    | 290  |
| 1957-8  | 62.9                                | 4.4     | 260  |
| 1958-9  | 70.9                                | 6.0     | 252  |
| 1959-60 | 60.9                                | 2.0     | 201  |
| 1960-1  | 71.6                                | -10.0   | 186  |

i. Index base 100 in 1938-9 (index of current price paid to producers/retail price index).

(b) Balance of Payments 1950-62, totals (G£m. at current values)

|      | Trade<br>balance | Balance of<br>payments | Trade<br>terms |
|------|------------------|------------------------|----------------|
| 1950 | +31.0            | +20.1                  | 158            |
| 1951 | +34.6            | +19.3                  | 146            |
| 1952 | +25.1            | +11.5                  | 158            |

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|      |       |       |     |
|------|-------|-------|-----|
| 1953 | +20.8 | +5.2  | 149 |
| 1954 | +53.6 | +40.7 | 100 |
| 1955 | +17.0 | +1.8  | 115 |
| 1956 | +3.1  | -13.3 | 149 |
| 1957 | +4.2  | -14.4 | 157 |
| 1958 | +29.0 | +10.8 | 112 |
| 1959 | +5.9  | -11.3 | 123 |
| 1960 | -2.7  | -33.5 | 153 |
| 1961 | -18.6 | -52.7 | 188 |
| 1962 | +3.4  | -28.6 | 198 |

(c) Balance of Payments 1961-6 (NCm. at current values)

|   | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 |
|---|------|------|------|------|------|------|
| Exports   | 244  | 240  | 234  | 244  | 252  | 219  |
| Foreign capital: private                                      | -9   | 16   | 22   | 22   | 61   | 46   |
| public  | 94   | 33   | 39   | 36   | 36   | 36   |
| Reduction in foreign assets (net)                             | 16   | 17   | 34   | -8   | 57   | 21   |
| TOTAL   | 345  | 306  | 329  | 294  | 406  | 322  |
| Imports   | 326  | 270  | 290  | 283  | 376  | 285  |
| Current private services and current public expenditure (net) | 46   | 42   | 38   | 41   | 47   | 41   |
| Surplus transferred   | -17  | -6   | 1    | -30  | -17  | -4   |

Source: Economic Surveys.

(d) Balance of Payments 1963-8 (\$m.)

|                            | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 |
|----------------------------|------|------|------|------|------|------|
| Credit                     |      |      |      |      |      |      |
| Private capital            | 31   | 31   | 86   | 49   | 31   | 20   |
| Public capital             | 55   | 50   | 49   | 49   | 19   | 25   |
| Drawings on foreign assets | 50   | 12   | 77   | 24   | 23   | 10   |
| Debit                      |      |      |      |      |      |      |
| Trade deficit <sup>1</sup> | 30   | —    | 118  | 40   | -19  | -48  |
| Current services           | 35   | 32   | 40   | 38   | 40   | 30   |
| Income from investments    | 25   | 19   | 27   | 20   | 24   | 32   |
| Private transfers          | 33   | 45   | 40   | 30   | 45   | 40   |

i. A minus sign means a surplus.

Source: IMF.

Table 73. Ghana: Monetary Situation, 1950-68

(a) 1950-9 (G£m. at current values)

| Year | Money in circulation | Annual variation | Foreign assets of banking system | Contras        |                | Treasury Bills held by banks |                 | Foreign assets outside banking system (annual variations) |  |  |
|------|----------------------|------------------|----------------------------------|----------------|----------------|------------------------------|-----------------|---|--|--|
|      |                      |                  |                                  | Aid to economy | Aid to economy | Government                   | Marketing Board | Private   |  |  |
| 1950 | 32.6                 | —                | +3.5                             | +2.2           | +0.1           | +11.6                        | +11.4           | -0.4  |  |  |
| 1951 | 38.6                 | +6.2             | —                                | —              | —              | —                            | —               | —   |  |  |
| 1952 | 39.5                 | +1.2             | +1.2                             | +0.5           | —              | +4.4                         | -2.4            | +0.1  |  |  |
| 1953 | 43.6                 | +4.9             | +5.8                             | +0.8           | —              | +4.2                         | +4.9            | -3.5  |  |  |
| 1954 | 45.0                 | +2.0             | +2.5                             | -0.7           | —              | +37.6                        | +0.2            | -2.9  |  |  |
| 1955 | 41.8                 | +1.1             | +2.2                             | +0.6           | +0.1           | +7.7                         | -3.1            | +2.3  |  |  |
| 1956 | 45.1                 | +4.1             | +3.9                             | +0.8           | —              | -8.4                         | -11.3           | +0.6  |  |  |
| 1957 | 45.9                 | +1.9             | +0.8                             | +1.7           | -0.1           | -14.3                        | -1.9            | +1.4  |  |  |
| 1958 | 45.3                 | +0.7             | -3.6                             | +0.9           | —              | +1.8                         | +2.4            | +0.8  |  |  |
| 1959 | 50.4                 | +7.2             | +4.8                             | +1.6           | +0.1           | -0.8                         | +14.9           | +0.6  |  |  |

Source: Ghana Economic Surveys, 1962-7.

(b) 1961-8 (N Cdn. at current values)

| Foreign assets       | 1961              |                | 1962              |                | 1963              |                | 1964              |                | 1965              |                | 1966              |                  | 1967              |                | 1968              |                |
|----------------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|------------------|-------------------|----------------|-------------------|----------------|
|                      | Aid to government | Aid to economy | Aid to government | Aid to economy | Aid to government | Aid to economy | Aid to government | Aid to economy | Aid to government | Aid to economy | Aid to government | Aid to economy   | Aid to government | Aid to economy | Aid to government | Aid to economy |
| Foreign assets       | 121               | 105            | 70                | 63             | 70                | 63             | 63                | 63             | 6                 | 6              | -15               | -43 <sup>1</sup> | -43 <sup>1</sup>  | -56            | -56               | -56            |
| Aid to government    | 54                | 61             | 112               | 152            | 112               | 152            | 152               | 152            | 169               | 169            | 201               | 201              | 216               | 201            | 216               | 301            |
| Aid to economy       | 2                 | 39             | 53                | 112            | 53                | 112            | 112               | 112            | 168               | 168            | 228               | 228              | 247 <sup>1</sup>  | 228            | 247 <sup>1</sup>  | 217            |
| Money total          | 146               | 163            | 173               | 242            | 173               | 242            | 242               | 242            | 240               | 240            | 248               | 248              | 241               | 248            | 241               | 256            |
| Quasi-money, various | 30                | 41             | 63                | 84             | 63                | 84             | 84                | 84             | 103               | 103            | 167               | 167              | 179               | 167            | 179               | 206            |

1. Including 13 m. new cedis to offset devaluation (revaluation of the foreign debt).

Source: IMF.

## 9 Conclusion

The economic area formed by the nine 'French-speaking' states of West Africa today contains more than 32 million people. During the decade 1960-70 there have been considerable changes in the distribution of this population. The urban population as a proportion of the whole has risen from 9 to 13%.<sup>1</sup> As late as 1950, there was little urban development in the region outside Senegal, but this is no longer true today. Twenty years from now, the proportion of the population in towns will certainly be over 30%.

In the period 1960-70, the real growth rate of the gross domestic product has been modest, at 4.3% a year, compared with a population growth rate of 2.3%.<sup>2</sup> And in consequence, the relative and absolute gaps between this region and the developed world could only grow sharper. In addition, the growth rate of both the industrial product and urban employment has been much lower than that of urban development; which has produced rapidly-growing unemployment.

The table which summarizes the results of this study gives a qualitative indication of the distribution of real growth between the different states which make up the region. Growth at constant prices is less difficult to estimate than growth at current prices because price statistics are very inadequate. Roughly, import prices have increased at a rate of 2-3% a year, the rate of price increases in France. The transmission of these price increases in imported products to the 'domestic sectors' (local industry and non-export agriculture) seems to have varied substantially from country to country. The most highly industrialized ones, like Senegal and the Ivory Coast, absorbed the impact better than did the others. But if the non-exporting agricultural sector within

1. See Table 74.

2. See Table 75.

the market economy has reacted to this increase in prices of local and imported manufactured goods, the prices of export products have in contrast on the whole fallen sharply, except for coffee and cocoa in recent years. The prices given in the accounts to the production of the non-commercial sectors are obviously to a large extent conventional. Inflation, very high in Mali, better contained in Guinea, makes estimates at current prices even more hazardous for these two countries.

The volume of investment carried out in the region during the decade has certainly been much higher than that which was characteristic of the colonial period, even after the Second World War. Its distribution between the sectors, however, has remained more or less the same as in colonial times. Agriculture is estimated to have received about 90,000 m. francs in investment, half of it in the Ivory Coast (modern oil-palm and pineapple plantations), though this estimate is certainly on the high side. Energy, industry, mines and the fishing industry received 290,000 m., of which 60,000 m. was for MIFERMA alone (so accounting for the very high figure for Mauritania). Apart from the Ivory Coast and Senegal (90,000 m. and 60,000 m. respectively), only Mali and Guinea have made real efforts to industrialize, though on a modest scale (25,000 m. in each case). The remaining 730,000 m. francs, or two thirds of the total, went to infrastructure, transport, housing and social investment.

The investment rates resulting from a comparison of the volume of investment with the average GDP at current prices are certainly distorted by uncertainty over prices. But they remain valuable as rough figures. However, since investment costs (imported capital goods and local construction) increased more than the average level of prices shown, such rates must be a little on the high side, as perhaps is the volume of investment shown for Guinea, since FRIA's contribution (25,000 m. francs) was earlier than the period studied.

The outward-directed character of development in these countries can be seen from the clear correlation between the growth rates of the GDP and of exports.<sup>3</sup> Only two countries have shown high growth rates: the Ivory Coast and Mauritania. The growth

3. See Table 76.

of the Ivory Coast, which the present author has studied in detail elsewhere,<sup>4</sup> is the result of outward-directed agricultural development of the lower coast; followed, from 1960 onwards, by industrialization on the Senegalese model and financed in the same way. Mauritania's growth is wholly attributable to the exploitation of iron ore by MIFERMA. The same is true, on a much more modest scale, for the growth of Niger, based on the extensive cultivation of groundnuts, and Togo, based on the exploitation of phosphates. Elsewhere, in the countries of the UMOA, where an increase of exports was impossible, growth has come to a halt. The reason is either that this type of agricultural development had reached a ceiling - Senegal is the typical case, but the agriculture of Togo and Dahomey is in the same position - or that there is no raw material worth exploiting. The relatively fast growth of Upper Volta's exports should not mislead us, because the initial figures in this case were very low. Nor are Mali and Guinea exceptions to the rule of stationary exports and modest overall induced growth. Attempts to speed up industrialization in these conditions, of small markets and bureaucratic systems together with 'foreign pressures', have been relative failures, as indicated by inflation. This has been particularly severe in Mali, where it has led to political failure, and better contained in Guinea, mainly as a result of the resources procured directly and indirectly by FRIA.

The volume of investment has not been negligible: on average 13% of the GDP; 15% in the Ivory Coast and Guinea and 28% in Mauritania. Two thirds of it, however, went into not directly productive infrastructure, because rapid industrialization and a real modernization of food production for the towns are impossible within such limited economic areas. It can also be seen that there is no relation between the volume of investment and the results achieved in terms of growth. The capital coefficients which measure this connexion vary widely (1.9-6.7). The agricultural sector which is responsible for growth in the Ivory Coast in fact absorbs very little investment, whereas the mining sector which performs the same function in Mauritania (and in Togo on

4. Samir Amin, *Le Développement du capitalisme en Côte-d'Ivoire*, Paris, 1967.

the market economy has reacted to this increase in prices of local and imported manufactured goods, the prices of export products have in contrast on the whole fallen sharply, except for coffee and cocoa in recent years. The prices given in the accounts to the production of the non-commercial sectors are obviously to a large extent conventional. Inflation, very high in Mali, better contained in Guinea, makes estimates at current prices even more hazardous for these two countries.

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4. Samir Amin, *Le Développement du capitalisme en Côte-d'Ivoire*, Paris, 1967.



a much smaller scale) absorbs a great deal. In this situation, investment in infrastructure appears more often as a hindrance to growth, as a result of the current public expenditure to which it gives rise, rather than as essential to development.

In addition, the finance for this investment has come almost entirely from abroad. Out of an aggregate of 1,110,000 m. francs of gross investment, the foreign public contribution allocated to development provided 290,000 m.; and private foreign capital, 520,000 m. (including the internal financing of foreign companies): a total of over 70% of the financial resources. The real foreign contribution is even higher because the nine states received 215,000 m. francs in 'current' foreign aid. The local public finances, though apparently more or less in equilibrium, have in fact been in deficit to this amount, which represented a contribution amounting to 19% of current public expenditure. (The annual average of local current public expenditure for 1960-70 was 115,000 m. francs.) This means that local saving provided no more than 85,000 m. francs in ten years, or about 1% of the region's GDP. In short, local saving capacity is negligible. Development remains completely dependent on outside stimuli and has no internal dynamism. Such proportions are characteristic of each of the states which make up the region; both the 'rich' (the Ivory Coast and Mauritania) and the 'poor' (Upper Volta, Mali and Niger); both those whose development has just begun (the Ivory Coast), and the 'old colonies' (Senegal). For each of them in the decade 1960-70, the foreign contribution has represented the following annual averages as a proportion of investment: Togo, 83%; Senegal, 81%; Mali, 78%; Mauritania, 78%; Ivory Coast, 76%; Upper Volta, 72%; Niger, 72%; Dahomey, 64%; Guinea, 60%.

The lower percentages for Dahomey and Guinea are most likely to reflect an overestimate of investment. From another point of view, if the foreign public contribution is considered net, the repayments which have fallen due in the last years of the decade have the effect of reducing the proportion. This will be particularly noticeable in the Ivory Coast in the next few years, where large repayments are due as a result of deferred payment agreements. In fact, the tendency has been for the proportion of

foreign finance during the decade to increase. Everywhere, growth is still determined by foreign stimuli. And how could it be otherwise, since the sectors capable of producing a large surplus (light industry, import-export trading, etc.) are almost entirely controlled by foreign capital?

The limitations and contradictions of outward-directed growth produced in response to foreign stimulus can be seen in the balance of payments.<sup>5</sup> It is characteristic that once the first period of development is over imports tend to increase faster than exports. Mauritania and the Ivory Coast are still in the first stage of development; but the tendency of the import growth rate to catch up with and then to overtake the export rate can already be seen.

To this current trade deficit must be added the deficit resulting from the dynamic of investment by foreign private capital. We have tried to measure the development of the balance resulting from the inflow of private foreign capital and the outflow of profits it produces. In this estimate, the flow of private capital is considered as gross; i.e., reinvestments of gross profits by all foreign companies are regarded as imports of capital, in order to allow a comparison with the investment finance balance. The corresponding outflow of profits and savings is also gross. The gross inflow of capital is estimated at 12,000 m. francs for Senegal (the figure remained constant throughout the decade), 25,000 m. for the Ivory Coast (20,000 m. in 1960; 30,000 m. in 1970), and 14,000 m. for the other countries (11,000 m. in 1960 and 17,000 m. in 1970); although the tendency was not constant, and most of the investment was carried out by MIFERMA between 1960 and 1964. The distribution of the outflow is as follows: Senegal 25,000 m. in 1960 and 25,000 m. in 1970; Ivory Coast 25,000 m. in 1960 and 45,000 m. in 1970; other countries 25,000 m. in 1960 and 40,000 m. in 1970. The increase here comes mainly from MIFERMA, FRIA and Phosphates du Togo (15,000 m. in all). The outflow also includes 'illegal' exports of capital from Mali between 1960 and 1967.

These figures, which are rarely quoted, prove that finance supplied by foreign capital produces greater growth in the out-

5. See Tables 77 and 78.

flow of profits and savings. We see here over the whole of the region that the rate of growth in this outflow (3.8% a year) has been higher than the growth in the gross contribution of private foreign capital (3.2% a year). The result is the appearance of a tendential deficit on the balance of payments as soon as the first phase of development is over.

Neither current private and public receipts nor the foreign public contribution for development or current deficits can make up this increasing tendential foreign deficit, unless we were to envisage so large an increase in foreign 'aid' as to remove any meaning that attaches to national independence.

The inexorable slowing-down in outward-directed growth is expressed in a tendential crisis of public finance. Everywhere the government deficit is increasing, or on the point of doing so. In general, the gap between the rates of growth in current government expenditure, which are increasing, and the rates of growth in the material base of the economy, which are slowing down, is tending to widen. Increasing the rate of taxation, as was widely done in the region during the decade, merely postpones the settlement. This situation reflects the paralysis of national saving capacity, which, despite the growth in the GDP, remains unable to bring about an automatic and spontaneous transition from growth stimulated from abroad to internally generated and self-financing growth.

The estimates we have worked out for all the countries in the group show that current public expenditure (excluding technical assistance and French military spending where appropriate) has grown faster than the material base of the economy. Public expenditure as a proportion of the GDP rose by 2% for the nine countries as a whole (from 13% in 1960 to 15% in 1970), and by as much as 4% in some. Mauritania, where the share of public expenditure in the GDP fell from 23 to 15%, is the only exception: to be explained, yet again, by the growth, in any case very localized, of the GDP in response to the implantation of MIFERMA. Even in the Ivory Coast, where until 1965 the material base of the economy developed faster than public expenditure, the tendency was reversed at the end of the decade, so that, as between 1960 and 1970, the proportion remained

unchanged, at 15%. Public expenditure increased from 13% of the GDP in 1960 to 16% in 1970 in the other seven countries. It should be added that price distortion – government wages were more or less frozen during the decade – reduced the growth of public expenditure as a proportion of the GDP.

With a gross domestic product of around 1,000 m. CFA francs, or about \$120 a head, the area formed by the nine 'French-speaking' states is of the same economic stature as the area of the three Maghreb states or of Egypt. This is little enough in view of the modern requirements of industrial development: even if the vast area, the variety of potential agricultural resources, and the wealth of minerals and energy to some extent reduce the effect of the smallness of economic scale. Yet it can never be sufficiently stressed that the overriding obstacle to development is the division of this area into nine states. At the end of French colonial rule, real development had taken place in only one state in the group, Senegal – if we ignore Togo, where modernization, which went back to the German period, had slowed down considerably since the French mandate, and the Ivory Coast, where development was beginning, at a rapid rate it is true, in 1950.

Fragmentation ruined any chance of breaking away from the previous policy of growth without development, directed outward and limited to micro-regions (the Senegalese groundnut basin, the lower coast in the Ivory Coast, etc.). These were in turn too soon exhausted and unable, even when once developed, to provide the minimum economic area for any serious industry. Besides, such development during the course of the decade finally proved possible only in the Ivory Coast. The experience of Guinea and Mali, for both external and internal reasons – fragmentation itself and bureaucratic tendencies – which are in any case connected, does not provide counter-examples of genuine, locally based development.

It seems clear that any attempt at a 'development policy' within such narrow limits as those set by the economic areas characteristic of the states in this region is bound to fail. These make it almost impossible to break with the old policy of giving absolute priority to outward-directed development, stimulated

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from abroad. This fact must be the basis of any objective, critical assessment of attempts at national 'economic planning' in these states. Such attempts can only fail. It is possible to plan, or try to plan, a locally based development policy financed out of local resources; it is impossible to plan development which depends completely on the conditions of foreign demand and foreign capital. An attempt may be made to bring some order into the government investment which accompanies this outward-directed growth, itself essentially beyond local control. But this cannot be called 'planning' and still less a 'development policy'.

The claim that balkanization merely results from the traditional centrifugal forces of 'tribalism' is not valid. The basis of micro-nationalism is modern, produced by nothing other than this type of outward-directed colonial development. Forced to look abroad, the regions 'developed' under this system had no objective interest in carrying the dead weight of untapped 'reserves'. It is clear that, at the level of states, such micro-nationalism no longer has any meaning.

At the end of this economic analysis, the unambiguous conclusion must be that the fragmentation of economic area which West Africa has undergone constitutes an irresistible pressure for the maintenance of colonial structures and policies and colonial 'development', and that these in turn no less irresistibly produce foreign domination and underdevelopment.

*Table 74. Population, 1960-70 (000s)*

|             | Total Population |        | Growth rate      | Urban Population |       | Growth rate | % of population in towns in 1970 <sup>1</sup> |
|-------------|------------------|--------|------------------|------------------|-------|-------------|---|
|             | 1960             | 1970   |                  | 1960             | 1970  |             |   |
| Senegal     | 3,150            | 3,900  | 2.2              | 700              | 1,250 | 6.0         | 32.0  |
| Mali        | 4,200            | 5,200  | 2.2              | 250              | 380   | 4.0         | 7.3   |
| Mauritania  | 1,050            | 1,200  | 1.3              | 50               | 90    | 5.0         | 7.5   |
| Guinea      | 2,900            | 3,800  | 2.6              | 180              | 360   | 7.0         | 9.5   |
| Ivory Coast | 3,700            | 5,000  | 3.2 <sup>2</sup> | 450              | 970   | 8.0         | 19.5  |
| Upper Volta | 4,400            | 5,000  | 1.3 <sup>2</sup> | 220              | 360   | 5.0         | 7.2   |
| Niger       | 3,100            | 3,900  | 2.6              | 90               | 160   | 6.0         | 4.1   |
| Dahomey     | 2,100            | 2,700  | 2.6              | 200              | 310   | 5.0         | 11.5  |
| Togo        | 1,400            | 1,800  | 2.6              | 200              | 310   | 5.0         | 17.0  |
| TOTAL       | 26,000           | 32,500 | 2.3              | 2,340            | 4,190 | 6.0         | 13.0  |

1. Agglomerations with populations of over 5,000.

2. The Ivory Coast's growth rate, higher than that of the other countries, is due to immigration, mainly from Upper Volta, for which the growth rate of the resident population is correspondingly low.

Table 75. Real Growth and Gross Investment, 1960-70<sup>1</sup>

|             | GDP 1960<br>current<br>prices <sup>2</sup> | GDP 1970<br>1960<br>prices <sup>2</sup> | GDP 1970<br>current<br>prices | Real growth<br>rate of<br>GDP | Annual rate<br>of price<br>increases | Gross<br>investment<br>1960-9<br>(10 years) <sup>3</sup> | Gross<br>investment<br>average<br>GDP (%) <sup>3</sup> | Capital<br>coefficient <sup>4</sup> |
|-------------|--|---|-------------------------------|-------------------------------|--------------------------------------|--|--|-------------------------------------|
| Senegal     | 158  | 200                                     | 220                           | 2.5                           | 0.8                                  | 200  | 11   | 4.4                                 |
| Mali        | 60   | 72                                      | (125)                         | 1.8                           | (6.0)                                | 100  | 28   | 3.7                                 |
| Mauritania  | 19   | 39                                      | 43                            | 7.5                           | 1.0                                  | 100  | 15   | 3.3                                 |
| Guinea      | 44   | 68                                      | (90)                          | 4.5                           | (3.5)                                | 370  | 15   | 1.9                                 |
| Ivory Coast | 143  | 308                                     | 350                           | 8.0                           | 1.5                                  | 90   | 12   | 6.7                                 |
| Upper Volta | 52   | 62                                      | 78                            | 1.8                           | 2.3                                  | 50   | 8  | 4.4                                 |
| Niger       | 50   | 68                                      | 85                            | 3.0                           | 2.3                                  | 70   | 10   | 3.3                                 |
| Dahomey     | 40   | 49                                      | 62                            | 2.0                           | 2.3                                  | 55   | 11   | 5.5                                 |
| Togo        | 36   | 46                                      | 58                            | 2.4                           | 2.3                                  | 50   | 11   | 4.6                                 |
| TOTAL       | 602  | 912                                     | (1,050)                       | 4.3                           |                                      | 1,085  | 13%  | 3.0                                 |

1. The GDP and investments are expressed in 000 m. CFA francs at current values, and for Mali in 1970 in 000 m. devalued Malian francs and for Guinea in 000 m. Guinean francs at the official (unchanged) rate of exchange.

2. Estimates at constant prices have been made by the same methods for each country as far as possible, especially for assessing the value of subsistence food crops.

3. Only investment in the 'modern' sector, i.e. excluding 'traditional' investment (village huts, land clearing, new livestock, etc.).

4. The result of dividing the rate of investment by the real growth rate.

Table 76. Foreign Trade Tendencies, 1960-70<sup>1</sup>

|             | Exports |      | Imports |      | Balance |      |
|-------------|---------|------|---------|------|---------|------|
|             | 1960    | 1970 | 1960    | 1970 | 1960    | 1970 |
| Senegal     | 44      | 44   | 44      | 47   | 0       | -3   |
| Mali        | 10      | 10   | 12      | 18   | -2      | -8   |
| Mauritania  | 2       | 18   | 6       | 15   | -4      | 3    |
| Guinea      | 10      | 12   | 12      | 16   | -2      | -4   |
| Ivory Coast | 50      | 100  | 52      | 90   | -2      | 10   |
| Upper Volta | 3       | 6    | 8       | 11   | -5      | -5   |
| Niger       | 7       | 10   | 7       | 15   | 0       | -5   |
| Dahomey     | 4       | 5    | 7       | 9    | -3      | -4   |
| Togo        | 5       | 8    | 7       | 12   | -2      | -4   |
| TOTAL       | 135     | 213  | 155     | 233  | -20     | -20  |

1. Exports and imports are expressed in 000 m. CFA francs at current values and estimated by comparable methods. In addition these are estimates of 'real' transactions and not merely of 'registered' trade adjusted on the graph defining the 'general tendency' (of which the growth rates form the peaks). The growth of Mauritanian exports begins sharply in 1963-4 (the beginning of MIFERMA's operations); Guinea's exports had leapt forward before this decade (between 1958 and 1960, with the establishment of Fria).

Table 77. Balance of Payments, 1960-70 (annual average, 000 m. francs at current values)

|   | Senegal | Mali | Mauritania | Guinea | Ivory Coast | Upper Volta | Niger | Dahomey | Togo | TOTAL |
|---|---------|------|------------|--------|-------------|-------------|-------|---------|------|-------|
| <i>Revenue</i>                                |         |      |            |        |             |             |       |         |      |       |
| Exports                                       | 43.8    | 10.0 | 11.3       | 12.8   | 76.8        | 4.5         | 8.4   | 4.3     | 6.5  | 178.4 |
| Current receipts <sup>1</sup>                 | 6.9     | 2.0  | 1.5        | 1.5    | 6.0         | 5.0         | 2.0   | 2.0     | 1.5  | 28.4  |
| Public foreign contribution                   |         |      |            |        |             |             |       |         |      |       |
| Development (net) <sup>2</sup>                | 3.8     | 6.0  | 1.8        | 5.2    | 3.0         | 2.6         | 2.1   | 2.3     | 2.0  | 28.8  |
| Current <sup>3</sup>                          | 6.5     | 2.0  | 0.5        | 0.8    | 5.2         | 1.9         | 1.6   | 1.6     | 1.4  | 21.5  |
| Private capital (gross)                       | 12.5    | 1.0  | 6.0        | 0.8    | 25.0        | 1.0         | 2.9   | 1.2     | 2.0  | 52.4  |
| TOTAL   | 73.5    | 21.0 | 21.1       | 21.1   | 116.0       | 15.0        | 17.0  | 11.4    | 13.4 | 309.5 |
| <i>Expenditure</i>                            |         |      |            |        |             |             |       |         |      |       |
| Imports                                       | 46.8    | 17.0 | 13.9       | 16.3   | 72.8        | 9.9         | 11.4  | 8.2     | 8.9  | 205.2 |
| Current expenditure                           | 3.5     | 1.0  | 0.8        | 1.0    | 4.0         | 1.0         | 1.2   | 0.5     | 1.4  | 14.4  |
| Private transfers (gross)                     | 25.1    | 5.0  | 6.7        | 5.1    | 36.2        | 3.9         | 4.8   | 2.7     | 2.4  | 91.9  |
| Monetary reserves and sight debt <sup>4</sup> | -1.9    | -2.0 | -0.3       | -1.3   | 3.0         | 0.2         | -0.4  | 0.0     | 0.7  | -2.0  |

1. Current public and private receipts include: expenditure of foreign embassies (excluding French military spending), income from tourism, remittances from emigrant workers (important for Upper Volta and Senegal), receipts from transit (Senegal, Ivory Coast and Dahomey).

2. The public foreign contribution allocated to development basically includes FED and FAC grants (with subsidiary loans), long-term loans from the communist countries (to Guinea and Mali). The repayments on these loans appear as a huge sum at the end of the decade, in the case of Guinea spread out as a result of American loans. This item also includes the net contribution from 'deferred payment agreements' in the case of the Ivory Coast.

3. The current foreign contribution includes the costs of technical assistance (almost all French), support for local treasuries (French budget subsidies, advances from the French Treasury) and short-term loans from the communist countries (loans in commodities or currency).

4. The reduction in external assets (which appears among resources) was increased by the sight debt of nationalized undertakings in Guinea and Mali (especially credits in virtue of clearing agreements), which was supplemented in the case of Mali by advances from the French Treasury from 1967 onwards. Drawings from the IMF are also included here.

Table 78. Balance of Payments for All Nine States 1960 and 1970, Tendential Figures (000 m. francs at current values)

|                             | 1960 | 1970 | Annual average | Growth rate |
|-----------------------------|------|------|----------------|-------------|
| Exports                     | 135  | 213  | 178            | 4.5         |
| Current receipts            | 22   | 35   | 28             | 5.0         |
| Public foreign contribution |      |      |                |             |
| Development (net)           | 25   | 33   | 29             | 2.8         |
| Current                     | 16   | 28   | 22             | 5.8         |
| Private capital (gross)     | 43   | 59   | 52             | 3.2         |
| TOTAL                       | 241  | 368  | 309            | —           |
| Imports                     | 155  | 243  | 205            | 4.3         |
| Current expenditure         | 11   | 18   | 14             | 5.0         |
| Private transfers (gross)   | 75   | 110  | 92             | 3.8         |
| Balance                     | 0    | -3   | -2             | —           |

Conclusion

## Bibliography

The bibliography which follows is extremely selective. It contains the titles of books, articles and publications on economics, economic history, politics and political history, human geography and economic anthropology. It should be said that the scarcity of material has meant that, for certain countries, works of dubious academic status have been included. The bibliography does not include such general documentary sources for the post-war period as national accounts and development plans, general statistical bulletins and those for particular sectors (foreign trade, labour, etc.), information provided regularly in the BCEAO bulletins and the annual or half-yearly reports of the IBRD and IMF. Very many studies in applied economics have been carried out in Africa by research organizations, especially CERESA, CINAM, COGERAF, IRFED, SCET, SEDES and SERMI. The publications of these organizations, which are always duplicated, are frequently included in publications of the French Ministère de la Co-opération, the *Bulletin de l'Afrique Noire* - published by Ediafric - or in business journals, especially *Marchés tropicaux et méditerranéens*, *Europe-France-outré-mer*, *Équipement et activités d'outré-mer* and *Moniteur africain*. A more complete bibliography will also be found in articles published in academic journals such as the *Journal of Modern African Studies*, the *Journal of African History*, *Tiers Monde*, *Africa*, the *Cahiers de l'ISEA*, the *Cahiers d'outré-mer*, *Cahiers d'Études africaines*, the *Bulletin de l'IFAN* and *Présence africaine*. The bibliography deals almost exclusively with the countries covered in this book, and as regards the other West African countries has been reduced to essential titles.

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