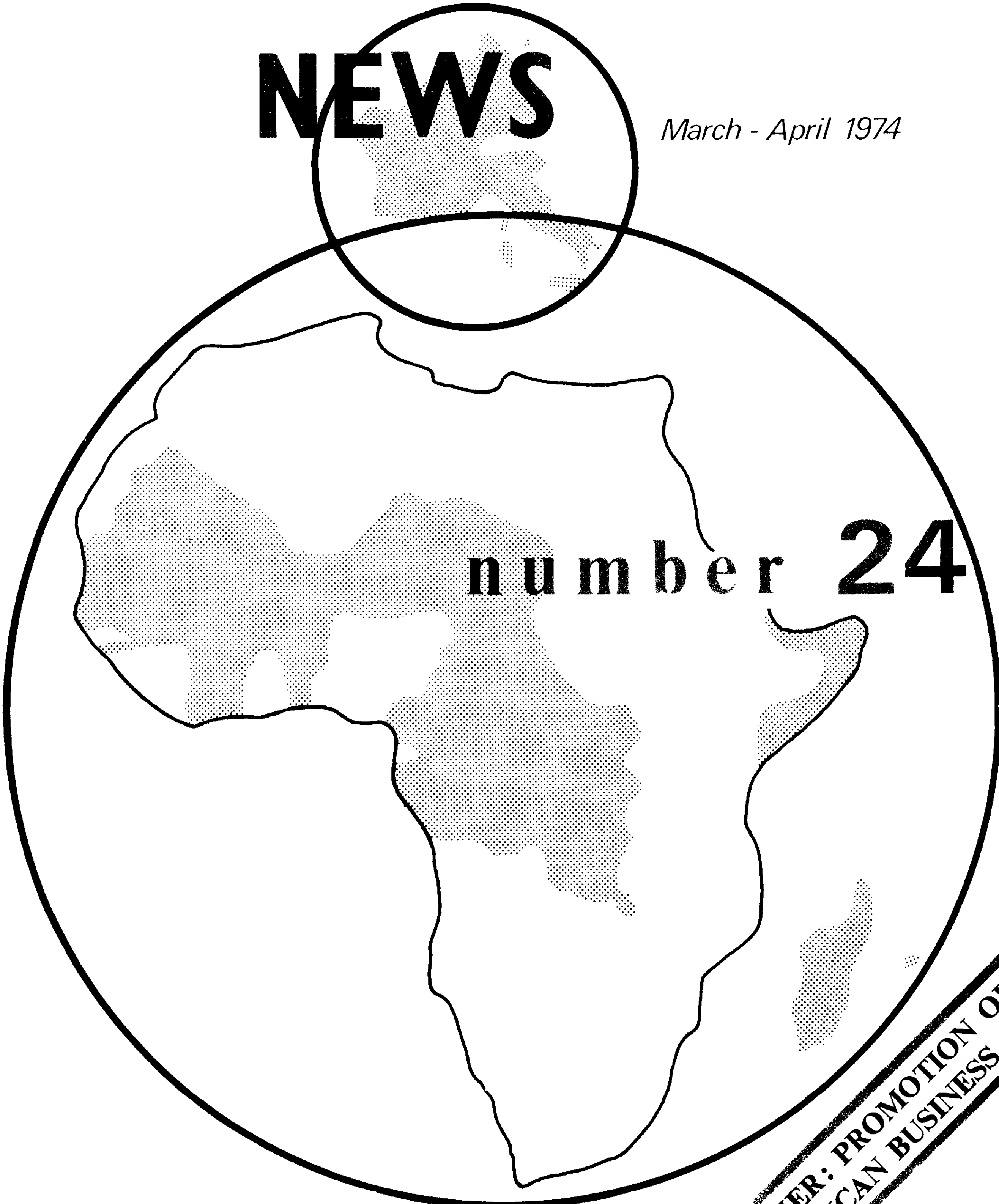
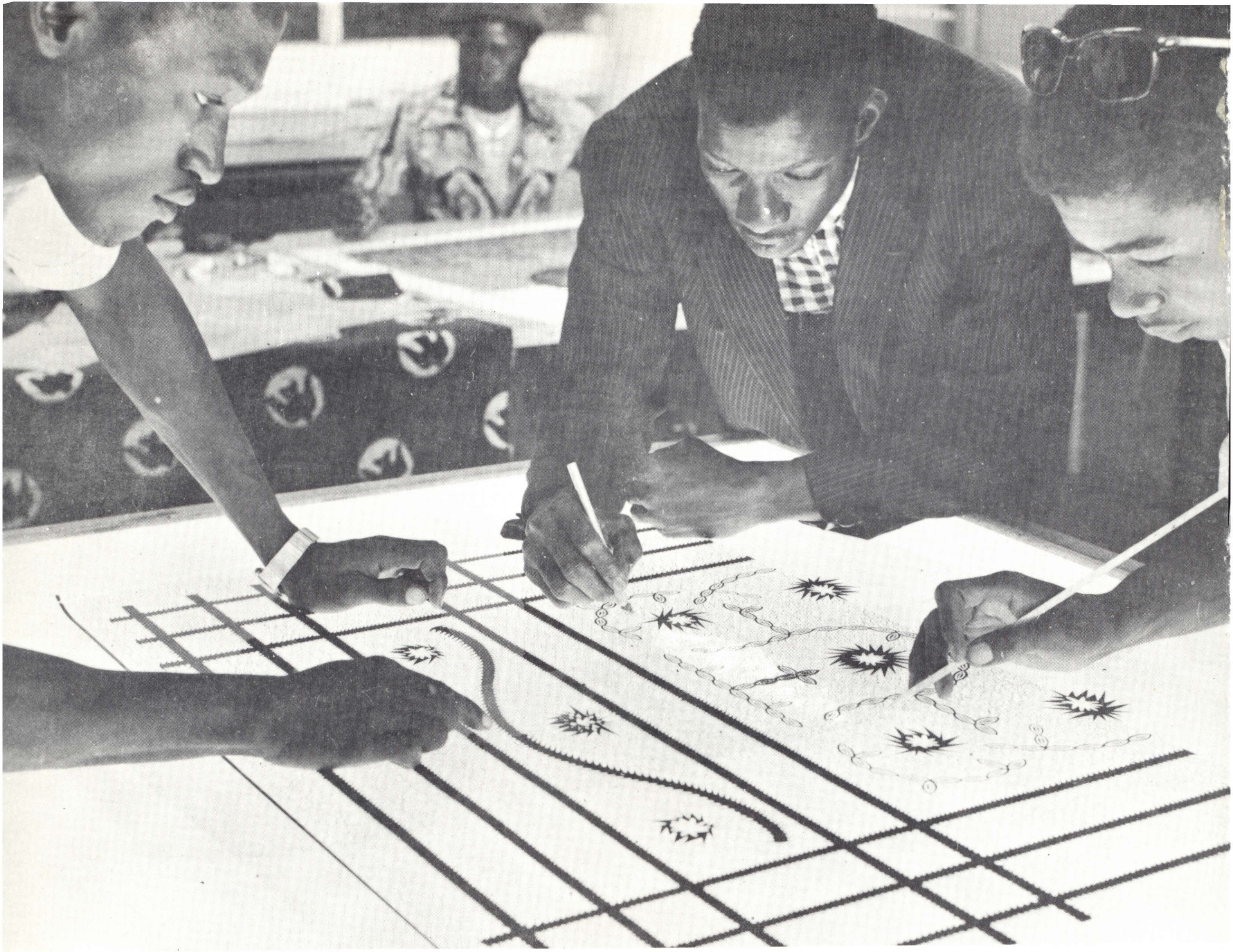
ASSOCIATION NEWS

March - April 1974



number 24

DOSSIER: PROMOTION OF AFRICAN BUSINESS

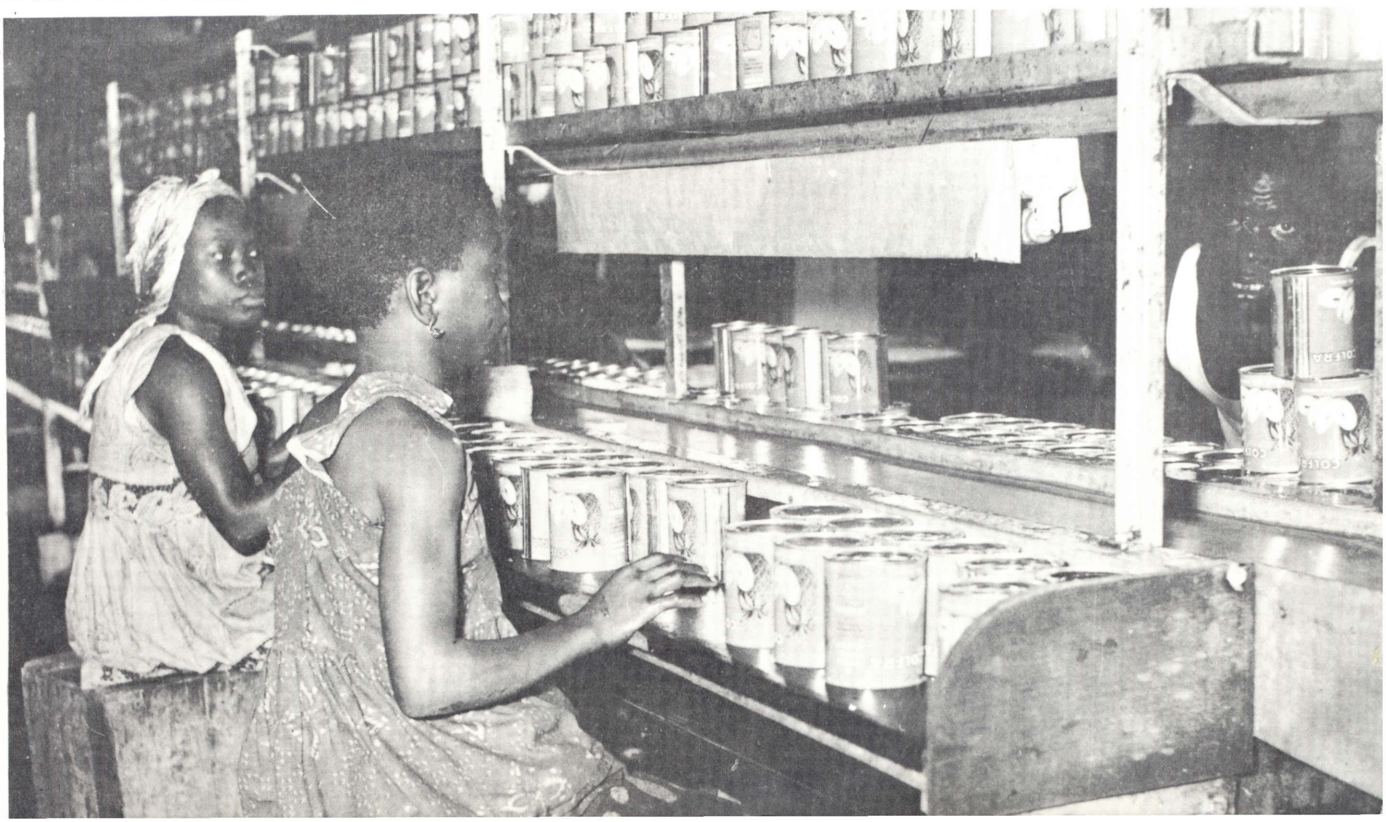


Naud

Info Côte-d'Ivoire

Above: pattern designers for loin-cloths.

Opposite: canning pineapple.



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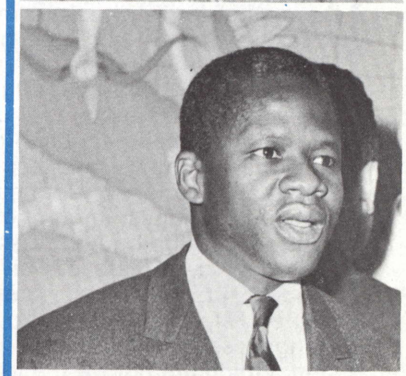


EDITORIAL

Hope or new setbacks for the Third World?

The O.E.C.D. calculates that successive crude oil price rises up to the end of 1973 will cost an extra $ 50 000 000 000 in foreign currency in 1974. The European Economic Community will have to find two thirds of this bill.

During 1973, too, there was a marked tendency towards rising prices for many raw materials. These include copper, the price of which almost trebled in a single year, zinc, tin, cotton and rubber. The rises, of course, differ from product to product; and it is difficult to say whether, in the light of the economic position in the world, the new levels will be maintained in 1974 or even surpassed. The hard fact to be taken into account, however, is the movement of the Reuter price index in 1973. This is an index much used by economists and based on quotations for 17 commodities—copper, tin, lead, zinc, sugar, cocoa, coffee, soya seed, copra, groundnuts, wheat, maize, rice, meat, rubber, cotton and wool. The index is based on 1932 = 100; at the beginning of 1973, it stood at 762 and at the end of the year it was close to 1 300.

Thus we do not need to look into the future to say that the tendencies in the markets for the main raw materials were broadly similar to what happened in the market for oil. It is not merely that demand is in excess of supply and that prices are rapidly rising; in addition, there is an increasing desire among the governments of countries which produce raw material to exercise a stricter control over the production and marketing of their national production. Moreover, the industrial countries, and especially the Nine of the European Economic Community, which constitute the world's biggest importing area, are highly dependent on developing countries for many of their basic industrial raw materials. These include not only copper, tin and other items which figure on the Reuter list, but others such as iron ore, bauxite, manganese, chromium, cobalt, antimony and tungsten, which are not on the list.

It may well be that what is happening is an important turning point in the economic life of the world, signalled by a change in favour of the developing countries of the terms of trade between them and the industrial countries. Hitherto the terms of trade have swung decisively against the developing countiies, and this has been the fundamental explanation of the gap which separates the poorer countries from the rich. Though various qualifications have to be considered in attempting any precise assessment of the importance of this, there can be no doubt about its impact over a long period. The basic fact is that the prices of the raw materials which the developing countries export have been rising very much less rapidly than the prices of the manufactured goods which they have had to import.

This is the state of things which is now changing. The effect of recent events should give the developing countries the advantage of considerable extra resources. If we take oil by itself, the extra $ 50 000 000 000 of the O.E.C.D. estimate is considerably more than double the total public and private aid which the industrial countries give to the developing countries.

Does this hold out new hopes for the Third World? Perhaps; but the fact remains that all the developing countries are not to the same extent producers of raw materials; and as for oil, only a few of them are lucky enough to have reserves of it in their sub-soil. At present, for example, eight african countries produce a little over 10 % of the world oil production. On the other hand, the other countries are at the consumer end, and are having to buy their petroleum products at the higher prices; and in fragile economies such as theirs, there are dangerous implications in this. The extra $ 11 000 000 000 oil bill for the developing countries as a whole comes on top of a $ 4-5 000 000 000 increase in cereal prices, and rises in the cost of other essential materials such as fertilizers. It should be emphasised that the 1973 rise in raw material prices only looks so big because it follows a period of depression in 1971-72; and, apart from this, the monetary problems and the world inflation, though their influence is difficult to assess, are factors not to be neglected. It must be remembered too, that the world of today is one in which everybody is increasingly dependent upon his neighbour; and the developing countries must needs remember that a recession in the industrial countries would have severe effects for everybody.

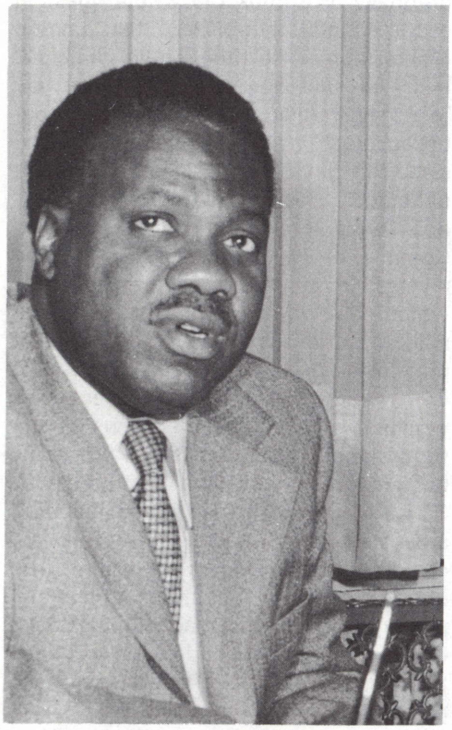
It is thus to be hoped that increased solidarity will emerge, not only between the industrial world and the Third World, but also between the developing countries themselves.

A few weeks ago, when President Senghor opened the eighth Congress of the World Federation of twinned towns, which was held in Dakar, he said "The society of abundance in the developed countries will be under a threat so long as the Third World is treated as a group of beggar states". It is this state of things which, fortunately, is now beginning to change.

This new situation has positive and negative aspects for Africa. If it is to turn this to full account, improving its equipment, marketing its products and developing its own industries, there are many things the continent will need. It will, in particular, require more executives and administrative staff for its businesses; it will need wider expertise and an increase in all those resources which help the formation and the expansion of the firm. With this in view the dossier section in the present number is devoted to "The African firm" and is an attempt to give readers answers to some of their questions and to suggest various lines of reflection. Our present world is one of movement and of change; and in this world Africa can and must hold a place of growing importance by resolute self-adaptation. "When the world is moving, it is a malady to be standing still". ■

The Ambassador of Nigeria

Olusola Sanu: «We would like to be in command of our own economic plans»



The Nigerian Ambassador, Mr Olusola Sanu, has been kind enough to give Association News his summary of the first negotiating session between the Ambassadors and Plenipotentiaries of "the 43" and the representatives of the European Communities. In this session, the procedural questions were settled and a good start was made on the substantive questions (trade and financial and technical aid). Mr Sanu considers that one of the objectives of the agreements with the Nine should be "unlimited access to the european market for finished, or semi-finished goods from Africa", and the african countries should be allowed to be "masters of their own development plans".

▶ *Mr Sanu, you were Chairman of the first Committee of Ambassadors and Plenipotentiaries responsible for negotiating with the Community future relations with all the present associated countries and other countries of Africa, the Caribbean and the Pacific.*
What are your impressions of the first round of negotiations?

Well, I think the closing session between the Ambassadors and Plenipotentiaries on the one hand and the Commission on the other made clear our own assessment of the first round of negotiations. Basically, we felt that the first round was not as productive as we would have liked it to be. This is not the fault of any particular group but due to the fact that we are trying to get adjusted to the method of work which we set for ourselves, because the Commission is negotiating for the first time with a very large group of countries, and finally because we thought we would use the first period to set out the basic problems involved in the two items which we considered: these are trade and financial and economic cooperation. Our hope is that in this next round of negotiations, since we have now set out the problems of the issues involved the pace of the negotiations will increase, and that the Commission will be in a better position to answer or to put forward their views on all the views which we have put forward this first time. So, we are not very pessimistic. We thought that in the circumstances we could not have done better since this is the first time we have set out these problems.

▶ *Which are the main points of criticism expressed on the present Convention? And what are your expectations for the future Association, as regards trade and financial and technical cooperation, for the countries that will become associate members in the near future in general, and for Nigeria in particular?*

I don't think it will be fair for me to talk in terms of criticism of the present Convention because a substantial number of African States were associated and they did not think it was a bad form of association. What I would like to say is this, that since the majority of us are coming for the first time we would like to see the terms of the agreement between african states and Europe improve substantially. We believe there should be very little, if any, political connotation in the agreement—that as far as possible we should make it a completely commercial, economic and technical cooperation agreement which will give us a better deal with Europe. I have avoided using the word association because the mandate which we received from the Council of Ministers of the forty one African states is to try to work out a global agreement on economic trade, and financial cooperation. We do not want to label what that agreement might be until we finish the negotiations. So, in order to put Nigeria in that camp of African countries which are currently negotiating with the E.E.C., I've tried to avoid the word association. I think it is better for us to leave it until the finish of the negotiations and to see what form of agreement takes place. We in Nigeria have always been opposed to any political connotations being attached to the type of relationship between Africa and Europe. We think the conditions that should be established to work out this agreement must necessarily relate to the type of agreement which we sign. In other words, we think that if we have an agreement it is the form of agreement that will dictate the conditions we have, whether it is a joint committee to examine the agreement in operation, or a committee to examine the legal connotations or the legal framework of implementing the agreement. These are things which will come only after we have got a framework, got an agreement together, and Nigeria is not particularly anxious for any agreement that subordinates Africa to Europe in any way whatsoever. This is the basis on which we are participating at the moment.

▶ *In its memorandum on the development and cooperation policy the Commission of the European Communities proposed a scheme for stabilizing proceeds from the export of the major African products. What are the views of the African states on this important proposal?*

The Commission's memorandum mentioned the whole scheme of stabilizing export earnings, but the Commission has not developed that scheme and it will not be fair to ask African states to react to a proposal which the Commission itself has not been able to formulate other than by saying this is a scheme which we think will help African countries. Of course, since most of the African states are producers of export products, cocoa, ground nuts and other products that have been exported, we think it will be useful to have a stabilization scheme. We know very well that quite a number of countries depend on one or two products for almost all their foreign exchange and so it is an important issue for them. However, when the time comes for us to consider such a scheme we will have to know precisely what we are getting into—how it will affect our efforts to diversify our trade with the rest of the world. Whether it will mean that we are going to get a lower price for our products in order to guarantee a market for them or just what the Commission proposes. These are not very minor issues, these are issues which we should go into and we know that there are attempts to set up schemes which have not come to anything. It is only recently that we have, through UNCTAD, established a scheme for cocoa; and even so, because of the prevailing world situation where cocoa is in great demand, the scheme has not been working. We think that it is not something that we should rush into without examining it very closely. Stabilizing earnings in terms of export products without stabilizing the price of the products which we buy from Europe may not mean much because our problem is, as the years go by, that the amount of goods we sell in order to buy a unit of machinery which we need for the development of our infrastructure is no longer reasonable, and therefore such a scheme must be tied to a stabilization price of the imports which we receive. I don't believe the Commission is prepared to discuss this type of scheme, because as far as they are concerned the world market should prevail as far as the products which they sell to us are concerned, machinery, tractors—all the things which we need for the development of our infrastructure. For a country like Nigeria, which is now embarking on the vast construction of roads and factories, this is very important, and to rush into a stabilization scheme in which we have a minimum price for cocoa, which we are not able to fight in the world market and at the same time, not to be able to control the price of machinery is something that we have to examine very closely. I am not saying that we are not interested; we would like to examine, the type of scheme which they put forward, and the African states will also, when the time comes, put down criteria which we think should be taken into consideration.

▶ *The concrete and major problems of the negotiations have now largely been considered. With regard to trade, you have from the outset emphasized the need to provide, on the Community market, in respect of all products originating from the countries that are to become associate members, for "duty-free entry without restrictions, irrespective of whether these products are processed or unprocessed, or whether they are subject to the rules of the common agricultural policy." Four sets of problems arise in this context, namely: rules of origin, non-tariff barriers, the scheme governing agricultural products, and generalized preferences.*

Would you explain which solutions you would like to see adopted in each of these cases?

These are very technical questions for which you are asking very simple answers. We started the negotiations by making quite clear the basic principles on which African states will negotiate with the E.E.C. These principles were set up by our heads of state in Addis Ababa and they now govern our own approach to the negotiations with Europe. The thing is that **we would like to have unlimited access for all our products,** manufactured, semi manufactured, raw materials, processed or semi processed goods, and therefore we take it that this should be accepted by Europe unconditionally. We think the whole question of the agricultural policy of the Common Market applies to this general principle. It is left for Europe, I think, to say 'we have noted what you said, but because our own members produce the same things we are not able to give you unlimited access in the following areas—one, two, three, four, five, six.' The Commission would like us to do the reverse, to say these are the things for which we would want access to the market. But this is already in the very first principles which are set out, that is, that we would like unlimited access. We would like to accept the views of the Commission, that they have problems, but it is for them to tell us these problems. So we are not going to start by militating against the very principles which we set out on limited access to the market. The question of the common agricultural policy is one of the major things to be discussed at the second round of negotiations. So, for the moment, we insist on the first principles which we set out, that we have unlimited access for all our products. In the course of the negotiations maybe we will modify it but the time has not yet come.

Naturally, the question of free access brings to mind the most basic principle, that is, **the question of rules of origin.** This is a very technical question. We are not happy with the very stiff definition of the rules of origin which the Community applied in the Arusha and Yaoundé Convention. We think emphasis has been placed too much on the import of raw materials, and we would like to have some access for manufactured and semi-manufactured goods. If we are to do this, the very stiff rules regarding whether x products originate from Nigeria or not will have to be considerably modified.

For products to originate from a country the content of almost 50%—says the Yaoundé Convention—must be from that country. We would like that to be lowered to about 25%. The same with shipping. On the question of shipping, for example, the Commission stipulates that 50% of the capital for a ship must be owned by nationals of the state and that captains and crew of the states be 75% before the vessel is registered in that state. All these things mean you can say that no ship comes from any of our countries because we cannot satisfy wholely some of these conditions; it seems we have to examine very closely how we are going to lower these conditions so that at least our vessels can carry some of the goods from our countries. So we have put forward clearly suggestions which we think might be discussed and perhaps agreed so that we can participate effectively at the next round of negotiations. We also thought the rules of origin should allow for cumulative treatment in respect of imports imported by the negotiating states from third developing countries, whether or not such third countries are party to the agreement. Such measures would, in our view, contribute to economic cooperation and integration among African countries. In other words, we should be able to add, by importing from Nigeria, to imports from Togo or Cameroon or Dahomey and still claim that these goods which we make out of what we have bought from them constitute goods from Nigeria. This is one way by which the Community will help us in promoting economic cooperation among our States. These are some examples of the way we would like to see the rules of origin modified.


Heiderscheid

« We would like to be in command of our economic plans ».

One of the greatest barriers which has obstructed our exports into Europe is **the non-tariff barriers.** I mean the very long list of non-tariff barriers which are used against our products which come to the market. I do not have to go into the details of it, but to just mention a few: there are health and sanitary regulations for which we have no control; the Community decides that in order for beef to enter from developing countries it must satisfy regulations so stiff that in actual fact they rule out the export of beef. There are quantitative restrictions, there are administrative and customs barriers which are not clearly stated, there are fiscal measures, marketing requirements, all sorts of things that are non-tariff barriers but which effectively bar our goods from coming to the European Community. We think we have to examine major ones as much as possible, eliminate most of them and see to it that as far as possible they are minimised so we could have free access to the European market. But there is no point in fighting for free access to Europe's market if we are going to meet on the other side severe obstacles from non-tariff barriers which have effectively prevented our goods coming to Europe. So naturally we have placed very great emphasis on this and we hope that when our experts meet the experts of the Commission they can work out how we can reduce some of these barriers.

You asked, finally, about **the question of generalized preferences.** I think a number of our countries are worried that the Community is going to start, as from 1974, to implement some other general scheme of preferences which will lower our tariffs on goods to third countries generally. They believe, particularly the former associates, that this is going to cut off some of the benefits which made their association worthwhile. Of course we have a dilemma here because we are part of the developing world, we subscribe to this question in UNCTAD, we subscribe to it in the United Nations and therefore we have to be very careful how we express our own grievances as far as generalized Commonwealth preferences are concerned. My own view is that we should not debar Europe and the developed world from lowering tariffs generally. We should not stand in the way of liberalising world trade. What we could do, and we should put forward, is to ask Europe for compensations for any losses which we suffer—which some of these States suffer—as a result from the implementation of generalized preferences. Is it more legitimate if Europe believes that they have any relationship whatsoever with Africa? But I do not think it will be a very good policy for us to attack the generalized scheme of preferences—for us to stand in the way of the liberisation of world trade, which is a trend which in any case we will probably find it very hard to stop because the United States is going to do the same thing and the general tendancy is to accept the Third World as a whole and to see that more trade flows between the developed and the developing countries. So our best bet, I think, is to ask Europe to consider compensation measures which will assist those countries which have been adversely affected by the implementation by the generalized preferences.

▶ *You have stated that, as regards financial and technical cooperation, it is necessary to achieve an increase in the contribution of the 'Nine' to the states that take part in the negotiations, and an improvement in the quality of aid so as to promote the economic independence of these countries. Could you explain your point of view in more detail?*

This is one of the ambiguous statements that I made which was intended to tone down our point of view. The Community has stated that, on the one hand, they would like to preserve the privileges of those who were there before, on the other hand, that those coming in will not suffer. Our own view is that the Community will have to make up its mind, when deciding on the amount of aid, to set out certain basic criteria, and on the basis of the criteria to increase the volume of aid so that all those who are participating will be effectively assisted. I quite see the problems of those who have been associated. To most of them it is a very important factor, because of their economic position, because of the nature of the economy itself, the dependence on one or two products, the difficulties that arise as a result of climatic conditions—factors over which they have very little control. So aid has become a very important element of their relationship with Europe. Nigeria has no intention of denying those who enjoy this benefit, though I do not know whether aid is particularly the reason why we are discussing with Europe. For Nigeria, trade is more important than aid. We would like to see aid used for the promotion of economic cooperation. Basically we would like institutions that tend to promote the unity of English and French speaking African countries to be encouraged. We think in terms of the Chad Basin Commission, which has a membership that cut across both French and English speaking countries, and the Niger Commission, same thing; and we would like to think that if we develop a West African Economic Community to cut across language barriers this should be an institution which is assisted by aid from the E.D.F. (European Development Fund).

So our own attitude to aid is that those who have been receiving it should not suffer in any way, and if possible I would like to allay the fears of those who must think that if Nigeria is party to this agreement they would thereby lose, or that the aid coming to them would be minimised. I don't believe that the reason for our discussion with Europe is necessarily for aid. Our example so far has been that we would like to be in command of our own economic plans and therefore some of the conditions which are attached to this aid from Europe will not be satisfactory to Nigeria.

▶ *Finally, Mr Sanu, are you optimistic about relations between the Community and Africa in the future?*

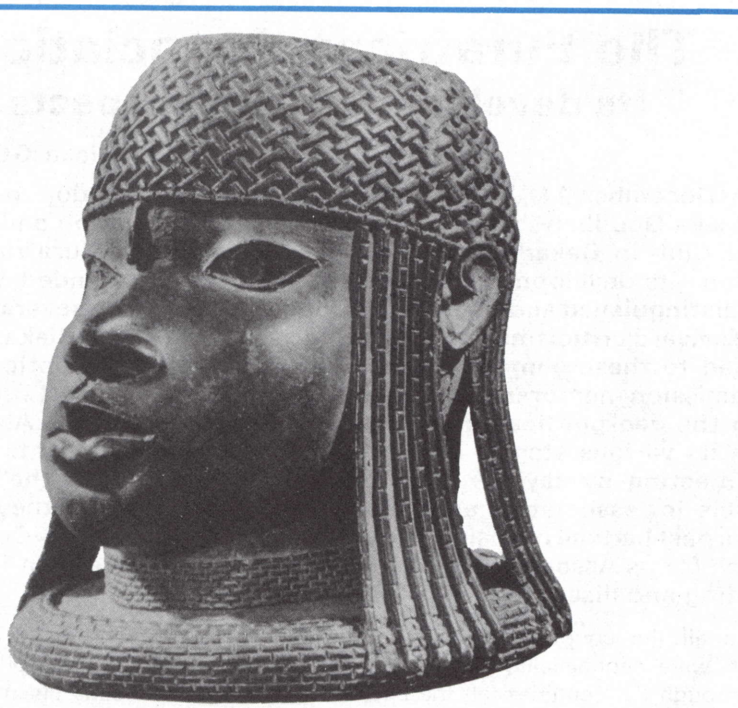
I'm optimistic that we will conclude an agreement that will be an improvement on the agreement that has been signed between a number of African states and Europe in the past. For the first time, African countries are represented by a united front, and it is not easy for Europe to disregard a united Africa purely because we live in an interdependent world; the situation in the world today suggests that no continent is self-sufficient and Europe finds its future lies in evolving a relationship with those who produce certain materials which they need. I do not think Africa is coming to Europe to beg. I think we are coming to set up a relationship that is mutually beneficial to both of us because we have raw materials, we are developing. Nigeria, for example, has a market of, I hope, about 60 millions which will interest Europe in terms of selling their goods, selling their machinery for the infrastructure of that country; and therefore it is not a one-sided affair. We hope Europe will realise this and that in our discussions the demands of the African States will be treated in a mature manner and not viewed, as in the past, as a group of countries coming to beg. We are not, I repeat, not in Europe to beg. We are here to develop a relationship that will be mutually beneficial to us and to Europe and to arrange our relationship in a mature manner. It is a partnership that will create an atmosphere conducive to development in the future. This is how I see it, and I have no doubt that if Europe treats us as countries who have something to offer we might end up with an agreement that is mutually satisfactory to both parties. ■

Interview by

Lucien PAGNI

Heiderscheid

Mr Olusola Sanu and Lucien Pagni.



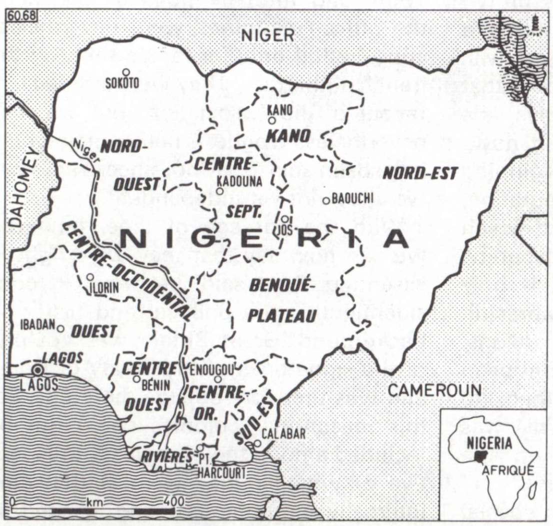
This bronze head from Nigeria, with its hint of Egyptian lines, is a reminder of the rich culture the African continent enjoyed while Europe was in the dark ages. Today Nigeria is emerging as the leading black african country.

NIGERIA

Outline

A protectorate, then a crown colony since 1861, Nigeria became independent on 1 October 1960. On 1 October 1963 it became a Federal Republic of 12 states, and is by far the most heavily populated country in Africa, with over 60 million people and an area of 924 000 km² (France, 51 million, 551 000 km²; Federal Republic of Germany, 62 million, 248 500 km²). Chief towns: Lagos, the capital (population 1 000 000), Ibadan (630 000), Ogbomosho (209 000), Kano (295 000).

The working language is English. Until December 1971 the currency was the Nigerian pound (N£1 = US$ 3.04). Since 26 February 1973, the new Nigerian unit of currency, the Naïra, is worth about US$ 1.52 (FF 6.46). The Naïra is divided into 100 Kobos. The metric system was to be instituted in January 1974, as it had already been in the United Kingdom and most Commonwealth countries.



SOME POLITICAL FACTS: Like nearly all the independent African countries, Nigeria did not escape the difficulties of the early years of independence. For over two years, from 30 August 1967 until January 1970, an attempt to break away by the eastern region nearly broke the unity of the country. The coming to power in October 1970 of the army under General Gowon put an end to the civil war and re-established order and national unity, Since then, under General Gowon's leadership, the economy has considerably recovered and the country has strengthened its international position. Nigeria is becoming increasingly important on the world scene. It is a member of the U.N. and of the O.A.U. (Organization for African Unity), of which General Gowon is the current president. He is working for a united Africa and the liberation of territories still under foreign domination. Nigeria has very good relations with Europe (particularly France, the Federal Republic of Germany and the United Kingdom), with the Commonwealth, of which it is a member, and with the United States and the U.S.S.R.

ECONOMY: Thanks to its enormous and varied national resources, above and under the ground, Nigeria is the economic giant of the Africa of today and of the future. Its resources include:

— **Oil:** 100 million metric tons p.a. Nigeria is the 8th largest world producer, and the 2nd largest in Africa, after Libya. Production in 1975 is forecast at 130 million metric tons.

— **Natural gas:** about 2 million metric tons p.a., although it is not fully exploited owing to the absence of markets.

— **Cocoa:** as the 2nd largest world producer (275 000 metric tons p.a.), Nigeria will offer serious competition to its main rival, Ghana.

— **Rubber:** largest African producer.

— **Tin, coal and iron:** Nigeria is a major exporter of these metals. The rise in world prices has given fresh impetus to tin. The largest producer is Amalgamated Tin Mines, a subsidiary of the British company London Tin Corporation. Nigeria also has large coal reserves, notably at Enugu (East-Centre), while the iron and steel industry will be able to develop on the basis of the large resources discovered in the north of the country.

— **Lagos, the chief port,** is very active and often congested.

The G.D.P. (gross domestic product) for 1970/71 was estimated at $ 6,600 million, with a growth rate of 7.7 %.

The Eurafrican Association
Its development and prospects

by Siaka GOULIBALY

On December 11, 1973, the Ivory Coast Ambassador in Brussels, Mr Siaka Goulibaly, made a major speech in the Nation and Development Club in Dakar to open a discussion on "The Eurafrican Association—its development and prospects". It was attended by a large and distinguished audience; and during the discussion several speakers put forward criticisms of the existing associations. Mr Siaka Goulibaly replied to these comments with the Yaoundé II Convention and the Commission memorandum at hand for reference. He dealt successively with the geo-political and historical background of the Association, with its various stages, its renewals and its enlargement. He ended the meeting by saying: "Our present problems with the countries eligible for association arise mainly from the fact that they have not in the past had the occasion to get to know the Association Convention, which for us Associated countries, results from more than 10 years of meeting and discussion".

Like all the countries of the world which were economically weak, Africa has through the centuries felt the back-wash of the great problems by which the western powers were either united or divided. If we think back to the 16th and 17th centuries, the problem of the balance of Europe was becoming more and more contentious; and right up to the napoleonic period at the beginning of the 19th century, the ambitions and the resulting actions of the different powers had immediate repercussion on Africa, on the Americas and on Asia.

Africa lies very close to Europe; and there are many examples to show how it has been submitted, by force or otherwise, to the political consequences of any and all of the situations affecting the balance in Europe. It is against this background that we must think of the Eurafrican Association of today. We must understand what is going on in Europe, if we would the better appreciate the nature and development of the relationship between Africa and Europe which is now taking shape.

The idea of a bigger and more united Europe is a very old one. What is new is the way in which this unification is now being pursued. Until the first world war people thought of unification in terms of force, war, conquest, conflict, occupation and annexation. For obvious reasons all such attempts came to grief. Peoples cannot be kept in submission for indefinite periods. Sooner or later all the great empires of the world have crumbled away.

The great conflicts, nevertheless, have had one outstanding merit. This applies, in particular, to the last world war, from which the Europeans emerged with an appreciation that the path to unity does not lie through force. Hence has arisen a new concept embodied in a voluntary, stage-by-stage integration of the european countries. The process has been accelerated by the fact that Europe is divided into two ideological blocks. This has provided the situation of apparent menace, the reason of urgency which is the stimulus to unification.

In any case Europe has come to understand that its division, and the resulting nationalism which is apt to be more or less marked, according as economic conditions are bad or good, contained in itself the seeds of Europe's own destruction. Among the more enlightened Europeans, therefore, there has grown up a deep-seated aspiration towards a voluntary unity based upon goodwill.

It must be emphasised, too, that though political unity is always the number one objective, everything nowadays goes to show that the beginning must lie through economic integration, which is easier to set on foot and which is the supporting factor for political unity. Economic integration, however, is only possible between countries embracing the same fundamental political options.

These considerations led the European countries, or at any rate six of them, to sign a certain treaty in 1958. This was the Treaty of Rome, setting up the European Economic Community.

Great Britain always adopted a special position, relating herself to the European Free Trade Association (E.F.T.A.) consisting of the scandinavian countries, Switzerland, Austria and Portugal. It is clear enough that this institution, which existed in parallel with that of the Rome Treaty, was a symptom of opposition between european countries.

These introductory observations are not irrelevant, for they will throw light on the development of the Eurafrican Association and therefore on the position as it now stands.

STAGES IN THE EURAFRICAN ASSOCIATION

1. The Treaty of Rome

The Treaty of Rome was signed between six European countries; and it automatically brought into association with them the oversea countries and territories, for which the signatory powers were responsible.

It should be noted at the outset that the Treaty of Rome was negotiated in 1957; and that at this time all the french colonies in Africa already enjoyed internal autonomy under the "Deferre law" of 1956, and that the political leaders in the african countries were nevertheless consulted, if only for form's sake, by the french authorities. They were assuredly in favour of the Association; but we may nevertheless wonder whether they would have been able to say no, since in any case we were not yet independent.

With the passage of time, however, we can now say that they were right in assenting. As I said just now, in considering the geo-political and historical background, Great Britain was not one of the signatories of the Treaty of Rome and was therefore outside the E.E.C. For this reason her colonies could not be included among the Associates, irrespective of whether they were at that time internally autonomous or had acceded, as was the case with Ghana, to full independence.

If, however, Great Britain had indeed been a signatory of the Treaty of Rome, a number of Commonwealth countries in Africa would have found themselves inside the Association as we were. This is exactly what is happening today; for Great Britain has become a member of the Economic Community and it is to be noted that all the english-speaking countries without exception are negotiating inside our group for association with Europe.

I should have said "the whole of independent Africa", except for Libya and, of course, for obvious reasons, South Africa. I should add, too, that all the english-speaking islands in the Caribbean and the Pacific are currently taking part in the Brussels negotiation in our enlarged group.

We are thus obliged to acknowledge that the facts which determined the decision of our Chiefs of State in 1958 and especially in 1961, are now also affecting those english-speaking countries which were so apt to criticise us.

Apart from the geo-political considerations, there are also strong reasons of a legal character.

When a country is a member of the E.E.C. it thereby foregoes, in favour of the Community, its legal right to settle its own system of import duties and quotas. In other words, if country A enjoys duty-free access for unlimited quantities of its exports to the market of country B, and the latter becomes a member of the E.E.C., all the advantages country A has hitherto enjoyed cease to exist. The only possibility of maintaining them is to negotiate an agreement with the E.E.C. This may result in the granting, or the amendment, of the advantages in question; but they will apply not merely to the market of country B, but to the markets of all the european countries which belong to the E.E.C.

This of course makes it easy to see why none of the former colonies of France, Belgium or Italy was so addicted to nationalism as to take the risk of losing the chief market for its exports and standing up to unbridled competition in the world market, for which it was not yet prepared. It should not be forgotten that when it comes to world competition, we would have to deal not only with developing countries with a century or more of independence behind them, like most of the latin-american countries; but also with developed countries which produce a considerable number of the same primary products as we ourselves, such as the United States, Australia, Spain, Italy, Greece and others.

This is sufficient explanation of the incentives which are now constraining all the english-speaking countries in Africa to appreciate that their own vital interests are at stake and to negotiate an agreement with the E.E.C. consequent upon the adhesion of Great Britain. Yet there were not a few who cried us down as "henchmen and toadies of colonialism", because we were associated with the Treaty of Rome in 1958 and negotiated with the E.E.C. the conventions Yaoundé I in 1963 and Yaoundé II in 1968.

Besides the commercial advantages I have mentioned, the Association also brings financial benefits. The Treaty of Rome in fact sets up, as also do the two Yaoundé conventions, the so-called "European Development Fund" (E.D.F.) for the specific purpose of financing development projects in the Associated countries, both in the economci and in the social field.

Our countries were not themselves signatories to the Treaty of Rome; and when we became independent in 1960, our Association with the E.E.C. came to an automatic end. Negotiations were begun, however, in December 1961, by all the former colonies of Belgium, Italy and France, with the exception of Guinea. These negotiations were aimed at an agreement of Association with the E.E.C., to be concluded on a basis of national sovereignty. This new form of association came into existence by the Convention known as Yaoundé I.

2. The Yaoundé I Convention of Association

The Convention was signed at Yaoundé on July 20, 1963. It was between 18 african states and Madagascar for the first part, and the six member countries of the E.E.C. for the second part. It was provided that it should last 5 years. It differed from the original association under Part IV of the Treaty of Rome, which was an agreement between the colonial powers. The Yaoundé Convention is basically an expression of the political desire of the african signatory states to be associated with Europe.

The Convention thus negotiated provided outstanding advantages on the commercial side and an increased scale of technical and financial assistance.

In addition, it broke new ground by setting up joint institutions aimed at creating a permanent dialogue between the european and african partners, based on day-to-day experience and aimed to keep the Association in a state of vitality, improving its operation and application throughout its existence. There were thus brought into being: — a Council of Association of Ministers; — a Committee of Coordination of Ambassadors; — a Conference and a Committee of Parliamentarians; — a Court of Arbitration; — and the joint Secretariat serving the first two of these institutions.

With these organs, and with the mixed meetings of experts, the Europeans and the Africans have had many direct contacts for the discussion of their problems and have thus been learning to understand, to respect and to like one another. Since the ministerial and the parliamentary meetings are held in Africa as well as in Europe, they have given many Europeans a chance of learning of our problems at first hand, whereas they had hitherto had only very theoretical knowledge, and often preconceived unfavourable views which made the negotiation of Yaoundé I extremely difficult.

There are in fact many european personalities who have completely changed their opinions and attitudes after making one or two trips to Africa.

It results from these circumstances that european parliamentarians are becoming the strongest supporters of the Association, the most effective instrument of pressure on their governments and the most eloquent and persuasive advocates of Eurafrican cooperation before the wider public of their electorate.

In addition, and this is a matter of capital importance, these european parliamentarians come from all the political parties in their respective countries, whether these parties are members of government coalitions or part of the opposition. In large measure this provides a guarantee in Europe that the Association will endure, irrespective of what political party may be in power. Conditions thus became very favourable and facilitated the negotiations for the third stage of association known as the Convention Yaoundé II.

3. The Yaoundé II Convention of Association

The present Convention, known as Yaoundé II, also for a 5-year period, was signed on July 29, 1969 and constitutes the third phase of the Eurafrican Association. The improvements which it introduces, by comparison with Yaoundé I, are embodied essentially in the following facts:

a) whereas Yaoundé I put the accent on the modernisation of agriculture, Yaoundé II puts it on the industrialisation of the Associated countries;

b) the tariff, quota and kindred arrangements were settled by reference to this priority objective;

c) improvements were introduced into the procedure for examination of development projects and their financing by the E.D.F. and the European Investment Bank, which had hitherto been considered unduly slow, and as taking insufficient account of our own development plans;

d) specific provision was introduced for the financing of regional or inter-State projects.

It should be noted, too, that both Yaoundé I and Yaoundé II were conventions open, subject to certain conditions, to other developing countries in Africa or elsewhere. In virtue of this provision, Mauritius adhered to Yaoundé II in 1972, thus becoming the 25th signatory to the Convention and the 19th State associated in virtue of it with the European Community.

4. Various Eurofrican Associations and Agreements

The Yaoundé Conventions are not the only associations or agreements which african countries have concluded with the E.E.C. There exist also:

1. The Arusha Convention of Association between the E.E.C. and the East African Economic Community, consisting of Kenya, Uganda and Tanzania.
2. The Lagos Agreement between Nigeria and the E.E.C., concluded and signed by the government of the late Sir Tafalewa Balewa, but which has never been brought into operation because of the assassination of Sir Tafalewa and internal political opposition to the agreement;
3. Various commercial agreements, negotiated, or in course of negotiation, with the three Maghreb countries (Morocco, Algeria and Tunisia) and with Egypt.

The fundamental difference between all these agreements and association conventions on the one hand, and the Yaoundé conventions on the other, is that the latter are the only ones providing for technical and financial assistance and the formation of a development fund.

Moreover, the Yaoundé and the Arusha conventions are the only ones providing for political institutions. The other agreements follow the usual practice of providing only for joint committees.

The Yaoundé II Convention expires in January 1975, and negotiations for its renewal and enlargement are currently in progress.

5. Renewal and Enlargement of the Association

The renewal of the present convention is to be handled concurrently with the enlargement of the Eurafrican Association. Enlargement is a direct consequence of the entry of Great Britain into the E.E.C. I have already given a broad account of the reasons which oblige the developing countries of the Commonwealth in Africa, the Caribbean and the Pacific to seek this association. There are two points which need to be emphasised. **The first is, that the new prospective associates, known as "associable Countries" are 22 in number. The second is the world approach which has developed in UNCTAD. These are two new elements which have a profound influence on the content of the future convention; and if care is not taken, this influence will be prejudicial to the interests of african countries as a whole, and more especially to the interests of the original associates (i.e. the signatory countries of Yaoundé II).**

The extension of customs preferences to a large number of countries, and still worse their generalisation to all developing countries, is in fact the very negation of the preferences themselves. If you prefer everybody you prefer nobody; and in these conditions customs preferences cease to be materially or morally meaningful.

Nevertheless, though our sense of inter-african solidarity counsels us to accept enlargement as a benefit for Africa as a whole, we should be very advised to take the initiative of abandoning a treatment which is not necessarily one of privilege, but which takes into account the level of our economic development. For there have in fact, curiously enough, been countries in Africa which would prohibit our seeking special preferences from the E.E.C. in the current negotiations. Is this really a question of solidarity with the rest of the Third World?

In actual fact, Africa is the least advanced of the developing continents, and there is no real pretext for putting it on an equal footing with countries in other developing continents which are much more advanced than ours.

Moreover, and this is a fact we have learned, both in theory and in practice, it is always the most advanced countries which are the champions of liberalism in international trade. It is obvious they risk nothing and have everything to gain from unfettered competition in international trade, in which they can eliminate the weaker countries.

The world approach, which is so fashionable today, signifies nothing more nor less than liberalism and the free trade doctrine, on which during the 19th century there was violent conflict between european countries, such as Great Britain, France and Germany, which, of course, were then at different stages in their industrialisation.

As yet, Africa does not today stand to Europe as Germany stood to Great Britain in the middle of the 19th century and the least it can do is to take towards this world approach, the attitude which Germany took at that time, rejecting a system of trade liberalisation, conceived for the benefit of the more advanced of the developing countries. It must demand that the principle be applied with justice and discernment, in accordance with the average level of development which has been reached in each continent, or in each country.

It should also be stated that for economic and political reasons, some of the developed countries which are not members of the E.E.C. are entirely opposed to the Eurafrican Association. They do not hesitate to exercise all manner of pressure, both on the african countries and on Europe itself, to void the future convention of all substantial content, if they do not succeed in making sure that it is not created at all.

In these conditions, and with hesitations on every side, nobody can foretell at the present stage what will really be the content of the future Eurafrican Association—assuming of course, that there will be only one.

I should add that the arab countries in Africa, more especially the Maghreb countries, are negotiating separately with Europe outside the african negotiating group. There are many countries in Black Africa which find this to be a matter for regret, particularly since these arab countries took part in the first meetings under the auspices of the Organisation for African Unity, which were held for the purpose of working out joint positions which they themselves strongly influenced, and to which they adhered.

PROSPECTS FOR THE EURAFRICAN ASSOCIATION

Before we talk about the prospects, we should first form an appreciation of the value of the Eurafrican Association, based on the results achieved at each of its stages; and in the light of these results, and of world conditions as they now exist and which condition the futur content, we may attempt to look into the future.

I have already spoken about the economic content in terms of the trade and technical and financial assistance in the different conventions. I have also spoken of the human contacts which it became possible to set up in operating these conventions between Africans and Europeans. A point I should like to emphasise now is that the Eurafrican Association has enabled many of the african countries to get a better knowledge of one another and, by personal friendships, to set up very valuable links.

The 19 countries which are at present associated with Europe knew little about one another in 1961. Today they have among them people in positions of responsibility at every level who knows one another extremely well, and have learned to appreciate one another and form firm friendships through the contacts they have made and the many meetings connected with the Association, held in Europe, in Africa, in Madagascar and in Mauritius.

The same thing is happening through the enlargement of the Association between the Associates and the english-speaking "associables", and more especially with those among the latter who are situated very far away from West Africa. After the first rather turbulent meetings at Accra and Lagos, it has been noticeable since the Dar-es-Salaam meeting that elements of sympathy, and even friendship, are making themselves apparent between the english-speaking and the french-speaking, and the corners are already beginning to be smoothed off.

I could indeed say, that the results under this head are quite remarkable, considering how few meetings have been held in relation to the enlargement. It is my view that contacts between the african countries, and more especially between individuals, must be considered as a positive contribution to the unification of Africa; and that any opportunity for this should be systematically seized, even if it be outside Africa itself.

In relations with Europe the problem can be looked at under the same light. I am personally convinced that if solid links between Europe and Africa, and especially between european and african individuals, had not been formed during the first 10 years of the Eurafrican Association, our special relationship with Europe, of which we stand in need, would have been very easily whittled down, or even voided of its full real content by the deleterious forces of the current world approach.

In other words, the links which are already well established should be able to stand up to any of the essential strains; and through them, the Eurafrican Association should be able to move forward. This indeed, must happen not only for the sake of safeguarding our own interests—and I do not want to imply that Europe has not its own interest in the Association, too—but also, and more particularly, because this association must be considered in the light of experience as being one of the most important factors for interafrican unity.

If geography and history so frequently constrain Europe and Africa to turn towards one another, it now appears clearly that the inner motive is mutual interest. Reciprocity thus becomes the corner-stone of our Association, and guarantee of its enduring qualities. This is why Africa must have the courage to express the political will for its existence, as President Senghor continually does as spokesman for a large number of heads of state.

To avoid any misunderstanding, however, I should say here that reciprocity is not the same thing as arithmetic equality. It must be understood in the moral and political sense. The Eurafrican Association is indeed between partners who are all and equally politically sovereign; but economically they are very unequal. In such a case reciprocity does not require that each must give arithmetically exactly what he receives, but that he must give the maximum of which he is able within the limits of his material, intellectual and moral capacities. It is the maximum and mutual giving of each for the others which, though it is not expressed in mathematical equalities, nevertheless is the real measure of political and moral equality between partners who are honest and loyal.

If the Eurafrican Association is looked upon and accepted in these terms, it holds out to Africa the most promising of prospects in every field. If it is not, it stands condemned on the medium-term, because it has been deprived of the most solid part of its foundation. If this should happen, the big loser will be Africa.

●

I said in my introductory remarks that Africa has in the past felt the backwash of all the great problems of Europe, whether the consequences be beneficial or the reverse. This is true again today, for it is clear that united Europe, and more especially the entry of Great Britain into the European Community, means that Africa must unite, whether by its own action or by force; and that a divided Europe is equally a divided Africa.

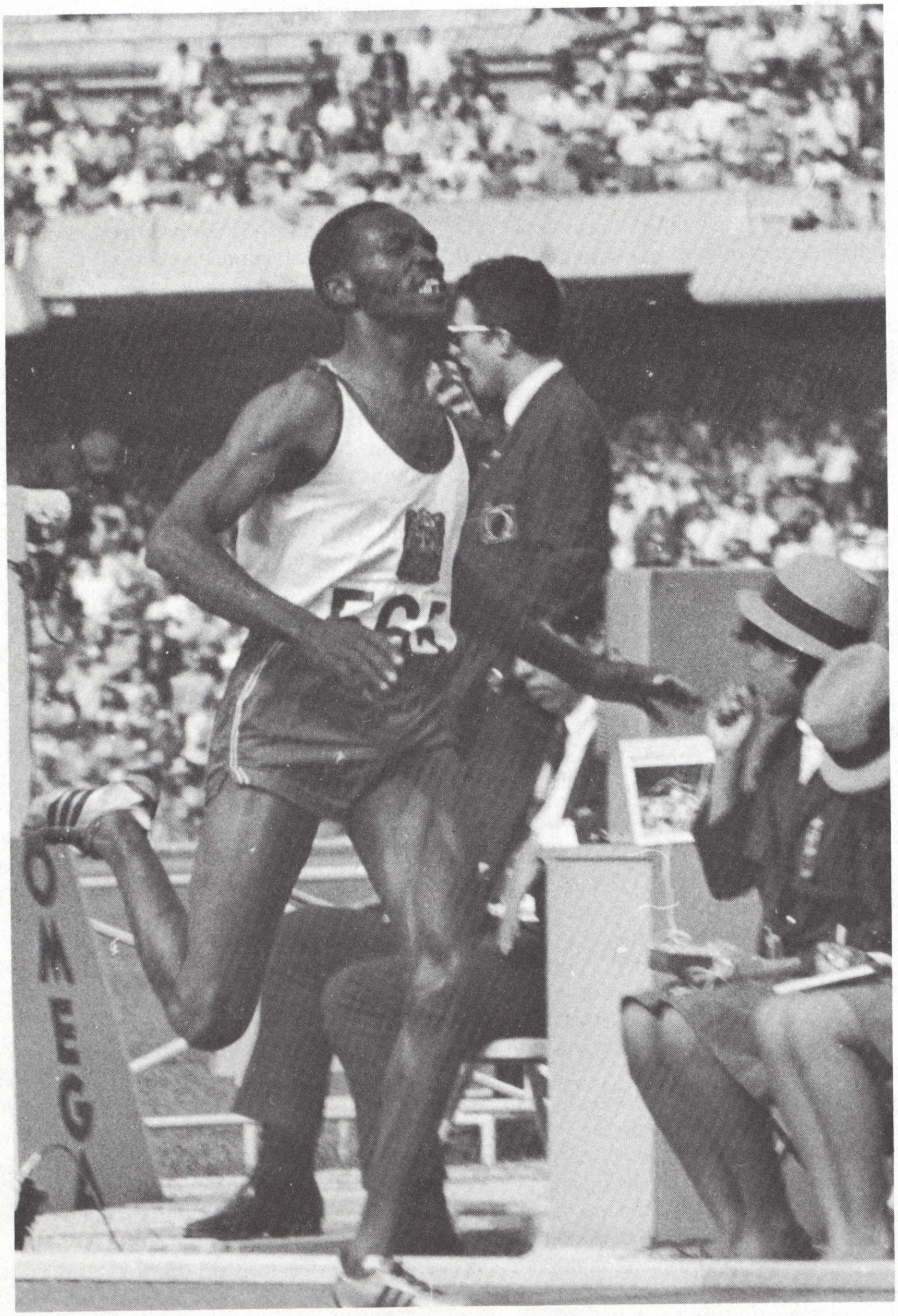
In addition, it has become equally clear that the Eurafrican Association is a factor for speeding up the unity of Africa which is, from every aspect, our last hope of salvation.

I would appeal to all the countries in Africa, and more particularly to people in responsible positions, to seek to be properly informed on the deeper significance of the Eurafrican Association, and not to let themselves be shaken by contrary opinions, whether they be expressed in good faith or in bad, which are often put forward from quarters ill enlightened on the realities of our countries and of our continent. ■

Siaka COULIBALY

SPORTS

Kipchoge Keino Kenya's super star (1)



Miroir de l'Athlétisme

Keino storms home to win the Mexico 1500 m.

"If you want to turn professional you have got to begin as a "super star". You must make a name for yourself in competitions, at the national and regional level, in the pan-african games, the Commonwealth games and the olympiads".

This was the advice to beginners which came from a man who, 21 years ago, when he was only 12 years old, won a cake of soap by finishing fourth in his first race—the school cross-country.

The man is none other than Kenya's Kipchoge Keino, one of the greatest athletes in the world of today. He gave the advice at a meeting held in his honour by the Kenya Amateur Athletic Association a few days before he flew off to the United States, where he is now a member of Mike O'Hara's International Track Association, ranking as a professional athlete with Los Angeles, Cal. as his working base.

GOLD MEDALS

Keino is the only professional athlete who is a native of East Africa. He turned professional after a "more than successful" career as an amateur. By the end of it he was the holder of 11 medals—7 golds, 3 silvers and a bronze—won in the pan-african games, the Commonwealth games and olympiads over a period of only 10 years. The International Track Association pays $ 5 000 on engagement and $ 500 per competition weekend.

Keino is the father of five children. He is also the holder of the amateur world record for the 3 000 mètres, which he put up at Helsingborg (Sweden) in 1965. He is the first African ever to run the 3000 metres under 4 minutes. He is the most travelled african athlete in the world, and the most popular sportsman Africa has ever produced.

(1) Maridadi, *vol. 1, No. 3, July 1973.*

THE GREATEST RUNNER

The world's sporting press has described "Kip"—as his many admirers all over the world have dubbed him—as the greatest middle-distance runner of our time. He was born in 1940, and is a Nandi, belonging to one of the small pastoral tribes, of which the 11 million population of Kenya is made up. The Nandi are to be found in the Rift Valley Province, where they have been pasturing their herds for some decades past. This is the life which made Keino what he is today.

THE YOUNG SHEPHERD

Keino was no more than a youngster when he was given the job of looking after the family herds—sheep and goats—on the farm at Kapchemoyo in the Nandi hills. This was no sinecure, for he had to be ready at any moment to rush up or down the rugged slopes which are the feature of the Rift Valley. It was not till he was older that he went to school; and even in this phase, he would run 5 or 10 miles every day to get to school and come back. It was a childhood of unremitting vigour which gave him a natural interest in sport. He began running as a sprinter and later took to middle and longer-distances.

BLOOD AND MILK

Another element in his makeup was the traditional Nandi diet, consisting of blood, meat and milk. Such meals, abundant in proteins, produce a lithe figure without a trace of fat. So it is with nearly all the members of the tribe, who tend to grow thin, tall and very strong.

Before Keino became a professional athlete, he was chief inspector of police posted to the Kiganjo Police Training College ar Nyeri, about 100 miles from Nairobi. In this job he was a physical training instructor, which gave him many opportunities for getting into training; and he made it a habit to run his 6 miles every day.

AMBASSADOR

Keino now has all the time he would wish for making athletics into a full-time job. He is a man of 33 and thinks he still has plenty of physical resource. Though he has no diplomatic credential, he is in reality the ambassador of Kenya—indeed of Africa—to the nations of the world at large.

Miroir de l'Athlétisme

Gammoudi (Tunisia) wins the Mexico 5000 m from Keino.

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Filbert Bayi

world 1500 meters record breaker at 21

Filbert Bayi of Tanzania shattered the world 1500 meters record at the Commonwealth Games in Christchurch, New Zealand, on February 2, in a time of 3 min. 32.2 sec. His whirlwind run happened as Association News was compiling a report on one of the greatest 1500 meters specialists, Kipchoge Keino of Kenya (see pages 12-13). Is Bayi, 11 years younger than the Kenyan, about to step into the shoes of the great "Kip" Keino?

Bayi broke the previous record of 3 min. 33.2 sec. set by the American Jim Ryun at Los Angeles in July 1967. The 1500 meters, perhaps the most classic event in athletics, has only seen these two new records since Herb Elliott of Australia astonished the Rome Olympics in 1960 with a time of 3 min. 35.6. At Christchurch, the star field included favourites Jipcho of Kenya and Dixon of New Zealand. Bayi ran from the front and brought Dixon home within Ryun's time, followed by Jipcho in third place, who equalled the existing six years old record.

Electrifying atmosphere

Bayi was watched by more than 35 000 spectators in a high-tension atmosphere. The young Tanzanian took the lead from the gun and left the rest of the experienced field to calculate when and how to "pull him back". They never did. Bayi was eight meters clear after the first 100 meters. Boit and Jipcho, the Kenyan partners, were the first to try him, but Bayi was well away by the first 400 meters. The Tanzanian covered the 800 meters in 1 min. 51.8 sec. (57.4 sec. for the second lap), and the pack trailed by 15 meters. At the three-quarters mark Bayi went through at 2 min. 58.2 sec. (lap three: 58.4 sec.) and Jipcho, Walker and Dixon were jockeying at each others' elbows without making any impression on him.

Bayi piled on the pressure, widening the gap to 15 meters again with 250 meters to go. During the last electrifying 150 meters, Dixon broke, Jipcho slackened and Walker had nothing left to offer the home crowd as Bayi hit the tape for a historic 1500 meters. ■ L.P.

Christchurch, February 2: Filbert Bayi of Tanzania shatters the world record for 1500 m with a run of 3:32.2 at the Commonwealth Games. In second place is New Zealand's John Walker.

Christchurch: personal bests before and after. Walker made the biggest improvement.

	Before	Christch.	Difference
Bayi	3'34"6	3'32"2	−2"4
Walker	3'38"	3'32"5	−5"5
Jipcho	3'36"6	3'33"2	−3"4
Dixon	3'37"3	3'33"9	−3"4
Crouch	3'39"1	3'34"2	−4"9
Boit	3'37"6	3'36"8	−0"8
Foster	3'38"5	3'37"6	−0"9
Nyambui	3'42"8	3'39"6	−3"2
Fitsimons	3'42"8	3'41"3	−1"5

ELLIOTT TO BAYI

	ELLIOTT (1960)	JAZY (1966)	RYUN (1967)	WADOUX (1970)	BAYI (1974)
400 m	58"5	58"5	60"5	56"7	54"4
800 m	1'58"2	1'58"5	1'56"	1'55"	1'51"8
1000 m	2'25"6	2'26"6	2'24"8	2'23"6	2'21"
1200 m	2'54"	2'55"6	2'53"5	2'52"5	2'50"5
1500 m	3'35"6	3'36"3	3'33"2	3'34"	3'32"2

DOSSIER

Promotion of African Business

Africa, the exploited continent; Africa the teaming reservoir of manpower; Africa despoiled of its raw materials. This was the Africa of the sixties.

It seemed that the seventies would be marked by the presence of another Africa. This was Africa the subject of pipedreams, and sometimes of experiments in "projects of liberation" and "development patterns", emerging from a Europe which was itself busily seeking its own balance. It was an Africa to which everybody was only too willing to show the way it should go.

In either case, yesterday or today, it was Africa on the operating table, Africa under the stethoscope.

But today the african countries, or most of them, are independent. Being independent means you are master of your own possessions, that you have the right to think out your own development, to set up for yourself your own scale of values.

What will be the Africa of the next few years? Will it, by its own efforts and by holding off the economically dominating countries, be able to establish its position as proceeding from the Africans themselves? Will it be a continent, not of the lonely, the exclusive, the limited and the inward-looking, but of men independent enough to give expression to their own personality, devising their own schemes of development, and freely comparing them with those of others and making adaptations in consequence?

There have been so many forums on african development. Often they are a meeting ground for Europeans and Africans—far be it from us to disapprove—but it must be admitted that, whether through habit or by an evasive courtesy, many of these events lead nowhere except to half-hearted resolutions and conclusions.

If cooperation between Europe and Africa is to be freed as far as possible from the dangers of imbalance, and thus be made the more effective, does it not first necessitate—alike for Europe which is in course of redefinition, and for Africa which is building itself anew—a deeper knowledge of respective identities, a new assessment of each of the participant groups? These were the considerations which led Uniapac (the International Christian Union of Business Executives) to seek a mobilisation of thought and opinion among those in responsible positions in Africa, in relation to the problems of the business firm. It was for this purpose that 130 african business executives met in Kinshasa June 18-23, 1973, to pool their experiences and exchange opinions.

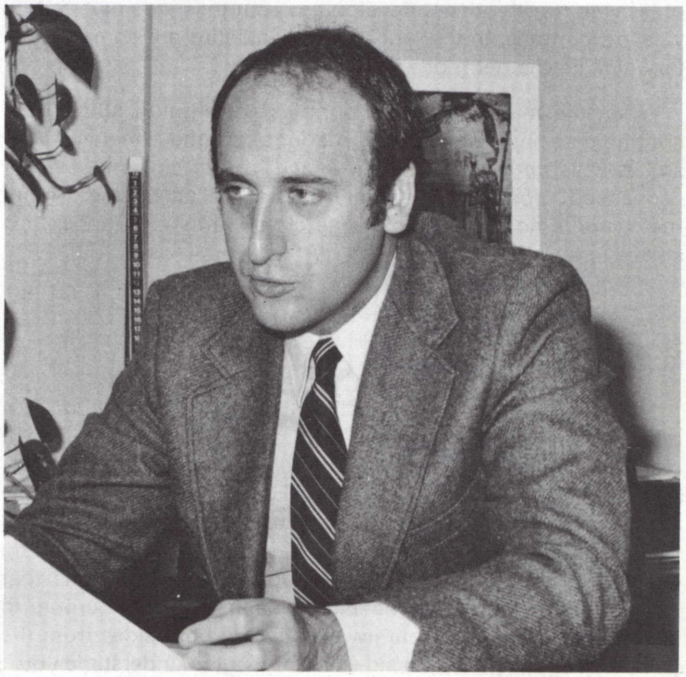
What type of business system do we want to set up for Africa? Where lies our responsibility as african business executives in the development of our own firms? Does it lie in adapting them to the men through whom they live and produce? Is it in the integration of these firms into the social life of Africa?

I. The Kinshasa conference

A/ Is life an equation ?

by Jacques DETOURS*

One hundred and thirty african business executives met in Kinshasa on June 18-23 last on the initiative of Uniapac and its zaïre association CADICEC. Their aim was to think together about the hard task of reconciling the culture in which they would still participate to the full with those other strict, efficient, but often dehumanising systems of the management world which seem to be the price of rapid economic growth.


Heiderscheid

* Secretary General of Uniapac.

— The articles on the Kinshasa conference, in the financing of which the E.D.F. participated, are reproduced from Uniapac International No. 11/1973 by agreement with those in charge of Uniapac, to whom we would offer our thanks. Uniapac International is a european review, designed to promote ethical reflection among business executives. It is published by Uniapac, International Christian Union of Business Executives, 49, Avenue d'Auderghem, 1040 Brussels.

Pounds' people and pence

What sort of firm is it that african executives would think out and put into practice? Assuredly, it must be an effective instrument of production of goods and services, an indispensable tool in the growth of the national product and the creation of jobs; but it must also be a firm in which the human being will not feel himself radically threatened, as in those in which industrial countries are now experimenting, by inhuman relationships, by ignorance of the individuals' pace and rhythm, by the continual strife between the executive and the worker, and the divergence too often noted between the short-term interest of the firm and the interest of society at large.

"There is no method of management which could properly be called African", one participant asserted. Sure enough, addition or subtraction in Amsterdam is still addition and subtraction in Douala. It is none the less true that the industrial countries, just because they have so exclusively added and subtracted, are now wondering whether everything can be reduced to these operations. Today the countries of Africa (and others, too), consciously or otherwise, are resisting this reduction of their daily life to an equation. Against it they oppose all their inertia, to which we give such names as lack of method, lack of discipline, fancies, ill-will or nationalism.

Anxieties on both sides

This is the whole problem for the african business executive. He can see the usefulness of strict administration; and he well understands, because he has lived with it, everything in his whole african culture which resists the idea of falling into step.

In reality there is no insoluble conflict between the pangs of conscience in industrial countries and the defensive attitude of african (and other) developing countries against unduly western patterns. In the fact that the anxieties are complementary may lie the germ of a solution.

When the main industrial countries are arguing about their continual social crises, trying to counteract the effects of their strikes, it is no matter of indifference for the citizens of these "advanced" countries to hear, from an african business man, that there is no such thing yet as class warfare in Africa, or a strikes in an african firm.

Society in concert

"To us striking is unacceptable. It is a sign of rupture. If a difficulty arises among us, we will at once seek to set up a dialogue, and finally resolve the problems by the minority giving in to the majority. You may ask why there is this systematic search for a dialogue. It is because, for us, it is unimaginable a priori, that a difference should have sprung from anything but a misunderstanding. If there is opposition, it means that the two sides have not understood each other. In Europe, in contrast, it seems that you always start on both sides from the presumption that the other side did not want to understand you".

In the light of this, can we not say that Africa is much better prepared than our european countries to initiate and live with the concerted economy of which we talk so much, and which is so difficult to achieve?

The vocation of those in responsibility

There is no point in trying to draw definite conclusions from the Kinshasa meeting. Its aim was not the working out of a pattern for african enterprise, or to define at one stroke the specific role and responsibilities of the business executive, nor yet to devise that infallible machinery which will enable small and medium-size firms to develop successfully. Agreement was reached on a number of important ideas which are set out in the final declaration, but the essential fact is that 130 Africans in responsible economic positions, consistently interested and with everybody taking an active part, spent five days asking themselves the basic question which their daily preoccupations often prevented them from tackling: "How are we to make our young firms into efficient instruments but keep them as communities of people in the service of other people?"

The search is not a new one and in Africa it must be organised.

UNIAPAC had the support of a number of responsible personalities in Africa, in seeking an occasion for a meeting between a number of men who had every reason for getting to understand each other. The discussion is now open. It is up to all those who came to Kinshasa to see that, in every country, the thinking continues and grows increasingly articulate, with the support and participation of other business executives and others in positions of economic responsibility.

And, in the last resort, what is it all about? The stake is big and worthwhile. It is defined in the final Declaration of Kinshasa as follows: "Every executive must find himself better fulfilment than in his business activity and his successes. He will be creating for future generations the vocations of the people of responsibility, of which Africa stands in need". ■

J. DETOURS

B/ African points of view on the african firm

1. A statesman : Henri KONAN BÉDIÉ (*)

(Ivory Coast)

"The more a state can progressively reduce its intervention in securing the africanisation of firms, the more effective will its action be."(*)

Why has there been so little development of up-to-date business in African ownership and management?

(*) Henri Konan Bédié is Ivory Coast Minister for Finance and Economic Affairs. At the Kinshasa meeting, he gave a notable introduction to the general theme.

Before independence: a void

Tribal society, with agriculture predominating, did not lend itself to a flourishing spirit of enterprise. Society was static, turned in upon itself; and not only was there no stimulus to scientific and technical knowledge, but every attempt at innovation was penalised as prejudicial to the preestablished harmony and balance.

In later years the colonial age was no more propitious to the growth of an executive class of African. Sensibly enough, the system of economic subservience allowed the native to rise to limited levels of responsibility in the administration, and even in the liberal professions; but it did not admit of direct responsibility in the world of business.

Thus, when our countries acceded to independence, except in english-speaking Africa, such as Ghana and Nigeria, there was an almost total lack of national firms in the modern sectors of economic life.

The priorities of political independence

When national sovereignty became a fact, such conditions did not change overnight. It was the wish of those at the top that our nationals should play a larger part in the modern sectors of the economic system; but during the early years of independence it was not possible for them to give this the top priority.

The fact was that our countries were essentially agricultural; and a development policy called first and foremost for crop diversification, for rural modernisation and the development of economic infrastructure, especially transport and communications. In parallel with this, there were campaigns to promote an up-to-date industrial sector, partly to produce goods which would replace imports and partly to process our primary produce and market it to better advantage. This, however, was stimulated by recourse to foreign techniques and foreign capital, for which extremely liberal inducements were provided.

The exercise of national sovereignty meant that africanisation had to begin with the administration. For some years all our citizens with degrees and diplomas quite naturally found their outlet in the public services, or in public undertakings which were, for the most part, handling development operations and were therefore outside the system of the market economy.

Later, however, there was a material increase in the number of Africans taking an interest in business matters. At the same time the governments became increasingly aware of the necessity for not leaving the modern economic sectors exclusively in the hands of foreign interests, so that they were anxious to accelerate africanisation and so acquire economic independence.

Economic advantages of native-owned business

Economically the promotion of african-owned business will be reflected in an improvement in the balance of payments and more especially by a reduction in the external payments made by way of investment revenue. In most of our countries, admittedly, the need for external financing is still very great, and it is extremely probable that the provision of foreign capital will continue in the future. At the present stage it is important to prepare ourselves for the future and foresee that this tendency will, in the long term, cease to operate. Under a system of unrestricted capital transfers, however, such a development can only be made possible by changing the distribution of the ownership of productive capital between foreign and national interests, and by a change in the origin of the finance for industrial investment which will ensure the preponderance of national savings. This of course is a long-term policy; but it is never too early to get ready for the future.

Arrival in Kinshasa of Mr. Henri Konan Bédié, Ivory Coast Minister of Finance and the Economy, who was to lead this country's delegation to the Conference and make one of the outstanding speeches.

In addition, the development of african firms is a factor making for the africanisation of staff jobs. This will not only be reflected in lower production costs, but also in a decline in the outward remittances of the funds of foreign nationals for family and other purposes.

An african firm, too, will be much more inclined than a foreign one to make use of local resources, and thus to limit the volume of imports which are not indispensable.

Social-political arguments

The formation and expansion of privately-owned african businesses must have a good effect on the level of employment; and the existence of a class of african business leaders is an instrument for spreading in african society the ideas of economic growth and progress. The development of a class of national business men is an essential factor for mitigating the dualistic structure of african society, which is the basic obstacle to development, and it will help to accelerate the cohesiveness of that society. Politically, too, we consider it would be unrealistic to allow the modern sector of our economic systems to develop, if this development were to be kept moving exclusively by expatriates. Such a course would infallibly give rise to psychological difficulties and serious misunderstandings.

For all these reasons, all the governments have taken a whole series of measures to provide direct or indirect stimulus to the formation of african firms. They were motivated in this by the fact that privately-owned african firms had been developing much too slowly to hold out the hope of africanisation within a reasonable time and thus respond to the legitimate aspirations of our nationals.

Government action

The first efforts at launching private firms in Africa, and helping them on their way, were connected with their means of finance. Many governments set up finance companies and development banks, the capital of which was wholly or partly in public hands and which were intended to finance projects of a certain size in various lines of activity. For small private undertakings in Africa, too, some of the governments set up guarantee funds to ease their credit problems with the commercial banks. In some countries a participation fund was also set up, through which the government could intervene on a temporary basis to help provide capital for new firms.

In general, the conclusion reached was that finance aid was not enough to give momentum to the development of african firms. A large number of official organisations were accordingly set up to identify and prepare the projects and provide technical assistance to those who undertook them.

The need was soon felt for technical and craft training, and for management personnel. Most of the african countries laid down an intervention programme and set up institutions for these purposes.

Among other official action taken to promote national enterprise, a number of special laws and regulations may be mentioned. These include fiscal concessions; access to public procurement and works tendering; and the positive limitation of specified activities to nationals of the country concerned.

The State cannot do everything

Judging by the large number of transactions which quickly came to the notice of the promotion organisations and institutions, the need for this government action was very keenly felt. The first results were, admittedly, not very satisfactory, because in the early stages there was insufficient coordination between the different aspects of each promotional decision and the various forms of intervention available to it.

Progressively, however, the promotional methods were improved, and for the most part they now constitute a coherent whole which can be rationally used to further the policies of economic africanisation.

Government action is still necessary for activating this africanisation process; but it would be dangerous to assume that the wishes of government agencies are sufficient to secure the development of specifically african firms and undertakings. Without the active participation of the promoters, the State has no power to bring viable privately-owned undertakings into existence. In the long term, the more the State can limit its intervention in the africanisation process, and the better it can avoid an unduly dictatorial and technocratic attitude, the more effective will its action be.

The ultimate State objective is surely to act in such a way that its intervention is no longer necessary, and african firms can be formed and expanded without any special assistance.

Obstacles to be overcome

The economic environment does not make it easy for african-owned firms to take root. In our african countries, economic life is still mainly in the hands of foreign companies; and it is far from easy for african firms to gain a footing, because the foreign companies usually have a wide experience, are well organised and well managed, and it is therefore difficult to compete with them.

Another obstacle to the development of african firms is the inadequate administration provided by those who launch them. This is partly due to lack of experience and knowledge of management techniques. Another important cause is that african business leaders do not sufficiently delegate their responsibilities. Moreover, our nationals have an undue tendency to set up small individual undertakings. Admittedly these little family businesses are an indispensable cog in the national economic machine, but they are not enough in themselves to enable us to achieve economic independence. It must be clearly understood that economic africanisation will be more rapid if the private firms are able to come together in associations and groups, each helping the other in bringing into existence industrial and commercial production units on the scale called for by technical civilisation.

A big task

It is not the sole task of the business executive to run his business in conformity with the accepted principles of management. He also has to work out a type of relationship inside the firm, which will be more in line with african culture and tradition. An undiscerning policy of grafting imported solutions onto our economies is bound to be a source of difficulty and disappointment.

The same applies to the choice of techniques. Up to now, most technical progress has been a product of the temperate zones. It is therefore not surprising that these same techniques are not always well adapted to our own environment. It thus becomes another responsibility of the african executive to concern himself with adapting and transposing his techniques. It is essential that the modes of production used in our firms should be fully adapted to local climatic conditions and to the cultural and psychological characteristics of the population. In this, the whole of our development policy and the very future of our countries are at stake.

Industrialisation calls for inter-african cooperation

Up to the present, the development of the african firm has been envisaged too exclusively in the national framework. In my view we should now consider how best we can put the development on a plurinational basis. If we do not do this, the african firm will always be in difficulty in competing with the foreign conglomerates which are to be found in all our countries.

For the most part, our countries gave priority in the early stages of independence to the development of agriculture. This produced very positive results, because it quickly brought the greatest possible number of people within range of the development benefits. We have to recognise, however, that the world demand for agricultural produce is growing only at a moderate 3 or 4 % per annum; whereas the export prospects for manufactured goods from developing countries to the richer countries are 4 or 5 times as great. It thus seems indispensable that industrialisation should become the motive force of economic growth, and that our countries should embark resolutely on export promotion.

For this purpose our african firms must not be confined within the narrow limits of our national internal markets and be kept alive behind a protective screen. They must enlarge their scope and set out boldly on the conquest of new markets.

A new line of behaviour

The promotion of the african firm is a vital necessity for our continent, and it is on the african business executive that the success of this policy must, in the last resort, depend. His responsibility is thus of gigantic proportions, and his capacity must be in line with the difficulties which he will have to surmount.

The primary condition for success is that the african executive, in dealing with the constantly changing requirements of african development, shall put up a fight against conformism and inertia and adopt an entirely new mentality and a new line of behaviour. This is the behaviour foreshadowed in the final declaration of the 14th UNIAPAC World Congress held in Buenos Aires last year. "It will imply renouncing prestige and power, sacrificing personal, sectoral and national interests. It will demand a constant effort of social imagination in order to develop new forms of cooperation". ■

H.K. BÉDIÉ

2. Two business executives

Abdoulaye FOFANA (Senegal):

"However much progress may knock at our door, we must remain authentically negro". (1)

Ever since mankind has existed, the foundation of human activity has been, as it now is, the taste and real for enterprise, creation and possession.

This activity was concerned at first with the problems of subsistence. Its scope gradually extended, its action was multiplied, its ambitions grew wider and, at the same time, it attempted to dominate and subject.

What has the West to give us?

From this comes the history of man, emerging from the story of many centuries, the last two of which have been marked by the unbridled acceleration of human progress, which forces us to ask where this progress is really leading. This pause for meditation is called for at the present stage of our upward road towards the controlling economic forces.

It is the more necessary for the fact that the material progress, of which the West is so justly proud—for it is an essential factor of its power—was achieved by blood, toil, tears and sweat in the name of a success which had profit as its only criterion.

Today we should be neither generous nor realistic, nor african, if we should seek to travel on our own account over the long road which has led humanity from the age of class warfare to the age of conscious and united participation.

We must save ourselves this long maturing of the spirit, and leap across the centuries to seek and find our own image of the african firm and the african business leader. He will be marked in features and characteristics borrowed from the methods and rationalism of the West; but there will be no renouncing of our community spirit, of our sense of family, which brings the road sweeper to dine at the table of the minister his cousin. Above all, there will be no renunciation of the taste and feeling for discussion—so often deemed long and tedious by those who do not understand its spirit— which enables us to resolve the greater part of our problems.

We must indeed let progress knock at our door; and we must throw this door wide open to let progress enter into the house, but not to let it behave as a madman and turn the whole household upside down. At the same time, we shall be careful to keep alive those traditions which are the warp and woof of our authentic negro existence.

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(1) The author of this article made this his theme for a basic document which set the tone for the work of the Kinshasa meeting. He came into business after a long career in politics and diplomacy, and created from scratch the firm SOADIP, of which he is chairman. It is a private firm, one of the assignments of which is the cleaning contract for the City of Dakar.

Defining the african firm

The definition of the african firm must take three criteria into consideration, and these are also objectives:

— the seat of decision;
— the ownership of the capital;
— the exercise of responsibility and decision.

I should like to point out a rock on which many people are apt to founder. This is the spiritual approach, which consists of wanting to begin by encouraging small and medium-size businesses. Even though the logic behind this may seem irreproachable, the fact remains that it shows an inadequate analysis of the links which exist between the big firm and the small and medium-size ones which are its natural pendant. In this field, an approach on general lines is much healthier than trying to start with what is simple and working up to the more complex. There is an important point, too, which I think we should consider. This is the assistance in capital formation to be had from national private savings. It seems that it is here the african company has its biggest difficulties, largely because of the smallness of its own resources and the various obstacles which lie in the way of tapping finance sources outside the firm itself.

The longer term

Here and there schemes are recommended for channelling the collected savings into nationally-owned firms in fields other than land and house property, which have been considered the main high-profitability outlets. In the form of promotion offices, or guarantee funds, assistance programmes are also coming up for financing local businesses, by setting up reception structures and providing adequate guarantees and more definite loan procedures better adapted to the circumstances.

But these efforts and these measures of public intervention need to be completed by a banking structure angled on business and offering the whole range of credits, more especially in the long term; for without this, big investments cannot be considered because it is only in the long-term they can be written off.

As we can see, formulas can indeed be found for financial intervention to help african firms, provided there is really a genuine desire to help them; and for my part I believe this desire now exists.

It is a question in the first instance of stimulating the businessmen of Africa; and then of calling upon all people—whether in the public or private sector or international organisations—who may be able and willing to understand and hasten this promotion of african business by making an effective contribution.

It is by acting on these lines that we have the best chance of setting up the dialogue which would normally result in defining, adapting and carrying out measures which would lead to the formation of structures and procedures corresponding to the aims and objectives we have laid down for ourselves. ■

A. FOFANA

Fataki LIONDJO (Zaïre):

"Most of the setbacks are apt to stem from the lack of adequate control and organisation, rather than from finance difficulties."(1)

An old economics professor used to ask his students: "What is the purpose of a shoe factory?" If a student answered that its purpose was to manufacture shoes, he would fault him severely. The only correct answer, he said, was that the purpose of a shoe factory is to make profits.

At first sight this may seem like the quip of a cranky professor; but it is really a fundamental truth. Every firm has to be so designed and operated as to yield a surplus. In other words, it must be profitable. This means that the head of any firm, however small it be, must make it his constant concern to see that it makes profits. This of course presupposes that he knows the elements of profitability, and acts upon them so as to get the maximum results out of his undertaking. Nevertheless, it is not always easy to master all the aspects of the problems; and in Africa, besides the technical difficulties, there are often others to be taken into account. The real fact in our countries is that african business leaders are to be found mainly in firms of small and medium dimensions.

Managerial know-how

The head of a firm has to act on the various elements which determine profitability—its organisation, forecasting, budget control, cost control, sales policy and the rest. For this he must operate a coherent action programme. To work out such a programme, however, is not always easy. It calls for considerable knowledge on the part of those in charge, or a variety of instruments of analysis. Either or both of these may often be lacking, even in some of the more advanced countries.

In Africa, more specifically, there are a whole host of difficulties, particularly in small and medium-size firms. Few of the people who want to set up a firm have even heard of scientific business organisation. There are no advisory organisations or very few. Apart from the structural aspect, there are other problems. Few african executives know what is meant by a budget, and many have not got an accountancy department which follows and records all the operations. Moreover, the financial resources at the outset or while the firm is actually running, are not always as much as they should be.

In order to deal with these inadequacies, Zaïre has **set up an office (known as OPEZ) for promoting small and medium-size firms.** Among its tasks will be helping executives to organise their firms better and to see that their financial resources are adequate.

Training staff and motivating workers

Management methods are not enough by themselves. In addition, there must be people who know how to apply them. The lack of staff is one of the main problems for Africa. If there is to be a coherent action programme, there must not only be a

(1) Chairman of Compagnie Maritime Zaïroise (C.M.Z.)

Participants in the discussion.

boss, but also people in charge of the accountancy, production and marketing, all of whom know their job and can cooperate in bringing the firm to the realisation of its fixed objectives. For all the needs of the african countries, the number of people adequately trained is, as everybody knows, extremely small. It seems that it is even smaller in the various disciplines which combine to give firms vitality.

It often happens, therefore, that the head of a firm in Africa has to recruit his staff from abroad as an alternative to doing everything himself and always being at the limit of his capacity. A training programme for staff workers has therefore got to be worked out, and this cannot always be done without raising problems. An individual programme may cost a lot of money, and a firm on a medium scale may not be able to cope with it. On the national level, the staff requirements are such, that there is a risk that the priorities worked out may not take sufficient account of what the firms really need.

Apart from the staff, there is the problem of the workers themselves. For the most part, these are unqualified and untrained workers who are apt to work badly and need constant supervision. One of the characteristics of many subordinate workers in Africa is a lack of professional conscience. These two factors account for much of the labour instability in many firms. The conditions created make it difficult for the head of a firm to succeed in reducing his operating costs.

Here, too, a major training campaign is necessary, and much is required of the heads of firms. Apart from isolated cases of big firms (such as GECAMINES in Zaïre), there are few undertakings which can provide adequate training for their personnel, both in functional knowledge and in professional conscience. In Zaïre there is a **National Institute for Vocational Preparation** (I.N.P.P.) which operates with the help of the International Labour Office. It is designed to provide training for the staff of firms in all the specialised branches.

The macro-economic environment

From the standpoint of profitability, there is another type of difficulty which african firms may have to face. This is the monopolistic, or quasi-monopolistic position of the big firms. In these cases there is a risk that managements may sink into a certain complacent apathy and fail to ensure that the service they give is as good as it could be, and comparable with what is provided by other firms of the same type in other countries. Such negligence may well result in the firm failing to secure the receipts its operation should normally produce, so that it has to be maintained by government subsidies.

It should be added, too, that the government itself may be blamed for a firm's failure to earn profits or having difficulties in maintaining adequate cash balances. A case to be quoted is that of Air Africa, which, a year or two ago, had considerable sums owing to it by the member governments for services rendered. The fact that the airline company had incurred all the cost of operating its service without this being covered by the receipts owed to it by the individual governments, put Air Africa into a difficult financial position and its management was not slow in raising the alarm.

One can thus see that the head of an african firm has an extremely difficult task, for he runs up against specific problems which often go beyond the scope of an individual firm and call for solutions on the national level. Examples of national solutions are the Zaïre office, OPEZ, which not only has the job of helping small firms to find the money they need but also of helping their managements to deal with organisational problems, and the National Institute for Vocational Preparation, which has the job of providing adequate preparation for employed persons. ■

F. LIONDJO

C/ The Kinshasa Declaration

The participants, while not underestimating the environmental factors to which firms are subject, gave priority to a better understanding of the responsibilities encumbent on the african business executive, both in relation to the community of people under his direction and in relation to the society of which his firm is part. Though the individual and ultimate social objective of the firm were thus emphasised, the participants nevertheless expressed their belief that this was not inconsistent with the requirements of effective management.

The work of this conference discloses three complementary approaches to the action to be undertaken:

— commitments to be undertaken by business executives;
— recommendations to governments and public authorities;
— proposals for the follow-up to this conference.

1° Commitments of business executives

— **Training:** the duty of business executives includes the training of persones and also the training of themselves. They will seek:

a) to promote a training policy in their own firms at all levels;

b) to participate, so far as possible, in the formulation and operation of training programmes in their own countries.

— **Delegation:** business executives should not seek to keep all power in their own hands, but should practice the widest possible delegation. They will thus be helping to constitute team of fellow workers, who in their turn will adopt the same attitude. Such a policy combines the advantages of greater effectiveness with the aspiration of the individual to find self-realisation in his work.

— **Information:** the delegation of powers and the coordination of tasks require that executives ensure a satisfactory circulation of information within the firm. Moreover, the executive is not alone. Information must circulate in both directions, from and to other firms, suppliers, customers, public authorities, trade unions, professional organisations and whatever else constitutes the environment of the firm.

— **Inter-african cooperation:** information should not stop at the national frontiers. A better knowledge of the businesses and environment of other african countries is regarded as the indispensable condition for the development of cooperation among business executives, especially for the increase of trade inside Africa.

— **Scientific research:** african business executives should seek to promote and disseminate research programmes on the manufacture, diversification and marketing of indigenous products.

— **Groups and mergers:** The participants emphasised the need for proceeding whenever possible to the grouping or merger of firms with a view to increasing their efficiency at the national, inter-african and international levels.

For the satisfactory fulfilment of all these tasks, it is also necessary that there should be a continued increase in the number and quality of african business executives. Every executive must recognise that, through his own professional activities and successes, he will be stimulating in future generations the vocation of those people in responsible positions, whom Africa particularly needs.

2° Recommendation to governments and public authorities

For action of governments and public authorities has been and is a determinant factor for the development of the african firms. The participants, thinking more especially of small and medium-size firms, which are indispensable development factors, and without losing sight of the responsibilities of big firms (subcontracting), draw the attention of the african governments to some of the special measures which they could take on the invitation to tender for public procurement or works:

1) Classification of firms by reference, particularly, to turnover and resources. This classification would make it possible to determine the size of contracts for which such firms might bid;

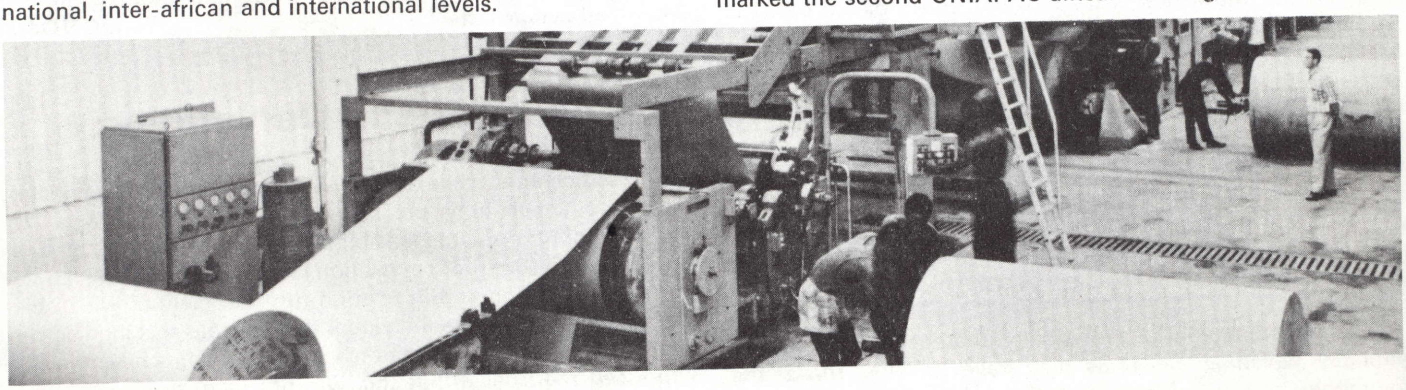
2) Representation on the contract award committees of organisations responsible for promoting small and medium-size firms;

3) The possibility of giving small and medium-size firms priority for particular kinds of contract;

4) Authorisation to award contracts to small and medium-size firms, even if their bids are slightly above those of bigger firms.

3° Follow-up for the Kinshasa conference

In all the countries, consideration of the problems discussed in the Kinshasa conference should be carried further and given definite form. It should lead to further african meetings which, by facilitating the pooling of problems, their analysis and their solutions, will strengthen the spirit of cooperation which marked the second UNIAPAC african meeting. ■



Banana cannery near Abidjan (Ivory Coast).

II. Industrial development and promotion

by Roland JULIENNE (*)

Industrial development is among the ambitions of every developing country. They feel—sometimes confusedly and without clear motivation—that the path to a change in their structure and economic tempo lies in the extension of the secondary sector, more especially through manufacturing industry. In this they are quite right, even though their reaction may sometimes take surprising forms, such as the "myth of the factory chimney". Development is a matter of blackening pieces of paper by filling in the famous input-output table which earned Léontieff his Nobel Prize in 1973..

Pantéléon

Industrialisation is not quite the same thing as setting up factories, for the concept goes further, and takes in the concept of interdependence between different units, so that one pulls the other along. Nevertheless, industrial development includes the setting up of businesses, the creation and growth of which depend on a great many factors—basic resources, capital, markets, labour, technology, management, legislation and many more—all of which are put together by the "entrepreneurs", individuals specially gifted with the spirit of enterprise, the fruit of initiative, dynamic qualities, ambition and managerial skill.

This spirit of enterprise exists in latent form just as much in developing countries as it does in developed countries; but unfortunately in the Third World it has little chance of displaying itself. Time-worn attitudes do not allow of the advancement of the more gifted; traditional behaviour and motivation stand in the way of the development of a suitable environment. The task of developing the industrial sector, one of the side effects of which will be the modification of these attitudes and motivations, must thus be a complicated one. It means identifying useful and profitable possibilities (projects) it means searching out the possible sources of executive skill for men willing to accept the risks involved; it means supplying the resources which will support the motivations of those who are ready to make their bid (industrial services).

Any intervention calculated to influence any one of these factors constitutes an act of promotion. In most developing countries, however, prevailing conditions result in actions of this type, taken by themselves, having only moderate effects Maximum effectiveness depends upon coordinated resources having their impact simultaneously in various different fields of activity. There are in fact a few big undertakings which are probably capable from their own resources of satisfying some of the vital requirements in this field, though even they cannot hope to solve all their problems by their own efforts. The great majority of the others, especially those of no more than medium size, though they play an essential part in the extension of industrialisation, require total and coordinated extend support.

* * *

Under a private enterprise system, any new firm represents the joint action of three factors. There must be **an idea;** there must be **a promoter** who undertakes the task of bringing the idea to life and keeping it functional; and there must be **the resources,** of which the most important is the capital. Promotion must act in all these three fields, and it must do its best to intervene outside the private sector in support of the indispensable projects sponsored by public authorities. In this sense promotion is a wide concept, including all the measures which may be taken to call the attention of a potential investor to the existence of a sound and specific industrial project in his own field of activity, and when his decision is positive, to help him carry out the operation.

(*) Head of the Programmes Bureau at the french Foreign Ministry State Secretariat for Cooperation (Paris).

The idea

The first object of intervention, therefore, must be to look for ideas and to turn them into projects of execution. The problem thus stated sounds simple enough; but the solution is often difficult for governments which may be ill-equipped for solving it, because they lack knowledge and experience on industrial possibilities, the economic factors operating, technology, methodology and the rest. External help thus appears desirable in the form of the services of experts or engineering bureaux, or technical assistants forming part of the national machinery for dealing with this task.

Contributions come from all the bi-lateral and multi-lateral aids. France, for her part, cooperates with the french-speaking countries of Black Africa and the Indian Ocean, by providing them with such experts and cooperation personnel as are requested by the national authorities by which the projects are sponsored; but the assistance is increasingly aimed at training specialists in the countries concerned. Courses for this purpose were held at Brazzaville (Congo) in 1971, at Bamako (Mali) in 1973 and at Dakar (Senegal) in the same year, and further courses are under consideration. France also participates in surveys and project-studies. One example among many is the participation in "Dakar Marine", the survey company formed to consider the project for ship repairing facilities at Dakar. It was a french engineer who had the initial idea of setting up a repair base for super-tankers; this at once caught the attention of the senegalese government and acquired a professional backing from the interest of two industrial groups—Beliard-Murdoch S.A. of Antwerp and the french Société Commerciale d'Affrètement et de Combustibles (S.C.A.C.O.). This led to the formation of a survey company, which now has a capital of FF. 4 million, of which the senegalese government holds FF. 2.12 million. The other participants are B.E.I.O., FF 0.6 million; Beliard-Murdoch and S.C.A.C.O. FF 0.4 million each; FINCANTIERI and A.G. WESER FF 0.2 million each and U.S.B.-Crédit Lyonnais and BICIS-BNP, FF 0.04 million each. A preliminary technical-financial study had been covered by Senegal (FF 2 million) and subsequently finance was found for a survey on a larger scale, costing FF 14 million (F.A.C. and E.D.F. FF 4.8 million each; World Bank FF 2.4 million; and Dakar Marine FF 2 million).

It often happens that the possibility of a profitable project is conditioned by the opening of external markets to supplement the small internal outlets. The attitude of the big industrial powers may therefore be a decisive factor, because it is to their consumers that the industries of the Third World are looking. Often, too, projects fail to get beyond the planning stage through lack of knowledge of what can be done with their potential, or because the methods to be used are not suitable. Hence the importance of technological research, laboratory tests, industrial information and publicity, standardisation and other aspects of planning. In all this the external aid easily fits into the picture. It seems, for example, that France took a step in the right direction in her intervention on behalf of I.T.I.P.A.T. in the Ivory Coast, to provide technological research on the making of new industrial products from agricultural produce. In the same way specialised research organisations, such as C.T.F.T., I.E.M.V.T. and I.R.C.A. have made a considerable contribution with research on the industrial utilisation of soil, livestock and forest products.

The promoter

The second aspect of intervention must be the search for people to carry out such projects as are deemed valuable for industrial development. The nature of the search differs according to whether the projects are to become State-owned or State-controlled, or are to come under the sponsorship of private firms or individuals.

In all developing countries the State participates directly in the creation of industries, either through government departments or through various types of government agency or public organisation. This may stem from a political choice—socialist tendencies or the necessity of keeping various key industries under public control—or from economic necessity, through lack of private sponsorship. In general, the public authorities do not command sufficient capital, nor have they the necessary skills on the technical, financial or marketing sides. They therefore require help and the State must show itself aware of the various motivations which may underly this. The help may come from firms or persons in the branch of industry concerned, who will take responsibility for production and marketing; or it may be on the finance side, with the supply of part of the capital in a mixed company and acceptance of the corresponding risks; or it may come from a builder of factories who will see to the procurement of the plant and equipment; or it may come through external aid. Various approaches are possible by using combinations of these different types of support; and among these, the government will do its best to choose whichever seems the best adapted to the case.

In many developing countries the private sector retains a major part in the industrialisation. In these cases the promoter is the key agent for the execution of a project, either because he takes personal responsibility for carrying it out, or because he contributes capital of his own if he possesses it, or because he can show adequate assurance that he can obtain the necessary financial support. Industrial promotion therefore will seek such promoters in the various social-economic categories in which they may exist, and it will vary its approach conformably to the psychological, technical and political leanings in each category. The definition of this action, in its turn, will require the possession of a variety of instruments and mechanisms.

a) foreign industrialists from industrial countries

- advantages: there is no doubt about their technical skill and financial resources. If somebody in this category is really interested in a project, he will bring it into being;
- inconveniences: apart from large-scale projects, which may interest very big firms, the promoter is often hesitant in committing himself to a "context" of which he knows little; and this hesitation has its parallel in that of the State concerned which fears "neo-colonialism";
- action required: publicity in foreign countries about industrial projects, conditions provided for potential foreign investors; maintenance of contact and connections with them; creation of suitable machinery to induce and facilitate more detailed negotiations.

b) **industrialists already in the country**

• advantages: this is a not infrequent case. The men concerned know the country well and, even though they are foreigners, are already attached to it. The existing firms are often subsidiaries or associates of firms in developed countries, which may lead them to persuade their parent companies to embark on new investments without thinking of them as new operations or a leap into the unknown;

• inconveniences: there is a risk that those among these industrialists who are not local nationals, there may be the same political problem as arises with foreign industrialists. Moreover, firms of foreign origin, when they have been pioneers in the country's industrialisation, have a tendency to believe they have a prescriptive right to any industrial development occurring there, and this is neither technically desirable nor politically acceptable. A number of existing industries are in the hands of traders rather than real industrialists, and since they are only slightly affected by the productivity movement, their development and marketing drive calls for new blood.

• action required: in the first instance, such cases call for information, prospecting and negotiation on similar lines to what is required for foreign industrialists. After this there should be a modernisation campaign, stimulating and facilitating action to improve productivity, for industrialisation presupposes not only the creation of new undertakings, but also the expansion and modernisation of existing ones. This may, for example, include the creation of specialised services to aid the companies in improving their production, management and selling methods, such as organisation bureaux, management councils and similar methods.

c) **local capitalists**

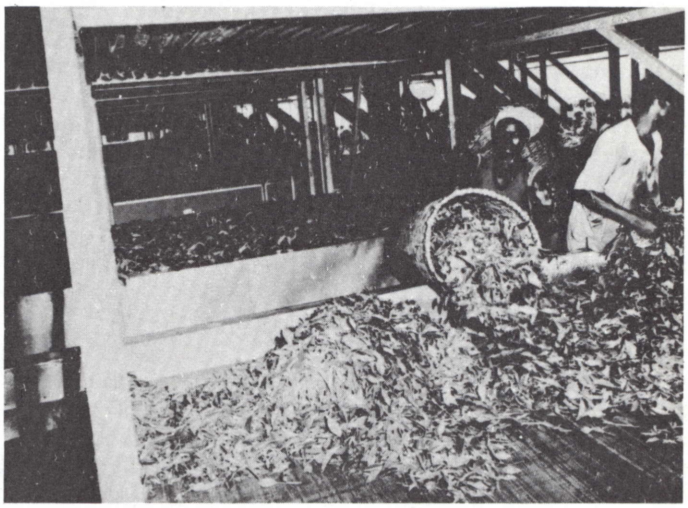
• advantages: in nearly all the countries there is a well-to-do class possessing some degree of financial resource, which it is desirable to channel into the formation of industrial undertakings;

• inconveniences: it is a fact of history and tradition, that the members of this class are not interested in industrial activity and more inclined to speculation in land and buildings where profits are bigger and quicker.

• action required: the problem is primarily socio-economic and political. It is a matter in the first instance of changing certain economic conditions (e.g. property revenues); but it is also a question of influencing mentalities, modifying habits and traditions, calling forth a spirit of enterprise and diverting young people into industrial careers and setting up suitable training systems for the purpose. Apart from the information and prospecting campaigns, systems of help and advice should be considered, though without going so far as formulas for putting firms under custodianship. Firms in this class may be able to pay managers and technicians from abroad, pending the availability of staff of local origin.

d) **the craftsmen**

• advantages: the transformation of the artisan into a modern entrepreneur makes it possible for some branches of artisan production to develop into small industries;


HOA-QUI

Tea production unit (Cameroon).

• inconveniences: it is almost inevitable that there will be considerable waste in this attempt at transformation, since some traditional artisans are scarcely, if at all, subject to the motivations upon which one should be able to rely. Many of the others would be more in place as technicians than as entrepreneurs; and there are others who would be better able to operate in a wage-earning capacity;

• action to be taken: special forms of training are called for, and technical and financial aid allowing selection from an emergent class of artisan fired with the spirit of enterprise, who could then be helped in the setting up and management of their own businesses. Action on these lines needs to be part of a general policy for the arts and crafts.

All these promotional measures are necessary if a country really wants to tackle its industrialisation programme effectively. Unfortunately, comparatively few developing countries have considered the problem in its entirety. Too many of them are apt to leave too much to chance, or contributions from outside, allowing responsibilities which should have remained national to be handled through foreign aid or technical assistance. Incidentally, this national element which enters into promotion does not mean that it is exclusively the job of the administration. There is in fact a basic difference between choice and decision, which are the exclusive prerogative of government and administration, and the implementing actions which are in another class. Action in fact takes matters into the internal problems of the private sector and commitments arising from negotiations which are often difficult, and this has to be kept entirely clear from the direct administration which must at all times preserve its independence and freedom of judgement. Investors are more confident in an organisation which is quite distinct and appreciate its independence.

It will be noted in passing, that the government can provide measures of encouragement and thus increase the effectiveness of the promotion of new or extended industrial undertakings in the private sector and sometimes, too, in the public sector. Examples of such measures are:

• assistance at the pre-investment stage, by carrying out feasibility studies or, still better, by financing such studies carried out by the potential promoter;

• fiscal treatment and regulations of a protective character (e.g. a bar against external competition; the lowering of some of the import duties; industrial property guarantees);
• facilities given to foreign investment;
• making available land, buildings, etc., to the entrepreneurs;
• preference for local manufacturing in public procurement.

An industrial promotion organisation

An independent organisation for promotion and surveys seems to be the desirable solution. Such a body should have as its assignment:

— **for new projects:**

• Methodical prospecting for investors through publicity given to projects; through contacts made abroad (probably coupled with a system of spotting in foreign countries); through organised reception facilities in the country itself; and through the collection and supply of useful information (a valuable instrument of which is an investors' guide);

• Intermediate services whenever an investor has shown some degree of interest in a specific project, aimed at helping him to work out the details. This could, for example, take the form of help in the search for other participants, the organisation of talks with administrative departments, or negotiation with finance organisations.

— **for improvement in existing industries:** productivity campaigns, such as reorganisation of specific industrial branches to provide more rational and more profitable structures; marketing improvements, such as standardisation or quality labelling; market research; or training campaigns for young executives and skilled workers;

— **for the public:** launching psychological and political campaigns in the country itself. This would be aimed to convince the citizen of the part he has to play in the industrialisation process, and initiate the real revolution in thinking and habits for which the industrial age calls. The action needed is quite simple; fairs and exhibitions, for example, often have considerable influence for this purpose and it would be a mistake to neglect them.

An industrial promotion organisation can also be specially useful for **small and medium-size firms**, by bringing them into contact with well-found sources of industrial services, such as organisational council, technology, technical and financial assistance, information, documentation and other services. If the improvements recommended are to have a lasting effect, however, it will often be necessary for the heads of the firm to have adequate training, which could come to them through discussion groups and study courses.

This work of promoting small and medium-size firms very often calls for the supply of services before they are asked for by the heads of the firms, who have no knowledge of their existence or their usefulness. Because of the specific character of so many of the things which have to be done in setting up a business and providing for its management, the promotion often leads to the formation of a "cell", specialising in assistance and centralising services for accountancy, management control, sales promotion and others. In this way any firm which asks for help can be given a technician who will be at its disposal for help and advice over a limited period.

The governments of countries in the Third World are specially keen on this question of small and medium-size firms, because they rightly see in it a way to the formation of undertakings which will be genuinely national and the capacity of which will grow with experience. For this reason there are quite a number of promotional organisations:

• in Cameroon: Centre National d'Assistance aux Petites et Moyennes Entreprises (C.A.P.M.E.),
• in the Ivory Coast: Office de Promotion des Entreprises Ivoiriennes (O.P.E.I.),
• in Gaboon: PROMOGABON,
• in Upper Volta: Office de Promotion de l'Entreprise voltaïque (O.P.E.V.),
• in Madagascar: Bureau pour le Développement de la Promotion Industrielle (B.D.P.I.),
• in Senegal: Société Nationale des Études et de Promotion Industrielle (SONEPI),
• in Togo: Centre National de Promotion des Petites et Moyennes Entreprises (C.N.P.P.M.E.).

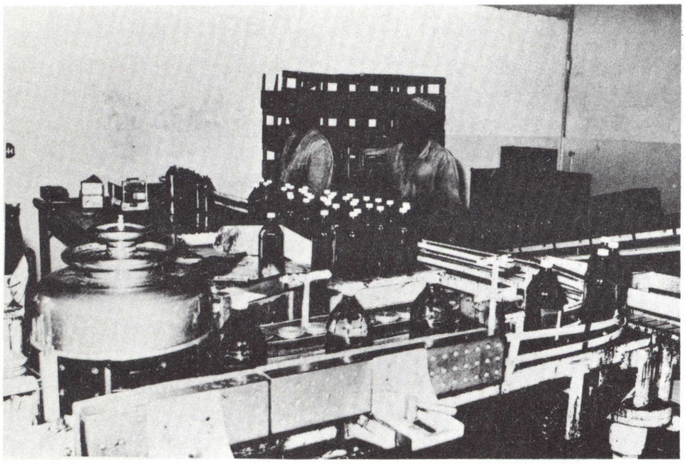
Measures designed to help the promotion of such undertakings are also a major preoccupation for external aid. French cooperation, for example, is particularly concerned with giving the indispensable extra help to the countries concerned. It consists, essentially, of experts, technical assistants and intervention companies (such as SATEC, AFCOPA and SOPROGI). Examples of this cooperation are the interventions of SATEC in Cameroon, the support given to O.P.E.V. by AFCOPA and the provision of technical assistants for SONEPI.

* * *

The resources

This general survey of industrial promotion conditions has thrown up quite a list of services to be rendered. This brings us to the third point of the intervention. Once the idea has been sorted out and the right people found, the problem still remains of finding resources for the execution of the project—the capital, the labour, the industrial services and various others.

The first problem is the **capital**. When it is a case of a private sponsor, he will in most cases be contributing on his own account, and it may be hoped this contribution will be substantial; but it always has to be made up. In the case of a project for public execution, of course, the question arises of finding all the capital. How is this to be done? Investment calls for savings; and these may be public or private, internal or external. In other words, they may consist of the savings of the State and local collective bodies; public aid from foreign countries; firms inside the country; private households; private finance from abroad. It would be outside the scope of this article to analyse all these different sources of savings and see how they could be harnessed into industrial investment. Suffice it to say that one of the best ways of proceeding is to use as intermediaries an investment company (for shareholdings) and a development bank (for loans). In all the french-speaking countries of Africa, France has taken steps to facilitate the formation of development banks, through its own Caisse Centrale de Coopération Economique (C.C.C.E.) which holds for example, 15.5 % of the capital of the Cameroon Development Bank, 2.5 % of the one in the Congo, 40 % of the one in Togo. It also lends money to them



Oil plant at Dakar (Senegal).

for re-lending to secondary public bodies and to private firms. Direct loans from the C.C.C.E. are also made to the states themselves, to public shareholding companies, sometimes to public organisations, and to private firms in respect of very big projects which usually have international finance. Between 1968 and 1972 the financial support from C.C.C.E. for projects in Black Africa and Madagascar amounted to FF 128 million for electric power, FF 284.7 million for the mining industries, FF 78.2 million for other industries. The machinery of C.C.C.E. can be illustrated by the case of the sugar company of Upper Volta (S.O.S.U.H.V.) which, incidentally is not included in the above figures, though it was formed in 1969. The capital is FF 39.3 million, of which 71.8 %, is held by the Republic of Upper Volta (partly through a FF 3 million loan from C.C.C.E.) and another 16.2 % by the Republic of the Ivory Coast. A further 10.2 % is held by the multi-national company SOMDIAA (in which the french government has a 6.7 % shareholding and private interests hold 93.3 %) and the remaining 1.8 % is owned by private shareholders. The estimated cost of the project is FF 119 million, which is financed as to FF 26 million by a loan from C.C.C.E. to the National Development Bank, FF 28 million by special long-term loans from the E.D.F., FF 5 million by the F.A.C., medium and short-term credits for a further FF 11 million, subsidies of FF 1 million from the Upper Volta Republic and FF 18 million from the E.D.F., and the remainder by the sugar company itself from its own resources.

In addition, the official french Fund F.A.C. (Fonds d'aide et de coopération) often acts as a catalyst in getting a project started, for example, by financing the initial surveys and thus creating conditions in which other aid can come forward. Sometimes, too, it makes a direct contribution to the "quasi capital" by loans at very low rates of interest to the firm concerned, as was done in the case of SIES in Senegal; or it may take up a shareholding indirectly through various french semi-official bodies. Under the latter heading, for example, the Bureau pour la recherche géologique et minière took up a share-holding in the Taiba phosphates in Senegal, and the Compagnie française pour le développement des fibres textiles subscribed shares in VOLTEX in Upper Volta and the Société Gabonaise de Cellulose (SOGACEL) in Gaboon. F.A.C. also provides subsidies to individual States to enable them in their turn to subsidise specific firms, such as SIES, VOLTEX and SOSUHV.

Manpower is the next problem; but the subject is a very big one and it cannot be discussed at length in this article. It includes the training of workers and office workers, skilled and supervisory workers and staff with the right qualifications and in the right numbers. The problems are well known, but the solutions are often less satisfactory. Foreign aid may also come into the picture in dealing with this problem; but this must necessarily be on condition that it is not the only recourse used. In the french cooperation expenditure in 1972-73 funds were provided for 1,433 bursaries at major training establishments and engineering schools; 405 bursaries for technical education; 1,095 on-the-job courses in 1970; and F.A.C. provided nearly FF 13.5 million for technical education. These figures are given by way of example; France is not the only country making such contributions.

Last come the **industrial services** properly called, the need for which has been brought out in the foregoing analysis. At the project stage they include such services as industrial research, laboratory tests, standardisation, industrial information and publicity material, feasibility studies and the rest. When the project is at the functional stage they include, for example, quality control, technological and management consultations, industrial estates, fairs and exhibitions; and in the general action framework, they include such matters as industrial property, industrial legislation and other items in similar fields. The setting up of a coordinated infrastructure of organisations capable of providing all the desired services is a fundamental item in the industrialisation of a developing country. For economies which have not big resources of their own, the list is an impressive one, and the official cost must be kept as low as possible. One approach to this is to have the work handled wherever possible by industry itself or by industrial and trade associations, with the government only intervening to make up the many deficiencies which will be found, to secure adequate coordination and orientation and to avoid duplication. External aid, as we have seen, can easily find its right place in all this. Nowadays the part it plays is still rather small, but it is enough to show that the importance of the services factor has not escaped attention.

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Promotion is a necessary function in the industrialisation of the Third World; but indispensable though it be there are many developing countries in which it does not yet get the attention it deserves. In general, the project aspect is reasonably well covered; but the information and publicity and the stimulus and inducement aspects, in which only smooth and coordinated action can produce results, are often handled in a fashion which is no more than fragmentary.

In most cases external aid cannot and should not replace national initiative, though there is much that it can do to stimulate it and translate it into fact. In most countries and organisations which offer cooperation to the developing countries, however, there still seems unfortunately, to be a certain hesitation about this type of intervention. If this is indeed the case, the attitude will be a matter for regret, for it is to be hoped that the work already done—which after all is far from negligible—will be materially increased and speeded up. ■

R. JULIENNE

III. External aid and the promotion of small and medium-size firms in Africa

by André HUYBRECHTS

The aim of this brief note is to analyse the position of small and medium-size firms in the development process and the part external aid can play in relation to them. It begins with a brief consideration of the important part played by national small and medium-size firms (S.M.F.) in the economic development process of today. It continues with an analysis of the possibilities and the limits of deliberate intervention in this field, and ends with a discussion of the types of action which external aid could undertake for the promotion of S.M.F. in developing countries in general and especially in Africa.

I. S.M.F. as a development factor

In the countries which are now backward, the development campaign is marked by three main concerns. They are looking for a general increase in productivity, partly for the sake of raising their incomes and living standards, and partly to increase the potential of national savings and thus secure the investments which will be the source of further progress in productivity. They are seeking to diversify their economies, so as to put them on a broader basis and give them greater stability, so that they are less vulnerable to the swings of business activity. This is a reminder of the ill effects which may result from fluctuations in raw material markets, and the much publicised deterioration in the terms of trade of the Third World. Industrialisation is the most obvious and most keenly desired form this diversification can take. And the countries concerned are seeking economic independence, an objective which is closely connected with the foregoing; for they wish to remedy the present structure of their modern production and business, which is still largely in the hands of foreign firms, the interests of which extend in some cases even into the retail trade. This latter objective is spoken of as the "nationalisation" of underdeveloped economies, and in Africa it is known as "africanisation".

Both from the economic and from the social standpoint, and on the political level, it is obviously desirable that the economic progress, the industrialisation and the africanisation should continue at a faster tempo.

There are several aspects of africanisation. It may be concerned with africanising the staff, especially in the supervisory grades, of foreign-owned firms. It may be a question of expanding the activities of the public sector by nationalising big firms or creating new ones. It may also be considered in terms of promoting the formation and extension of native-owned business, which usually consists of small and medium-size firms.

We propose dealing here with the last of these aspects; and the problems we are in fact considering are embodied in the title "promotion of african S.M.F.". The elements which are really national in the african economies of today consist of great numbers of farm units, artisan production, industries, business and service trades all of very small dimensions and at only an elementary stage of technical development. It is an S.M.F. problem. Moreover, the promotion of the S.M.F. could and should play a determinant part in social-economic development.

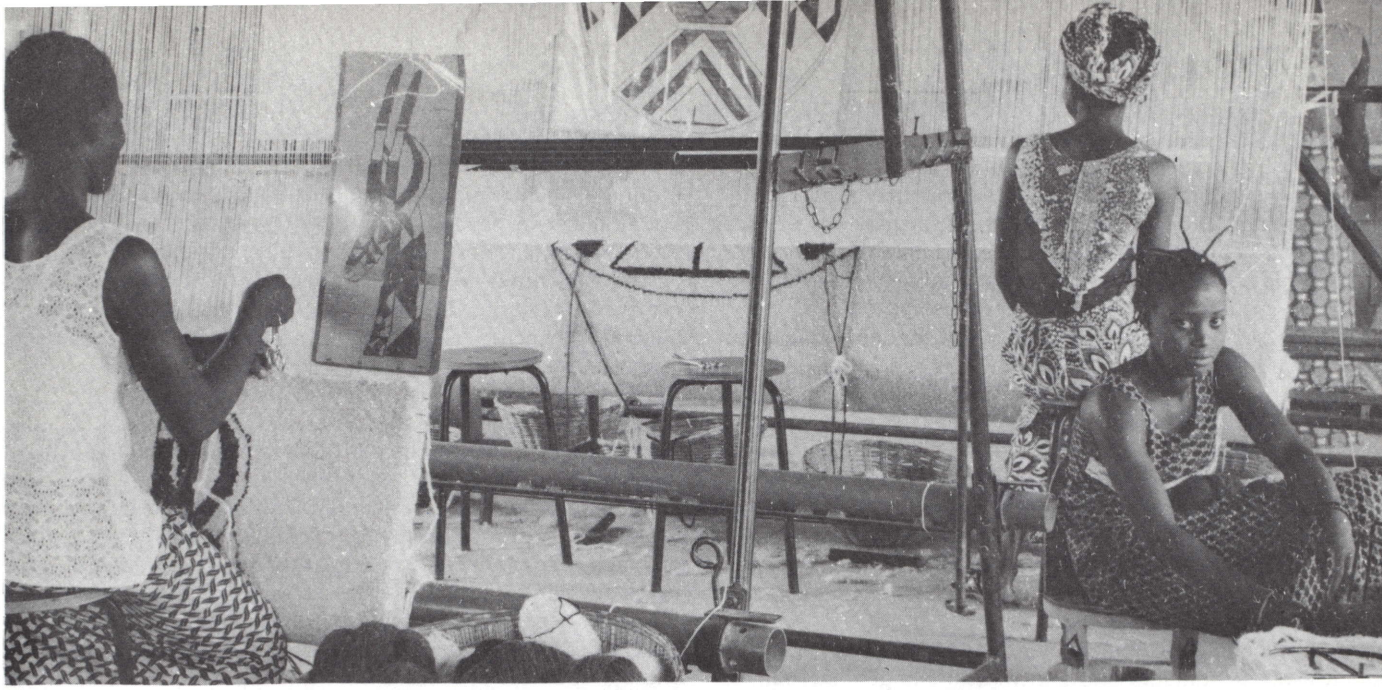
We must consider the essential part played by S.M.F. in the growth and development of economic systems.

They are, in the first instance, a **factor of diversification and of balance.** It is the S.M.F., more especially the artisan and industrial production units, which enable the african economies to escape from the predominance of the export trade in raw materials from the farms and the mines. They contribute to diversification by sector and to creating internal trading circuits which contrast with the present extroversion of modern economies based on exports of raw materials and imports of manufactures. They are diverse and they are complementary, thus helping to create the variegated and closely woven economic tissue of a modern economy. They contribute to the geographical equilibrium of the country's growth and to a better balance between firms of different sizes.

The S.M.F. help to offset the predominance of traditional foreign investment, consisting of the big firms set up in the country; thus they contribute to **making the economy more independent of external influence.** We know how great may be the restrictive effect of public finances and production structures depending unduly on a few big foreign firms. Though everything possible is done to attract such firms, disputes inevitably arise as soon as they are running normally, because they will be sending their profits home, their investments will necessarily be limited and there may be a number of other sources of conflict.

The emergence of the S.M.F. is an important element in the **revolution of socio-economic mentalities.** The creation of a class of independent national entrepreneurs who are responsible, competent and dynamic, results in a change of social mentalities which is a fundamental ingredient of development. At the present stage the "up-to-date" people in Africa are the politicians, the civil servants and wage-earners in the big european-owned firms. The appearance of an african middle class will be a stabilising counterweight in the political and economic structure, and the most appropriate instrument for promoting development from the ground up. The possibility of finding an independent career and rising in the social scale is a token of freedom, of a "liberal" system without which the population of the under-developed countries, and especially their artisans, traders, farmers and the present businessmen, would very quickly be facing the risk of becoming a proletariat. It may be added that the small unit and the craftsman are a valuable expression of traditional cultural values—or "authenticity"—which should certainly be preserved because they are the best manifestation of the links between the economic, the cultural and the social.

The development of the S.M.F. calls for the **gathering of financial resources** which would not otherwise be available.



Carpet weaving in the Craft Centre at Ougadougou (Upper Volta) financed by the E.D.F.

Economic development depends largely on the volume of savings, and it is an established fact that the rate of savings is highest in the entrepreneur class—among traders, craftsmen and the owners of firms—whereas the rate for civil servants and wage-earners, urban or rural, is often negative. It is a fact too, both in industrial countries and in the underdeveloped world, that the big firms, especially the public ones, work with a much smaller surplus than do the S.M.F. The big firms often need subsidies which have to be financed by taxing the other sectors, or by borrowing abroad. Enquiries in several industrial countries tend to show that profitability—the ratio between the profit and the assets of the firm—varies inversely with the size of the undertaking.

The activity of the S.M.F. is a **serious contribution to the creating of jobs.** In the underdeveloped countries capital is scarce and manpower is abundant; the imperative line of action is to create a maximum of jobs with a minimum capital outlay.

If we now come back to the first two methods of africanising economic life, there are two facts to be noted. The first is, that africanising the personnel of foreign firms is a good point for the S.M.F., because it sets up a nursery of local entrepreneurs. The second is, that big undertakings and big projects exercise a certain fascination over governments and public authorities, partly for reasons of prestige and partly through the natural preference of the macro-economist, who is necessarily in charge of economic policy; and this may lead to the S.M.F. being neglected or put low on the priorities list. Governments are unduly apt to forget that big industrial projects create problems of resources (men, money and technique) and of market outlets; and are apt to give rise to new forms of dependency and new interference. There is no real question of having to choose; as is so often the case, the problem of the struggle against underdevelopment is that everything has to be done at the same time. The two channels—big projects and the promotion of the S.M.F.—are complementary.

II. How should the S.M.F. be promoted?

One remark must be made at the outset. No specific approach to the promotion of the S.M.F. can be taken outside the context of a general action programme, so the possibilities of any specific public intervention cannot be examined without general promotion programme having first been laid down. There are a number of obstacles to the development of the african S.M.F. which have always been there. In the past the problem has been tackled with insufficient resources, but still more, without a general view of all the aspects. The results have been varied and limited; and the experience is proof enough that if you remedy one obstacle and leave the rest intact, you are bound to get into difficulties.

What are the obstacles to S.M.F. development?

One of the most obvious obstacles is **insufficient experience and training in management.** It stems largely from the fact that most of the african firms are the creation of a single individual who cannot delegate his authority and often does not wish to do so. The insufficiencies of the management can be seen in the accountancy, the calculation of production costs, stock control, knowledge of markets, in everything connected with financial planning (depreciation, stock renewal, repayment of credits and the rest), and in the confusion between the personal finances of the head of the firm and those of the firm itself.

A second obstacle is **insufficiency of technical competence** resulting from lack of general education and theoretical vocational training.

Cash shortage is a very important factor. It arises because native promoters have insufficient resources of their own and there is no adequate credit structure. It can be seen at once that this obstacle is linked with the first two, for the problem of financing is insoluble so long as there are serious loopholes in management and technique.

A fourth obstacle is the **absence of an administrative framework** calculated to help the development of the S.M.F. This is a matter, either in individual cases or generally in fiscal and customs legislation, for a suitable promotion organisation and a whole series of other measures of a general or special character.

A number of **other obstacles** may be mentioned without dwelling unduly upon them. These include the competition of foreign-owned companies; the super-abundance of the african commercial sector; the dispersed activities of african entrepreneurs; and perhaps, also, various obstacles of a sociological character.

The list of measures aimed at promoting the formation and development of S.M.F. follows naturally from the list of obstacles. All that is needed here is to mention them and to give some comment on the administrative measures, which are numerous and complex.

The insufficiencies in management and technical competence require every imaginable effort towards management training for a modern firm, and for technical and vocational training.

On the finance side, it will be a matter of creating a credit organisation specifically adapted to the needs of the S.M.F. It would be possible, too, to devise machinery for solving the problems set up by the strictness of the terms for bank credit.

The **administrative measures** are a world to themselves. In it we find a collection of legal and administrative discriminations in favour of the S.M.F., provisions granting various monopolies to national firms, and the formation of industrial and artisan estates, providing firms with all the basic infrastructure and equipment or a variety of common services; and we find the formation of a public body for promoting the S.M.F.

This last cog in the S.M.F. promotion machinery is particularly delicate. Its task is to coordinate national action, bilateral and multilateral aid for the S.M.F. It is to study the contemplated legislative measures, the state of the market, the structure of existing S.M.F. and the projects for setting up new firms. It will form its own judgement on existing firms, selecting those among them which it would be desirable to aid. It is to take a hand in the marketing, especially advertising and promotion. It will have operational services for training purposes (whether management or technical), staffing, follow up of projects, the formation of cooperatives; it will cooperate with big firms in the promotion of sub-contracting; it will look after the management of the credits and the aid for the formation of new firms.

It is easy to see there is a lot to do; but it is clear that it is for the governments of developing countries to work out the proper economic policy in each case and to take over the essential of the effort.

III. What should be the part played by external aid?

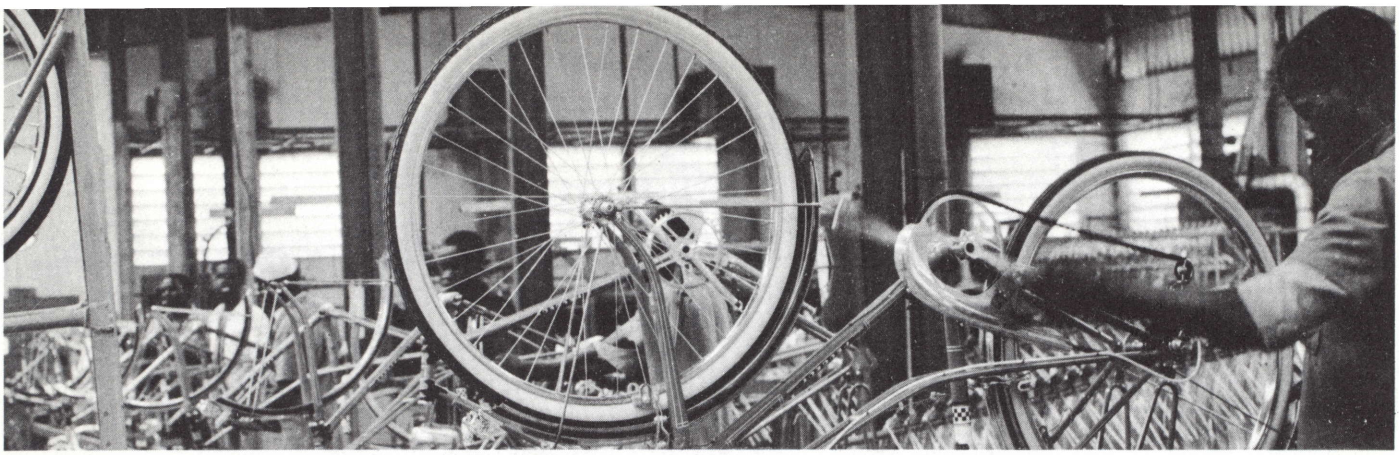
Up to the present this field of intervention has aroused little interest. It has been neglected both by the economists who specialise in development problems and by the aid organisations —except of course by the nongovernmental organisations, for whom such problems are a sort of natural vocation—and it has been neglected, too, by the developing countries themselves with their heads in the clouds of economic and social infrastructure projects and the bewitching prospect of massive production units for energy, mining or manufacturing industry. For all that, we have seen how important the S.M.F. can be in the development process.

Recently, however, things have somewhat changed. In so far as the aid from developed countries has not yet taken a hand in this sector, it is to be believed that it would be welcome if it proposed to do more. Various publicity campaigns have been started by a number of representative firms of the commercial classes and the S.M.F. in european countries, and these seem to be beginning to bear fruit. In this connection we might mention the action taken by the belgian Economic and Social Institute for Middle Classes, and in France, by the International Action Union of the small and medium firms and the Congress of the International Study Institute of the Middle Classes. In the developing countries themselves, too, ideas are changing. Social and economic opinion is becoming more receptive, governments are beginning to take an interest in the S.M.F. and various new structures have already been created, or are on the drawing board. The Ivory Coast and Zaïre, for example, have set up specialist organisations to develop their native businesses. International and multi-national aid organisations, too, are intervening to a larger extent. In this connection, I should mention the action of U.N.I.D.O., which itself contains a S.M.F. section; and that of the I.L.O. in financing the P.N.U.D.

The E.E.C. Commission, too, is taking a growing interest in the development of a middle class of national entrepreneurs. It has carried out a series of pilot programmes from the funds of the E.D.F. in several of the Associated countries and a more important project is at present under preliminary investigation. It is proposed that this project shall be carried out in Zaïre, embodying and providing aid for the S.M.F. there in the form of a global attack on the problem. It will deal simultaneously with the many problems confronting the national entrepreneurs, alike on the fiscal and financial front, in production and marketing and in the management of their firms.

We must not, however, avoid the fact that the countries of Black Africa are some way behind other developing continents in this respect. This is doubtless due to the fact that their political emancipation came later, to their economic structure consisting so largely of big foreign firms and very few african firms; and perhaps, also, to a psychological element, for the African is accustomed to think in terms of community life and the family is the traditional unit to which the individual is subject, and this attitude is a real obstacle, at any rate for the time being. The effect is that formations of S.M.F. and their successes have been comparatively less frequent in Africa than elsewhere.

On the question of what concrete help can be given by external public aid, the first point to note is that the financial requirements are quite small, and that external finance aid is certainly less indispensable in this field than in others. The part it can play is qualitative rather than quantitative; for it will be a question less of providing credit than of transferring technology, experience and technical assistance. On this basis intervention could be largely concerned with training—bursaries, courses, training institutes—coupled with finance through local intermediate organisations and the formation and functioning of administrative bodies. It is, however, essential that the aid be very carefully adapted in its form and manner to



Bicycle assembly works at Bobo Dioulasso (Upper Volta).

the political, social-economic, ethnical and cultural realities of the partner countries. Experts take the view that 90% of the S.M.F. problems are of a universal character, but that 10% of them embody specific (in this case african) aspects which may determine the success or failure of even the best-conceived schemes of cooperation.

In the light of the foregoing, the next question is what forms of aid are most clearly indicated.

Subsidies in the normal form will of course be needed for the construction and equipment of the buildings needed by the national promotion organisations for the S.M.F. and for the S.M.F. training centres. Apart from this, consideration could be given to:
— adequate vocational training and refresher programmes, in cooperation so far as possible with the S.M.F. representative organisations in Europe. The programmes would include bursaries, on-the-job courses, training of management counsellors for S.M.F. and the creation of training institutions;
— increased cooperation with the development banks in the Associated countries, which would act as intermediaries between Community finance and the S.M.F.;
— appropriate subsidies and technical assistance for administrative bodies concerned with S.M.F. (sending of experts to the S.M.F. promotion and/or credit organisations, execution of surveys and promotion activities);
— various forms of contact between S.M.F. in Associated countries and S.M.F. in Europe (e.g. visits from heads of european S.M.F.);
— various forms of finance aid. This might consist of special loans by E.D.F. to local development banks for use in subscribing shares and granting lines of credit; subsidies for setting up a revolving fund for smallproject financing, which would be managed by the S.M.F. finance organisation and would operate as a guarantee fund for credit given to the S.M.F. and could intervene on a larger scale in financing industrial estates for S.M.F. and craft production.

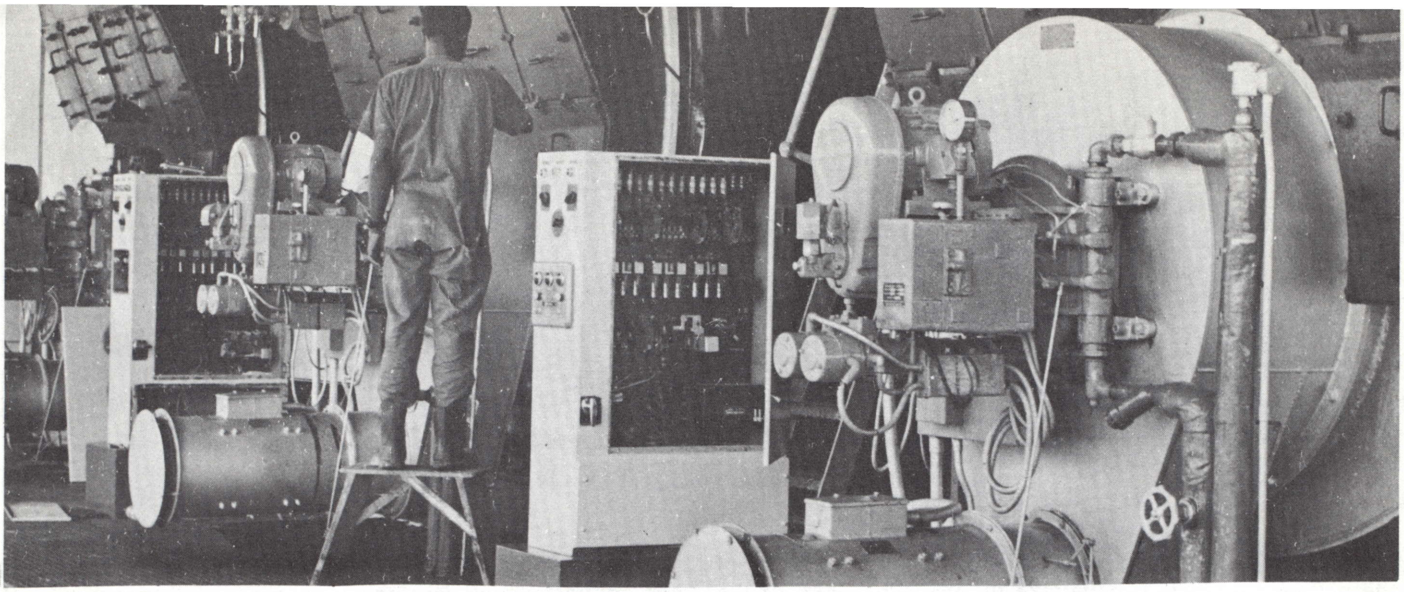
Consideration must also be given to the question of sub-contracting. This is a form of inter-industrial cooperation increasingly practised in and between industrial countries, and has already acted as a bridgehead in cooperation with various developing countries mainly in Asia or North Africa (1). Apart from the obvious advantages for the firms in developed countries, which can thus secure production on better terms sub-contracts give developing countries the opportunity of setting up industries, and diversifying those they already have with new activities which do not depend on the narrow local market and provide a better utilisation of existing capacity. Coupled with this is the training effect which results from the experience, both in earlier and later stages of production, in other sectors of the national economy; and industrial jobs are created, especially when it is a matter of labour-intensive industries, which is often the case. Incomes are increased and so are the foreign currency receipts; capital transfers can be associated with these activities and the country gains in terms of equipment, technological knowledge and management skills.

The promotion of sub-contracting depends primarily on the action of the governments of developing countries which maybe desire this form of international industrial cooperation; but, subject to their agreement, external aid may play a part in its development. This may take the form of technical assistance (information regarding demands for and offers of sub-contracting work; technical aid to the firms concerned; and the award of bursaries connected with sub-contracting), and also aid in the making of contacts between firms on both sides desiring to enter into a sub-contracting relationship.

As will be seen, the action of external aid need not necessarily be limited to finance. For obvious reasons of efficiency, the key problem lies in decentralising the examination and control of propositions. It is important to be able to delegate responsibilities, to have a closer knowledge of reality and supervise the work done from close at hand. It need hardly be said that it would be extremely difficult for functions to be delegated by fixing credit allocation criteria **a priori** and setting up an effective control system **a posterori.**

In principle, the development banks should be the best instrument, for they are better fitted to deal with small operations han are the external aid organisations. They are well acquainted with the local market and local firms, and they are also in a position to take over the exchange risk. From the standpoint of the development banks themselves, this work offers increased resources, an enrichment of experience, and an increase in efficiency. A neat solution would be to pass successively through various stages, beginning with a procedure for preliminary approval of credits to the S.M.F., and then adopting a more flexible procedure consisting of the granting of lines of credit and subsequent supervisory control. This form of collaboration could always be rounded off by technical assistance to the development banks. ■ **A. HUYBRECHTS**

(1) Sub-contracting is a system in which an industrialist procures components for subsequent incorporation or assembly from an outside source, placing a special order to be carried out by the sub-contractor in accordance with predetermined technical directives. (See article "International industrial sub-contracting and the Developing countries" by Sergio Zampetti in this issue.)



The modern face of african industry

PROMOTION OF WEST AFRICAN BUSINESS

Seminar of the West Africa Sub-Regional Committee of the Association of African Central Banks

(Freetown — November 26-30, 1973)

In most african countries the promotion of native privately-owned business is now one of the chief government preoccupations. It has become so topical that it ranks as a "primary interest". There is no economic speech, no government action programme, no set of proposals by an african economist, which does not express in some form or another, the desire to see african nationals playing a more active part in the exercise of economic power in their own countries. Many measures have been taken in different countries to increase the responsibility of citizens for the administration of their countries' economic heritage; and those of them which attract most attention are not necessarily the most significant.

For a long time this question was one for consideration by the initiated few, and led only to simple resolutions. In the past few years, however, it has been a matter for thorough studies and discussions before bigger and bigger audiences. The most recent contribution was the seminar organised by the Bank of Sierra Leone under the auspices of the West Africa Sub-Regional Committee of the Association of african central banks held at Freetown, November 26-30, 1973.

Those invited to and attending the Freetown seminar were:

— delegates from central banks which are members of the West Africa Sub-Regional Committee of the Association of African Central Banks: Bank of Ghana, Bank of Sierra Leone, Banque Centrale des États de l'Afrique de l'Ouest, Banque Centrale du Mali, Central Bank of the Gambia, Central Bank of Nigeria;

— a delegate from Liberia attending as an observer, since this country is not a member of the Association of African Central Banks;

— representatives of international organisations: World Bank, The International Monetary Fund, African Development Bank;
— a number of academic personalities and others from the economic and financial world in Sierra Leone, Nigeria and Ghana.

Elements for future strategy

All the participants considered the partial and disperse action currently taking place for promotion of african enterprise in most of the countries concerned, should be replaced by a general policy and an overall strategic approach. This should include:

— *a full knowledge of the facts:* this knowledge is an indispensable preliminary to any effective action. The path to it lies through an exhaustive statistical compilation of all african firms, showing the number, form, size, location and activity. This listing will doubtless make it possible to assess the acuteness of the problem of the absence of african nationals in the priority sectors, and how far their firms are still mainly confined to peripheric or even marginal activities. In this connection, too, it will perhaps be seen that it is not always in the capital and other cities that firms have the best chance of prosperity. It should be mentioned that animated discussions took place in the meetings, when some of the delegates asserted that action for the promotion of african enterprise should be directed first and foremost to the primary sector and specially to agriculture;

— *strict selection of sectors to be aided and firms to be promoted.* In view of the small resources available, economic utility dictates the avoidance of undue dispersion of effort;

— *a judicious combination of protection, administrative technical service and financial inducements.* The protection of african firms against the competition of foreign companies admittedly raises many difficulties. Most of the participants, however, considered this to be one of the most powerful instruments of promotion for african business, provided it is intelligently and progressively applied, and subject to the underlying conditions being favourable and, most of all, if it is supported by measures for the business training and preparation of heads of african firms;

— *formation of a single responsible authority* coordinating all the action taken and supervising its application.

Even the adoption of such a strategy, however, is not a herald of assured success. This was pointed out by the Finance Minister of Sierra Leone, when he said: "You can take a horse to water, but you cannot make him drink". The making of many laws and the setting up of many institutions will perhaps have created the necessary conditions for promoting african business; but all this will not have created the spirit of enterprise which is sometimes quite simply intermingled with the native genius of a people. It must be recognised, too, that the spirit of enterprise can only develop against a background of prosperity when all sectors of the economy are going ahead. This amounts to saying that success in the promotion of privately-owned native business will come when success has been achieved over the whole range of economic policy.

Press conference by Mr. Hans-B. Krohn

Director-General of Development and Cooperation

Negotiations at Deputies' level (Ambassadors and Plenipotentiaries) between the E.E.C. and the A.C.P. (African, Caribbean and Pacific) countries have reached the end of the first phase. The two meetings on January 23 and February 6 produced "rather firm statements" on both sides. This was for two reasons—recent international events and the ministerial A.C.P. meeting scheduled for February 20 at Addis-Ababa.

Mr. Hans-B. Krohn, Director-General of Development and Cooperation, summarised the work of this first part of the negotiation at a press conference on February 11.

A.C.P. external trade

Under the Association trade heading, Mr Krohn said, "the only subject on which we made a beginning was the A.C.P. exports to the Common Market. This means that we have not yet negotiated on exports from Europe to the A.C.P. markets, which includes all the problems of inverse preferences and reciprocity. On this question of exports to the european market, the A.C.P. put forward a highly simplified request—**free access to the european markets for all their products,** processed or not, and agricultural or not. As the starting point for a negotiation, of course, this is a simple but rather extreme requirement; and we were able to negotiate with them under the mandate given us by the Council, under which, so far as industrial products are concerned, there is no problem about granting full franchise for imports. We had, however, to let it be understood, and I made a rather rigid and firm statement to this effect, that for agricultural products the approach would not be through negotiating the principles of the Common Agriculture Policy, but through negotiating in respect of the specific products of interest to the A.C.P. While we have granted the franchise for all industrial products, this obviously applies, too, to a number of agricultural items of interest to these countries—cotton, coffee, and cocoa—in respect of which there is no difficulty in granting the franchise. **For products to which the Common Agriculture Policy applies,** however, we proposed another approach. This is, that instead of saying that all the levies and timetables should be purely and simply abolished, we propose that we should co-operate in compiling a list of the products, the importation of which into the european market is of interest to us, the partners; and we confirmed that we would negotiate on these products with a view to setting up a more favourable system than is granted to third countries. There is still only a procedural difference—as to whether one should negotiate the principle of franchise for all agricultural products or whether to negotiate case by case. Personally I am convinced that after the Addis Ababa meeting, the A.C.P. countries will fall in with our product by product approach, on which the Commission will be submitting a proposal to Council within a few days.

Another rather difficult question under the trade heading is **rules of origin**. This is a question to which our partners attach special importance. Here, too, we have proposed that they should tell us which are the products for which the rules of origin are inconvenient to them, and we are willing to negotiate case by case to find a satisfactory solution. They, on the other hand, have proposed we should modify—I would even say turn upside down—the whole of our rules of origin system, which we have applied in relation to the G.A.T.T. generalised preferences and in other connections. Here again I am convinced that after Addis Ababa, they will accept our product by product or case by case approach.

There is another point on which the negotiation at deputies and experts level was somewhat difficult. This related to the **non-tariff obstacles**. We were able to make the point that the quantitative restrictions, which are one of the most important classes of non-tariff obstacles, should be eliminated; and that what remains are problems we have not yet resolved at Community level—health regulations, veterinary control and similar items about which there is not always a Community regulation and on which, therefore, we are not able to negotiate. They also asked for the **removal of taxes on** coffee and cocoa, which still exist in some of the E.E.C. countries; and here, of course, we let it be understood that this would be a subject raising internal problems at our end.

As regards the trade heading as a whole, I was able to note, at the last meeting on February 6, that free access to the Community market is now agreed for approximately 90 % of the current A.C.P. exports. I agree that the remaining 10%, comprising the agricultural products, is perhaps the hardest part of the negotiation; but when anybody puts forward a sombre view of the present state of the negotiation, it is important to bear in mind the figures that I have just given. The same is true of the rules of origin. Here again, we were able to note that we had been able to settle more than 90% of the points of interest to our partners, leaving some 6% to 10% still to be negotiated. As in all negotiations, of course, it is the few remaining problems which are the hardest.

Financial and technical cooperation

The other matter considered in the negotiation has been **financial and technical** cooperation. I think we have made genuine progress; but there are of course, always claims from our partners with which it is difficult to comply. One of their requests is that the amount of the future European Development Fund should be fixed as early as possible, within the next few weeks. We on our side have always said that negotiation on the amount of the fourth E.D.F. will be handled later, and I have several times recalled the two undertakings the Community has given to the effect that the existing Associates will retain the advantages they already have while the new Associates will be put on an equal footing with the old.

The other claim on which we still have divergent views is their idea that the future E.D.F. shall be **allocated between the beneficiary countries before signature** of the future Convention. We do not in fact have any objection of principle to such an allocation; but we think that negotiating the allocation of a future E.D.F. with 43 countries before the signature of the Convention would not be in the interest of our partners themselves. Here, too, I am optimist enough to think that after Addis Ababa, they will have recognised that allocation beforehand is not in their best interest.

A subject on which we have made progress in the negotiation on financial cooperation is what is referred to in the negotiations as **participation.** This arises through the request of our partners that they participate on an equal footing in the administration and management of the E.D.F. Instead of laying down a general principle, we have been negotiating with our partners regarding the different stages in E.D.F. intervention. In the initial phase of **drawing up development programmes** by our different individual partners, we have insisted that we are of course at their disposal to help them in the programming and planning of E.D.F. interventions. There is, however, one point on which there is not the shadow of a doubt. This is, that the responsibility for these development programmes, and consequently for fixing the priorities for specific projects, is entirely within the responsibility of our partners. It is for them to say whether, within a predetermined sum, it is more important to have a road or a hospital or whether an agricultural project should take precedence over an industrial project; and I think they have clearly understood that this is both a task and a responsibility.

On the question of **examining the projects**, the files are at present examined, as you know, very largely by the departments in Brussels. This is mainly due to the fact that the administrations of most of the Associated countries are not technically equipped to carry out the investigation. The intellectual structure and equipment of our future Associates will, of course, be different from what it is at present, and it is thus to be expected that some of the countries will be in a position to set up their projects for themselves. If an individual Associate should ask for technical assistance, it will of course be put at their disposal; but here, too, the responsibility is moving more and more onto the shoulders of our Associates.

When it comes to the **actual execution of the projects**, we have also accepted that the responsibility shall rest with the national administration, even to a larger extent than at present. In this of course we are entirely at their disposal with aid and technical assistance in the supervision of the works. This raises a problem, to which I think a solution will be found, regarding the part to be played by the E.D.F. Controller-Delegate. As you know, we have a local representative in each of the present Associated countries, and, largely for historical reasons, he has been given the rather unfortunate title of Controller-Delegate. In fact his duties, even today, are much more of supervision than control; and he and his technical assistants are able to help the Associated countries in an advisory capacity. In this case, too, we have agreed that there shall be a modification in the rules of the Controller-Delegate; and nobody among our present Associates disputes his importance to the countries themselves.

Finally there is a problem which we have set aside for the moment. This is the last phase of the project, the act of **decision**. At the moment the decision is made by the E.E.C. Commission, on advice from the E.D.F. Committee on which the member countries are represented. Our partners have asked to participate in the decision procedure.

The institutions

The reply I have given up to the present is that this raises a number of institutional and other problems; and we have promised to negotiate this problem when we are also negotiating other institutions of the future Association, because it is a subject on which we have not yet negotiated.

You will recall that in the present Convention, there is a Council of Association, a Committee of Association, the Parliamentary Conference and the Arbitration Tribunal. It is no secret that our english-speaking partners were at the outset rather hostile to these institutions. I think, however, that the contacts we have had with them, and their participation as observers at some of the meetings of the Association Council and Parliamentary Conference, have led to some change in their views. We have agreed to negotiate about the future institutions when the general structure of the future convention has become clear, and it will be in this context that we will also be talking about participation in the decision machinery.

For the sake of completeness we have also begun to negotiate on the questions of capital movements; and we have attempted to make a beginning on the right of establishment. I do not think that there will be major difficulties under either of these two heads. It is certain that in the negotiations which are to follow Addis Ababa, our partners will insist on two points in which I believe the Community will be able to follow them. The first relates to what they call economic cooperation.

What they desire is that the future Convention should not consist solely of a trade section and a finance section in separate compartments, but that the whole of this should be covered by 'economic cooperation'. In the statement I made on February 6, I said that this is just the reason which led the Community from the outset to propose an all-over pattern. In the Deniau memorandaum, we insisted on the fact that development aid does not consist solely of financial aid, nor solely of commercial policy, but that the two are parts of a single whole. In speaking of economic cooperation, of course, our partners are thinking around a specific fact. This is that if we are going to develop a certain agricultural and industrial production in the countries associated with us, and if this production one day becomes available for export, it is logical and necessary that we should open our markets to this production. For this reason there is a link between the financial section, through which the productions are developed, and the commercial section, which opens the Community market to them.

The other subject on which our partners will rightly insist, especially after the oil crisis and all that has followed, is that all the measures in favour of industrialisation be further expanded in the forthcoming Convention. In my view this is quite natural and normal, having regard also to the structure of our future partners in comparison with that of our present associates. In consequence the industrialisation section covering industrial promotion and industrial finance will occupy an important place in the future Convention". ■

Association parliamentary Conference

(Rome (1) Januari 30 to February 2, 1974)

Discussing the future of the Association

by Louis C.D. JOOS

The parliamentary conference in session: (from left to right) Messrs. Pertini, Berkhouwer and Yacé (chairman of the Ivory Coast parliament) are at the speaker's bench.

The Yaoundé Association Parliamentary Conference always raises problems for the journalist. What exactly is it? A club of deputies from Associated countries? A parliamentary symposium? A link in the chain of international negotiation always in progress in the United Nations?

It is none of these. The parliamentary conference of the Yaoundé Association is a eurafrican joint parliament for the twenty-eight countries linked in the Yaoundé Association. Here at least is an easy definition, but the trouble is that even this is not correct. In the first place the Association Convention did not give it the title of a "parliament", which is easily understood because, though it is indeed a parliamentary body, its rights are only consultative. Secondly, the three new members of the European Community—Great Britain, Denmark and Ireland—are not parties to the Yaoundé Association, which is thus a link not between 28 countries but between 25. Nevertheless, when the parliamentary conference met in Rome, those present included members of the parliament of Westminster, the Volketing and of the Dail Eireann.

Some of the background facts about this "eurafrican parliament" may help to throw light on this apparent mystery. It consists of 57 members of the European Parliament and 57 representatives (3 per country) from the parliaments of the Associated countries. The choice of the 57 european members is not made pro rata and is not based on their nationality of origin. So far as the european parliamentarians are concerned, european integration has already happened. They attend as representatives, not of their countries, but of their political parties. It is thus possible and natural that among the christian democrats, the socialists, the liberals, the communists or the european progressive democrats, (which include the french U.D.R. and the irish nationalists), there should be members of the parliaments of the three new members of the enlarged Community, even though these countries have not as such become parties to the Yaoundé Convention. On the african side, as we have seen, there are in principle three parliamentary representatives per country; but it so happens that in some of these countries there is not at present any parliament. Delegates are therefore appointed by the governments of the countries concerned, and admitted as members of the Conference. They are able to take part in the debates (and they often do so with great vigour) but they cannot be elected to be officers of the

(1) Previous sessions: Dakar (1964), Rome (1965), Abidjan (1966), Strasbourg (1967), Tananarive (1969), Hamburg (1970), Yaoundé (1971), The Hague (1972), Kinshasa (1973).

parliamentary conference because they are not elected members.

This at least makes clear why it is difficult to speak of the "parliamentary conference", which is an unduly vague expression, or of the "eurafrican parliament", which is legally incorrect. Nevertheless, clarity and correctness are not the same thing. "Eurafrican parliament" seems the best description.

From January 30 to February 2, this body held its 10th session in Rome. The italian deputies had courteously lent their own debating chamber for the occasion, complete with the carabinieri at the door in their cocked hats and, within the chamber, the ushers wearing their many braided tokens of office looped around their arms like children going to their first communion. The Montecitorio palace is so solemn and so cold that it becomes depressing, and from the high press galeries which overlook the debating floor you can only recognise the parliamentarians with good field glasses. The television lighting, to bring this august but disturbing funnel "à giorno", calls for an installation not unlike what may be seen in a football stadium when a match is being played after dark.

The eurafrican parliament, however, did not need night sittings to get through its work. The kingpin of the discussion was the report on the state of the Association during the past year. The report had been prepared in minute detail by Mr Bersani (christian democrat, Italy). The background of this debate was in reality a discuss on the future of the Association. A resolution, adopted together with the report, is clear evidence of how the parliamentarians are concerned about the future. The whole debate before the vote was impregnated with the economic uncertainties which make it impossible to look far beyond the immediate horizons of 1975. To this was added a perceptible awareness among the Africans of the attitude to oil taken by the arab countries. They wondered whether it would not be possible for them to put forward similar claims for the raw materials produced in their own countries. In the meantime, this does not prevent those Associates who have no oil reserves in their own ground from suffering in the same way as the Europeans the impact of high prices for heating oil and motor spirit. Their losses, too, are further enhanced by the flare-up in the prices of cereals. Several of the speakers struggled to avoid yielding to the giddiness which may beset the mere dreamer faced with a world situation of such a kind. Mr Cheysson, for the E.E.C. Commission, spoke forcibly in a tone of reason and control. **"Whatever the situation may hold", he said, "the important thing is to make the Associates partners in growth and no longer merely the suppliers to it".**

West german foreign minister Mr. Walter Scheel (Left) talks to Mr. M. Dewulf (Christian Democrat, Belgium), vice-chairmain of the european parliament and cooperation committee.

Other speakers, too, took up the theme of weathering the tempestuous seas of money and energy, holding on tightly to the idea of fair cooperation rather than passionate adventure. This approach ultimately found expression in the final resolution.

There was some lively criticism of the way in which the European Community, or the Association Council, had carried out their task. The Associated countries, it was suggested, had suffered from the extension to other countries of the preferences they had hitherto enjoyed, and the consultations preliminary to this had often been no more than a formality. The European Council of Ministers still had not given the European Commission any mandate to negotiate, with the Associates and the future "associables", the system of guaranteed receipts for their basic products, promised nearly a year ago in the Deniau memorandum compiled by Mr Cheysson's predecessor.

These were among the grievances which the parliamentarians, European as well as African, asked in the final resolution should be brought to an end. The few reassuring words of Mr Scheel, the President in Office of the Council of Ministers, have been regarded as scarcely convincing. Reproaches of special vehemence came from Mr Alioune Sissoko, Ambassador of Mali in Brussels; but severe as they were they had also their brighter points.

On the back benches the delegates from East Africa suddenly discovered that the "Yaoundé Club" was not merely a meeting between the old hands of european parliamentary life and a few wise old Uncle Toms from Africa. The almost brutal frankness of the dialogue was in fact an expression of the solidity of the Yaoundé Association. The lack of precautions in the debate was a testimonial of friendship between the two sides.

In the end agreement was duly reached and the text of the final resolution may be read on the opposite page. It contains no easy optimism and no resigned pessimism about the future of an Association in relation to which nobody seeks to conceal the far-reaching changes to come.

There was, let it be understood, a background of anxiety; but against this the parliamentarians, Europeans and Africans alike, were out to proclaim that they would not give up. When the work was over the parliamentarians—christians, moslems, sceptics and unbelievers—were received in audience by Pope Paul VI. The sovereign Pontiff went beyond the scope of a mere speech for the occasion, passing on to consider the problem of a just reward for the raw materials of the Third World, and the need for organising economic relations on a basis going beyond the simple law of profit. "The Commission itself might have signed that speech", one of the parliamentarians said to me. It is indeed true that Mr Cheysson had been in the Vatican only a few weeks previously. ■

L.C.D. JOOS

Mr. Cheysson in Rome: more aid for poorest countries

At the parliamentary Conference of the E.E.C./A.A.S.M. Association, **E.E.C. Commissioner** Claude Cheysson gave a summary of the current negotiation between the Community and the 43 Associated and associable countries.

He began with the fundamental political scope of these negotiations, arising from the fact that an entire continent was negotiating with Europe and speaking with a single voice. He emphasised the evolutionary character which must mark the new Association and the part which would have to be played by the joint institutions, parliamentary and other. Among the various aspects of the Association, Mr Cheysson stressed the overriding importance of financial aid, which is what counts most for the poorer countries. In this connection, though he insisted that the amount of the aid was still to be negotiated, he stated that in any case Europe will have to increase its financial contribution, but that a more than proportionate amount of the aid would in future have to be kept for the least favoured countries.

On the trade side, Mr Cheysson indicated that customs franchise by itself was an insufficient stimulus to increased exports from the Associated countries and therefore to increased production. "The world economic order, as we know it, does not make it possible for developing countries to do battle on level terms in the strife of world trade". He added that the Commission proposals for stabilising export receipts might well be a first step, but it would subsequently be necessary to go further and reach world solutions which would give developing countries regular and, so far as possible, increasing power to purchase goods from the industrial countries.

He went on to consider the effects of the crisis, mentioning that the rises in oil prices were only an indication of the incapacity of the international economic order to deal with development problems. "If we believe in development we must find the means at the world level to neutralise the disastrous consequences of this crisis for the developing countries". Mr Cheysson called for massive development programmes in developing countries, to be secured by the collective utilisation on the world scale of the extra liquidities set up by the increased prices of oil and petroleum products.

He concluded "my fear is that consideration may be only for the strong, and for those who can become strong through their resources of raw materials; and that a new economic order may take shape which will be even worse than what went before for those who are not among the favoured. ■

PRINCIPAL RESOLUTIONS ADOPTED IN ROME

Regarding the sahel countries affected by drought, the inter-parliamentary Conference:

expresses sharp concern at the very serious position persisting in the sahel countries affected by the drought, for some of which the period up to the 1974 harvest seems likely to be even more difficult than was the case last year;

deeply appreciates the aid given to these countries by the E.E.C. and its members and by the Associated and associable countries and by non-government organisations, more especially through the giving of emergency financial aid and the supply and transport of food aid;

expresses its satisfaction at the recent decision of the E.E.C. to include in the Community budget for 1974, additional credit of u.a. 35 million for structural schemes and u.a. 5 million for additional food aid for the countries affected by the drought, including Ethiopia;

keenly desires that preventive measures be taken also for regions neighbouring the Sahel which stand under a special threat;

makes an urgent appeal to the international Community and to public opinion to take full cognissance of the gravity of the problem and give all necessary support to steps aimed at limiting the consequences of this drama and preventing the recurrence of such disasters.

Regarding the future of the Association, the parliamentary Conference:

notes that after intensive and fruitful preparatory work, the negotiations for the renewal and enlargement of the Association were put in hand in due time as provided by the Yaoundé Convention and the enlargement Treaty;

recommends that the negotiations be rapidly brought to fruition, so as to allow adequate time for the ratification procedures and thus permit the new system of Association to come into effect as from February 1, 1975, as provided in the Yaoundé and Arusha Conventions and, for the Commonwealth countries, by Article 115 of the enlargement Treaty;

expresses its keen satisfaction at the participation in the negotiations of virtually all the african countries comparable in economic and production structures with the countries already associated, and at the common position adopted by these countries conformably to the recommendations of the Organisation for African Unity;

draws attention to the exceptional importance which, having regard to recent changes in the international economic position, and to the forthcoming world negotiations in G.A.T.T., attaches to these great negotiations, aimed at an overall cooperation agreement between a very large number of developing countries and the Nine-nation European Community, which is the biggest trading partner of the Third World, the world's principal importer of raw materials and the world's principal provider—bilaterally and through Community arrangements—of development aid;

considers that the present process of change in the world economy calls for a more equitable organisation of trade and international monetary relations, and the setting up of economic cooperation between countries importing and exporting raw materials, taking increased account of the problems of developing regions and, more especially, the difficult position of the less developed countries; recalls in relation to the revision and improvement of the policy of Association, the position it adopted in its resolutions of January 13, 1972 and March 31, 1973 and makes the following comments:

— the Association commercial arrangements should be on a stable contractual basis which would not be open to attack by third parties, especially in relation to G.A.T.T.;

— the choices concerning trade preferences between the future partners should be carefully examined, so as to assess all their legal, economic and commercial implications for the countries concerned;

— products of special importance to the economy of particular Associated or associable countries should have the benefit of permanent access to the Community market for substantial quantities at remunerative prices;

— special arrangements should be provided to safeguard the interests of partner countries whose economy depends essentially on the export of sugar;

— the financial and technical aid of the E.E.C. should guarantee at least the current value of which the 19 existing Associates already have the benefit, and ensure equivalent advantages to the new partners; in the allocation of this aid, account should be taken of the level of development and special situation of each of the beneficiary countries;

— as from 1975, the E.E.C. aid should be financed by the Community's own resources, so that the amount of this aid may develop in proportion to the resources of the Community;

— urgently requests the Community to come to a quick decision on the negotiatory mandate on the problems still open relating to the export receipts of the Associated countries;

— states its conviction, on the basis of past experience, that the institutions of the Association, and more particularly the parliamentary Conference, are the framework for a very fruitful dialogue and should be maintained;

— emphasises the decisive importance in the present international context of a global agreement for balanced, stable and lasting cooperation between Nine-nation Europe, the present Associates and the associable countries desiring to participate;

— instructs its President to transmit the present resolution and the covering note to the Council of Association, the European Parliament, the parliaments of the Associated States and the Council and Commission of the European Communities, and for information to the governments of countries participating in the negotiations for the renewal and enlargement of the Association. ■

REPORT OF THE DEVELOPMENT ASSISTANCE COMMITTEE

The Development Assistance Committee (D.A.C.) of the Organisation for Economic Cooperation and Development (O.E.C.D.), Paris, has just published its annual report on international assistance to development. Below is a table showing the national aid contributions in 1972:

COMPARATIVE AID-GIVING PERFORMANCE IN 1972

Countries ranked in order of per capita GNP	GNP per capita		Total official and private net flows		Official assistance Net	
	$.U.S.	Rank	% of GNP	Rank	% of GNP	Rank
United States	5.510	1	0,66	10-11	0,29	12
Sweden	5.080	2	0,66	10-11	0,48	6
Canada	4.760	3	0,98	5-6	0,57	7
Switzerland	4.700	4	0,59	12	0,22	13
Denmark	4.210	5	0,57	13	0,45	8
Germany	4.170	6	0,67	9	0,31	11
Norway	3.900	7	0,37	16	0,41	9
France	3.790	8	1,06	4	0,67	2-3
Belgium	3.600	9	1,16	3	0,55	5
Netherlands	3.430	10	1,42	2	0,67	2-3
Australia	3.420	11	0,95	7	0,61	4
Japan	2.750	12	0,93	8	0,21	14
Autria	2.730	13	0,55	14-15	0,09	15
United Kingdom	2.720	14	0,98	5-6	0,40	10
Italy	2.180	15	0,55	14-15	0,08	16
Portugal	860	16	2,49	1 (*)	1,91	1
Total D.C.A.	3.980	—	0,78	—	0,34	—

(*) **Editor's note** — Portugal classifies as development aid the whole of her non-military expenditure in Africa. Since her GNP is comparatively small, the proportion thus allocated to development aid is high. This explains Portugal's position in the table.

The European Development Fund

Following the assent given by the Committee of the European Development Fund (E.D.F.) at its 85th meeting, the Commission of the European Communities has made four further financing decisions for non-repayable aid.

Republic of the Ivory Coast — *manual hydraulic programme* — 200 wells in the north F-CFA 310 million (about u.a. 1 116 000)

The project relates to the sinking of 200 wells, equipped with hand pumps, in 200 villages in the northern part of the country where there are no drinking water supplies. It also includes the equipment of three maintenance squads and a 2-year assignement to the project of a training officer for mechanical work.

Republic of Niger — *Development of rice growing in the Niger valley.* F-CFA 400 million (about u.a. 1 440 000) from the second E.D.F. and F-CFA 350 million (about u.a. 1 260 000) from the third E.D.F.

This project is aimed to provide a lasting solution for the local consequences of the drought. It comprises the development of the Toula basin in the valley of the Niger. The improvement plan for 330 ha will allow artificial flooding and thus two crops of paddy annually.

Malagasy Republic — *Tea plantation at Sahambavy.* FMG 1 200 000 000 (about u.a. 4 321 000).

This project is concerned with the introduction of tea growing as a new element in the national economy, and is based on experiments made in a research station. The form envisaged is to lay out 500 ha for tea planting, of which 150 ha will be a pilot plantation and the other 350 ha will be used for peasant cultivation. There is also provision for a small processing unit with an initial capacity of 40 tons.

Central African Republic — *Water supply to Bangui.* F-CFA 1 645 000 000 (about u.a. 5 923 000).

This finance is provided for the restoration, improvement and extension of the drinking water supply system for the town of Bangui, where supplies have been found insufficient for the needs of the population. On the short-term an emergency instalment will be carried out to cover immediate needs. This will be followed by a programme for proper supplies to the town, covering the probable growth in requirements up to 1985.

* * *

Following the assent given by the Committee of the Development Fund (E.D.F.) at its 86th meeting, the Commission of the European Communities has made five further financing decisions, amounting to u.a. 3 493 000 from the third E.D.F. by way of non-repayable aid.

Republic of Mali — *Development of dah cultivation.* FM 1 040 000 000 (about u.a. 1 872 000).

This is an extension of the dah production project which is currently in progress, the beginning having been made through credits from the second E.D.F. in 1968. The aim is to cover current requirements of sacks, sacking and pack thread for the domestic market, which are estimated at 2 000 tons. A production of about 3 200 tons of raw dah will be reached within five years.

Central African Republic — *Additional finance for the integrated development programme of the cotton-growing area.* F-CFA 289 million (u.a. 1 041 000)

This additional finance is for the supply of fertilizers and insecticides needed for the completion of the integrated cotton programme for the 1974-75 crop-year. The partial cover of these production costs was scheduled by the cotton price stabilisation Fund, which was itself unable to intervene on the expected scale, because of shortage of funds.

Congo Peoples' Republic — *Extention of the port of Brazzaville.* F-CFA 55 million (u.a. 198 000).

This is an adjusted credit. The previous credit of u.a. 2 056 000 for this project was decided in July 1971 and proved insufficient when the tenders were opened. The extra requirement is essentially the result of the rise in prices since the project was approved. In order to avoid delays, it is proposed to transfer the surplus of u.a. 198 000 remaining after the completion of a road project; and to suspend certain other works which will be proposed during a second phase.

All Associated African States u.a. 121 000

This finance relates to 18 discussion meetings and a retraining seminar in Europe, and various information discussions held in Africa during the period January 1973 to January 1974. As in the past, these discussion conferences were organised for nationals of the Associated or associable countries in Africa, the Caribbean and the Indian Ocean. They were aimed to provide the holders of bursaries with general information on existing relationships between the European Community and the A.A.S.M.

Senegal, Mauritania, Mali, Upper Volta, Niger, Ivory Coast — *Technical aid in setting up the West African economic Community.* F-CFA 72.3 million (u.a. 261 000).

This covers the continuation of a technical assistance mission, involving 4 experts for 15 months, dating from January 1,1974, when the Treaty setting up the West African Economic Community came into force. The W.A.E.C. is intended to promote regional cooperation between the States mentioned, and was set up on June 3, 1972. The technical aid is for preparing the setting up of the institutions and the system of cooperation taxes required for feeding the fund for regional projects. The W.A.E.C. has already had the benefit of Community aid, amounting to about u.a. 521 0000.

* * *

Following the assent given by the committee of the European Development Fund (E.D.F.) at its **87th meeting** the Commission of the European Communities has made six further financing decisions. Five of these are for non-repayable aid from the second and third E.D.F., amounting to u.a. 20 477 000. The remaining project is financed partly in the form of a loan on special terms from the second and third E.D.Fl, amounting to u.a. 4 380 000; and partly by way of subsidy from the third E.D.F., amounting to u.a. 1 020 000.

Republic of Zaire — *Construction of a hospital complex at Goma.* Z. 4 616 000 (about u.a. 7 653 000).

This is for the construction and equipment of a hospital complex at Goma in the province of Kivu. It will be a hospital covering an area of 12 000 sq. m to deal with regional requirements, with a capacity of 300 beds, and a building as yet unfinished to house a nursing school for 80 or 90 probationers.

Netherlands Antilles — *Construction and initial equipment of a secondary technical school at Aruba.* Fl. An. 3.1 million (about u.a. 1 436 000).

The setting up of a technical school at secondary level at Oranjestad on the island of Aruba is intended for training higher grade technicians. This is part of a recent educational reform in the Netherlands Antilles, designed to increase the opportunities for technical education.

Netherlands Antilles — *Extension of airport at Curaçao.* about Fl. An. 11 660 000 (u.a. 5 040 000).

Of this aid u.a. 1 020 000 is to be in the form of non-repayable aid from the third E.D.F., and u.a. 4 380 000 will be in the form of a loan on special terms from the second and third E.D.F. In view of the growth in the tourist trade in the Netherlands Antilles, the project provides for extention of the airport to allow landings by aircraft of the Boeing 747 type. They cover the laying out of reserve runway, extension of aircraft parking areas, strangthening of the landing strip and an airport access road.

Republic of Senegal — *Crossing of the Casamance at Ziguinchor.* F-CFA 1 820 000 000 (about u.a. 6 554 000).

This project is for carrying out a group of specific operations, including two bridges and access roads, to provide permanent crossings over the Casamance river above the town of Ziguinchor. The exisiting ferry no longer covers the traffic requirements, and is a serious handicap in movement across the river.

Republic of Upper Volta — Improvement and surfacing of road section between Nianguedi and the Togo frontier (58 km): F-CFA 90 million (about u.a. 34 000).

Republic of Upper Volta — *Improvement and surfacing of road section between Nianguedi and the Togo frontier* (58 *km*). F-CFA 90 million (about u.a. 34 000) credits from the second E.D.F. and F-CFA 1 190 000 000 (about u.a. 4 285 000) from the third E.D.F. This is the continuation of the asphalt surfacing of the main road between Ouagadougou (Upper Volta) and Lomé (Togo) over the final section in Upper Volta,covering 58 km between Nianguedi and the Togo frontier. After completion of the present project, the asphalt surface of this high-road will cover 757 km out of a total of 977 km.

All A.A.S.M. and O.C.T.D. — *Global credit to finance information programme on operations of the E.D.F.*. u.a. 225 000.

This finance is intended for compiling three types of publication, to provide information and documentation to all partners in the future Association and the many others interested. It will include a comparative statement of the operations of the first and second E.D.F. which will be followed by one relating to the third E.D.F.; a brochure containing the annual reports to the Association Council for 1973 and 1974; and in a uniform edition, a statement on operations of the first and second E.D.F. for each Associated country.

* * *

Following the finance decisions which have now been made, the total commitments from the third E.D.F. amount to u.a. 667 522 000 covering 244 financing decisions since this fund began operations on January 1, 1971.

Secretariat of the 35 african countries: election of Mr. S.D. Sylla

Mr Seydou Djim Sylla, who has for some years been Secretary General of the A.A.S.M. Council of Coordination in Brussels and co-secretary of the Council of Association, has been unanimously elected head of the Secretariat of the 35 african countries negotiating with the Community. Mr Sylla is of mali nationality and is very widely known, both in Africa and in Europe, where his courtesy and competence is very highly appreciated.

Mr N.J. Mamya, the tanzanian economist, who has been head of the Secretariat of the three East African countries associated with the E.E.C. under the Arusha agreement, has been elected assistant Secretary General.

The work of the 35 african countries' Secretariat consists of the general preparation of negotiating sessions with the E.E.C. and the various reports issued; providing technical assistance and the necessary information to various delegations and the provision of secretarial services for the various organs of the negotiations.

Mr Sylla is succeeded at the head of the A.A.S.M. Secretariat by Mr Thaddée Ntakaburimvano. ■

Sahel

By three successive decisions taken in December 1973, (nos. 10, 19 and 28) the Council of Ministers has now put at the disposal of the Commission particularly large resources, amounting to over **u.a. 85 million, for emergency aid in 1974 to** the african countries which are victims of the drought. Of this:

u.a. 48 480 000 is for purchase and transport to distribution points in the interior of the 7 countries concerned of 130 000 tons of cereals (wheat and/or maize),

14 000 tons of powdered skim milk,

6000 tons of butter oil.

u.a. 35.6 million are for the immediate financing of modes of transport and storage of food and medical aid and for measures to enable the affected populations, so far as possible, to resume their normal production activities during the present year.

The distribution of this aid was decided by agreement with the inter-state Committee for dealing with the drought set up by the six sahel countries and with the seven governments concerned. The struggle against the consequences of the drought has to be carried out simultaneously on two fronts:

— survival of the population;

— repair and reconstitution of the means of production and restoration of the ecological balance.

Food aid and medical care. According to estimates made by experts meeting under the auspices of the F.A.O., more than a million tons of cereals and other foodstuffs will be necessary in 1974 to ensure the survival of the famine-threatened populations in the six sahel countries and Ethiopia. These quantities are not available in Africa. Their purchase and dispatch are outside the means of the needy countries concerned, most of which have always ranked among the 25 poorest countries in the world (1).

The situation has therefore called for a considerable and immediate work of solidarity from the international community (budget granted by the E.E.C. Council of Ministers on December 10 and the execution on the programmes of January 25) which includes the supply of food and medical requirements and facilities for transport and storage to and at the points of consumption.

Restoration of the means of production. The feeding of the affected populations is of course the most urgent task, but it was no less urgent to procure them the means of resuming, so far as possible, their normal production activities. This involves, especially, the repairing of wells and water points which had become unserviceable, the purchase and distribution of seed for the next crops (March 1974 in Ethiopia, May-June in the Sahel) and other instruments of production (oxen, fertilizers, insecticides and other items), the laying out of irrigated areas which will not depend on the hazards of rainfall and help the herdsmen to save, or reconstitute, their herds within the limits of available pasture.

Very considerable sums will be set aside for this purpose; but they are only a first step towards a reconstruction programme which will be needed on the long term if the causes of the present catastrophe are to be permanently eliminated. The operation of this programme, to which the Commission is already contributing, will necessitate the raising of much bigger sums, running to hundreds of million units of account. The wealthier nations will accordingly have to make a bigger effort for long years ahead to cover what President Diori Hamani has called "the Marshall Plan for the Sahel". The contribution of the Community in carrying out this plan, as part of the new Association it is currently negotiating with 44 african and caribbean countries, will necessarily have to be substantial.

Importance of Community aid. The December decisions of the Council mark the political will of enlarged Europe to enter into closer links of cooperation with Africa. These decisions were made in a period in which the european economies were themselves threatened by the most serious crisis which has arisen since the war. Nevertheless, it is to be noted that the Community contribution is already one of the biggest provided under the external aid systems to the Sahel and Ethiopia. To this must be added the aid provided directly by individual member countries on a scale which is far torm negligible. This is a very real indication that Europe is willing to make an active reality of eurofrican cooperation, despite the difficulties with which she is herself having to contend. It is to be noted that, for the first time, the aid granted by the Nine includes finance aid additional to the resources of the E.D.F.; and that among the countries to which the aid is being given is one not on the list of Associates.

(1) Ethiopia, Upper Volta, Mali, Niger Chad.

Fairs and Exhibitions

The 8th International Tourist Exchange (I.T.E.) will be held in Berlin March 2-10, 1974. The I.T.E. is a touristic market place, in which tourist organisations of very different kinds meet and offer their services for sale. Seven african countries (Cameroon, Ivory Coast, Senegal, Togo, Niger, Mali and Somalia) are taking part for the first time in this international tourist promotion with the support of the E.E.C.

European Parliament

The Development and Cooperation Standing Committee of the European Parliament recently set up a working party on general Community policy for cooperation and development. This is intended to define and orientate Community policy of aid to the Third World.

The newly formed group will be working in parallel with the ad hoc group set up by the Council of Ministers following the Summit meeting in Paris in October 1972. ■

IV. Developing countries and international sub-contracting

by Sergio ZAMPETTI (*)

I. International sub-contracting as an instrument of industrial development

Economists do not have much to say about the part played in industrial countries by sub-contracting, or of the way it is organised, its methods and its results. It is, however, a well known fact that sub-contracting agreements between industries and firms of different types and sizes, more especially between big and small firms, are now one of the characteristics of modern industrial society. There is undoubtedly a relationship between the degree of industrial development and the existence of a complex system of relationships between firms. Big companies go to small ones to make pieces and components and sub-assemblies, which they afterwards incorporate in their products; and they go to them also for various processing and finishing operations.

In the developing countries this system has scarcely begun to emerge. Even when big firms are in production there, the industrial inter-relationships are only limited, because the firms in question are usually equipped to manufacture in the same establishment a number of products which, when they are made in industrial countries, are partly made by other firms. Sub-contracting, also known as commission manufacture, can be defined as a **contractual agreement between a principal firm, the undertaker, and a second firm, the sub-contractor,** by which the undertaker orders the articles, or components, from the sub-contractor who manufactures or processes them, in accordance with patterns and specifications laid down by the undertaker. There are in fact two differences between sub-contracting and the pure and simple purchase of pieces from another firm. First, the undertaker substitutes another firm's production for his own; and secondly, the sub-contractor's manufacturing operation is required to conform strictly to the undertaker's economic and technical specifications.

International sub-contracting is being increasingly practised, especially between american and european firms and between west european and east european firms. It plays an important part in the automobile industry, agricultural machinery, machine tools, electrical equipment and aeronautical manufacture and it is quite widely used in the clothing industry.

Examples of this type of industrial cooperation are innumerable. Several european firms sub-contract the manufacture of parts of machine tools and railway rolling stock, placing the contracts (for example) in Poland, Jugoslavia or Rumania. Volvo, the swedish automobile manufacturer, had about 1200 sub-contractors at the beginning of 1971. Of these, only about 500 were swedish, the rest being firms in Federal Germany, Great Britain, the United States, Canada, France, Japan and other countries. Of the pieces coming from other firms, 40 % of the total were Swedish, 40 % from E.E.C. countries and 24 % from E.F.T.A. countries. Fiat sub-contracts in Jugoslavia the manufacture of engines for some of its models for reexport to other countries, especially Poland. In Jugoslavia, pieces for the steering gear of the Jumbo jet BAC 311 are manufactured at Mostar. The best known camera manufacturers now buy more and more of their optical material from highly specialised manufacturers in Japan and the Far East. Singer has sub-contracting agreements with more than 120 firms in the Far East for the manufacture of pieces for sewing machines. There is a firm in Mauritius which machines rubies for watches and works for the account of swiss watch manufacturers.

This type of international sub-contracting is common form, for example, in Singapore and Hong Kong and is increasingly practised in Latin America (more especially in Argentina, Brazil and Mexico) and in the West Indies; in a number of asian countries, including India, Pakistan, Malaysia and South Korea; but it is still little known in other asian countries and in Africa, with the exception of Mauritius, Morocco, Tunisia and Egypt. The sub-contracting undertakers are mainly firms in North America, Japan and, to a lesser extent, the E.E.C. and E.F.T.A., which pass sub-contracts to firms in developing countries. International sub-contracting is, however, still a novelty and it is a field which most of the developing countries have not yet explored.

There are a number of reasons for setting up sub-contracting relationships; but the chief factor has been the **recognition of the importance of the economies of scale in industrial profitability.** Many big firms have come to recognise that for some production activities, separate units are more profitable than integrated ones.

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In addition, sub-contracting has been the method chosen by some firms to avoid falling within the scope of anti-monopoly or anti-cartel legislation in operation in countries such as the United States and the european Common Market.

Sub-contracting relationships can be in various forms and they are motivated by a number of different factors:

a) *capacity or spillover sub-contracting*, to which firms resort when their production capacity is insufficient to deal with an abnormal influx of orders;

b) *specialty-sub-contracting*, by which the undertaker—usually on a permanent basis—hands over the execution of specific operations or processes to a sub-contractor who has specialised machinery or equipment, or has developed special techniques;

c) *marginal sub-contracting*, which is practised when the undertaker receives orders which are too small or too infrequent to justify additional investment;

d) *economic sub-contracting*, in which the undertaker calls upon a sub-contractor for specific processing or manufacturing operations for specific components, essentially because the sub-contractors' costs are appreciably below his own.

In general, most of the sub-contracts placed by firms in developed countries with firms in developing countries fall into the last of these classes.

Most of the products, or processes, for which sub-contracts are placed, require a good deal of manpower. It is for this reason that the cost and skill of the labour in sub-contracting firms are regarded as determinant factors by the undertaker.

In 1969, U.N.I.D.O. undertook a questionnaire investigation on sub-contracting in 42 developing countries. This showed that the type of goods for which sub-contracts were placed in these countries were (in decreasing order of importance): various parts for automobiles; iron and steel castings; moulded plastic goods; packaging materials, leather and textile articles; components for dynamos, water pumps and gear systems; pieces and components for refrigerators, radio and television apparatus, air conditioners, sewing machines, watches and clocks; optical instruments and electric motors; components for galvanised steel frame-works; aluminium and iron forgings; parts of footwear, moulds and handles of plastic and a number of other items.

From the standpoint of developing countries the industries best lending themselves to international sub-contracting are those which have, or could have, a comparative advantage in their costs. This means, **essentially, the highly labour-intensive industries** in which the necessary skills could be quickly acquired, and in which there is excess capacity. The following list, accordingly, is no more than an indication; and apart from various petrochemical and chemical industries which are wholly integrated, sub-contracting can be carried out in a very large number of branches of industry. The following table indicates, for a number of industries, the percentage of pieces and components of the finished article which can be made under sub-contract:

Industry	*Percentage of pieces or components of finished articles which can be made under sub-contract*
Machinery for industrial production	10-15
Agricultural machinery and earth-shifting equipment	15-20
Machine tools	10
Industrial, scientific and mechanical instruments	50
Locomotives, rolling stock, ships and aircraft	10
Bicycles	50-60
Steam engines, turbines and internal combustion engines	20
Automobile vehicles	50-60
Office and domestic equipment	5-50
Electrical machinery, apparatus and supply equipment:	
Motors	20
Transformers	25
Commutators	80
Radio sets, telecommunications equipment and electronic material	50-60
Refrigerators, refrigeration equipment and air-conditioning equipment	15-20

II. Advantages and disadvantages of sub-contracting

From the standpoint of the undertaker, one of the most important advantages of sub-contracting agreements is the **possibility of reducing costs.** The reasons costs can be reduced by sub-contracting are as follows:

a) Labour costs are often lower in small firms than in big;

b) Most of these sub-contractors have less tooling, fewer machines and less complicated installations than the big firms and their depreciation costs are smaller;

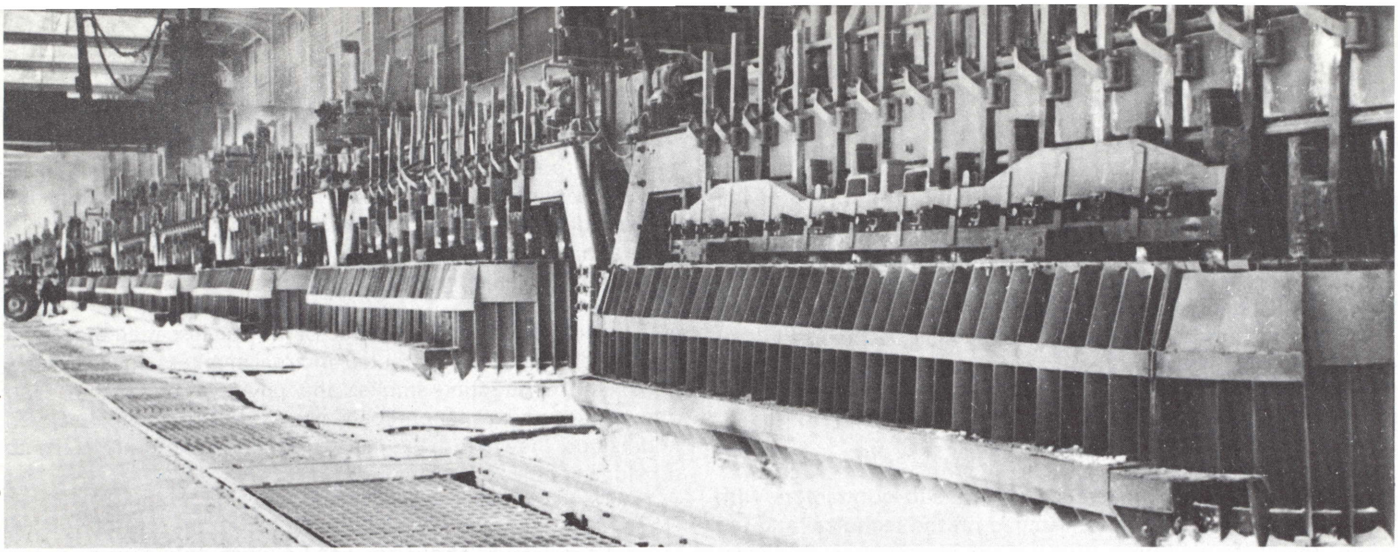
c) The sub-contractors spend comparatively little on research and marketing, which is another factor reducing their costs;

d) The sub-contractors can run their firms on more flexible lines, make quicker decisions and adjust production programmes more easily;

e) The sub-contractors, especially if they are highly specialised, may be better equipped than the undertakers themselves for certain specific manufactures and their cost prices will therefore be less high;

f) Sub-contracting agreements, especially when they are placed with firms in developing countries where there is abundant manpower, may help firms in the highly developed countries to solve their labour problems.

Sub-contracting, too, makes the organisation more elastic and facilitates the **adjustment of production to fluctuations in demand.** A temporary or seasonal increase in demand may



Marmignies – Afrique Photo

Between Europe and Africa there are also vast possibilities for co-operation through industrial sub-contracting. Above is an electrolysis shed at the Alucam aluminium works at Edéa (Cameroon).

call for increasing production capacity, and a fall in orders might necessitate personnel reductions, which would be disliked by the unions. Sub-contracting makes it possible to deal with such variations without major difficulties. For the undertaker, this is usually an important advantage, because he is using the capital investment of his sub-contractor instead of providing himself with an excess capacity. He is thus improving the profitability of his own capital.

Sub-contracting can also help the undertaker in solving problems raised by the restriction of specific activities and the limitation of specific resources. Under this head come the many environmental regulations, including noise and vibration limitations, water and atmospheric pollution control and measures relating to waste and effluents. Sub-contracting is also a solution for industrialists who have not space available for enlarging their equipment or storage capacity, on account of town-planning regulations prohibiting particular industrial activities.

It also happens of course that sub-contracting agreements may raise problems. The undertaker very often complains that tolerance limits are not fully observed, that substandard raw materials have been used, that the finishing is inadequate and the rejection rate unduly high or, more generally, that the sub-contractor has not worked in conformity with specification. To avoid this type of inconvenience, he is sometimes obliged to provide assistance and training for his sub-contractor and supply him with raw materials with the required properties.

It can also happen that the sub-contractor falls down on delivery dates, which will raise another set of problems for the undertaker. The delay can be serious when the component or piece in question has to take its place on an assembly line, the running of which cannot be slowed down or stopped.

It is of interest, too, that in some countries, especially France and the United States, the sub-contracting system has been alleged to be a policy against the trade unions, and a factor which weakens the position of union delegates in negotiation. Moreover, the unions mistrust the policy of sending work abroad which could be given to their own nationals.

From the standpoint of the contractor, especially in developing countries, the main interest of sub-contract work lies in the fact that it **enables local undertakings to make use of their comparative advantages.** Apart from this, sub-contracting has various other beneficial effects for the developing countries:

a) It helps to diversify the export products, especially for countries relying unduly on obtaining foreign currency from exports of a single product or a very restricted range of products;

b) It creates additional outlets, thus making use of the economies of scale and greater specialisation. International sub-contracting is usually accompanied by considerable technical and financial assistance. It also implies strict specifications for the products, or production operations, and these are often kept under the direct control of the main undertaker. This gives local industrialists an excellent chance of learning the techniques of production and export;

c) Specialty sub-contracting enables developing countries to be competitive. Moreover, the sub-contractors do not have any marketing expense, since the main undertaker sells the final product under his own trademark;

d) In countries where there are export aids, the sub-contractor can claim advantages to which he would not be entitled if he were producing for the internal market;

e) Sub-contracting may be the starting point for an inflow of foreign capital, thus helping in product diversification and increasing the value added by local production. It often happens that, since the cooperation is profitable for both partners, sub-contracting is a first step to the formation of undertakings in joint or mixed ownership.

To these advantages inherent in international sub-contracting, must be added those which apply equally to national sub-contracting. This applies most of all to the guarantee for small firms that they will have considerable orders for regular fulfilment over a given period.

Since the sub-contractor has an assured market, he can acquire machinery and equipment—often with the help of the main undertaker—to improve his production techniques and to become a specialist. Specialisation leads to higher productivity and often to greater independence. A small firm which specialises in a well defined branch of manufacture is able to acquire a degree of competence which will enable it to break new ground in technology and processing. Japan is a typical case; it was industrial sub-contracting which contributed so greatly in developing the country's production skills for profitably supplying internal and external markets.

Sometimes the undertakers supply the sub-contractors with raw materials or give them assistance on the technical and the management side. Some developing countries suffer from shortages of raw materials, and sub-contracting agreements providing for delivery of materials by the undertaker may give the sub-contractors an advantage against local competitors.

The same applies when the agreements provide for technical assistance. Big firms recognise that it is in their interest to secure a minimum of rejects and a maximum respect for delivery dates, and they often consider it less expensive to provide assistance to their sub-contractors on the technical and management sides than to face the risk of having to put the brakes on their own production and assembly operations.

International sub-contracting, however, is not a panacea. Firms considering manufacture by sub-contract must first pay attention to the problems which may arise. These may be of various kinds:

a) The terms fixed for the sub-contracting work are often disadvantageous to the sub-contractor. There is a considerable gap in bargaining strength between the big firms which place the orders and the small sub-contractors which seek them, and of which there may be several competing with one another. It often happens, therefore, that the prices laid down leave no margin of profit to the sub-contractors. The small firm is often so anxious to secure a sub-contract, that it pays insufficient attention to the price conditions suggested by the undertaker;

b) Sub-contracting, whether national or international, if it is not accompanied by other arrangements, seldom results in the provision of lasting markets, because of the competition, the instability of economic and commercial conditions and changes in techniques and design;

c) In countries where there is already a good deal of sub-contract work, one of the most frequent complaints by the small sub-contractors is the delay in settlement for work dome for the main undertakers. These delays are particularly profitable for the big firms who are having a high proportion by value of their production carried out by sub-contractors. The terms and conditions of settlement are often regarded as one of the most important aspects of sub-contracting agreements and should be discussed in detail in the first instance. It is one of the aspects in which intervention, and even regulation, by the government is sometimes required;

d) The undertaker often subjects the small sub-contracting firms to unreasonable requirements regarding delivery dates. It sometimes happens, too, that the tolerance margins laid down are much too narrow, leading to a high rate of rejection; and it also happens that the undertaker may modify the specifications without due notice. These sub-contracting arrangements need to be applied with some flexibility, and good faith on both sides is indispensable in operating them.

e) The profits of the sub-contractor may be less than those of a firm producing for a protected internal market, since international sub-contracting implies the payment of customs and other duties and transport costs. Mosts governments, however, understand that this gives rise to difficulties and are ready to provide various export aids;

f) The most serious of the problems facing the sub-contractor is that he may be **at the mercy of an undertaker who forces him to work on terms which are economically disadvantageous.** A small firm is in a state of subservience if it depends entirely on a single undertaker who absorbs the whole or the greater part of its production, indulges in unfair delays in payment, does not supply the promised raw materials and buys the product at too low a price. Such cases are increasingly rare; but firms in developing countries who desire sub-contract work should recognise that they would be making a mistake if they were to devote virtually the whole of their production to a single undertaker; and that the maintenance of their independence presupposes either that they should work for several firms, or that they should reserve part of their production capacity for their own manufactures.

Though international sub-contracting agreements may raise inconveniences, both for the undertakers and for the sub-contractors, they are nevertheless an effective method for accelerating industrial development. They promote the complementary character of production, increase the utilisation rate of production capacity, improve the balances of payments of developing countries and facilitate the mobilisation and use of the manpower reserves which these countries possess.

III. Factors acting for and against international sub-contracting

The development in sub-contracting has been in industrial countries, to a lesser extent in developing countries which have reached a comparatively advanced stage in their industrialisation, and in those where there are small up-to-date and prosperous industries making articles such as are needed by big firms.

In this connection it may be noted that many developing countries have small firms which manufacture various replacements parts for automobiles, tractors and other vehicles, so as to avoid having to import them. Most of these firms could undertake sub-contract work if they were offered the necessary assistance and support.

Governments can play an important part in promoting sub-contracting, especially in matters of financing and fiscal treatment. They should endeavour to bring into their industrial encouragement programme provisions calculated to make sub-contracting more interesting for the foreign undertaker. Such measures might, in particular, be aimed at reducing production costs for the sub-contractor, or increasing his receipts.

It would be possible, too, for the governments of developing countries to require sub-contracting activities from foreign companies applying to them for leave to set up in the country, or asking for encouragement measures. Sub-contracting could thus be a good way of ensuring export receipts, when dealing with a foreign company, the marketing policy of which tends to prevent the export of finished goods.

The following are other measures which governments could take: elimination or reduction of import duties on machinery needed by small sub-contracting firms; special provisions regarding the temporary import of pieces and components which will be reexported within a given period after processing by a local firm; temporary fiscal exemptions or reduction of the sales or turnover tax; accelerated depreciation allowances on new equipment.

Each firm, too, should be encouraged to pay special attention to the international reputation of the goods it makes. The setting up of centres for the study of patterns and quality control, and the award of productivity bonuses for subcontracting activities, should go far to stimulate the necessary confidence.

This collection of inducements and encouragements, however, should be rounded off by dynamic promotion activities. Any country which wishes to go in for international sub-contracting work should logically begin with a systematic study of its own economy, and thus determine the resources and productive capacity available for sub-contract work.

It should then begin looking for partners. For some years past, there has been in existence, a new method of promoting sub-contract work in several west european countries and some developing countries. It consists in the *"sub-contract exchanges"* which should in principle be a remedy for the shortage of information about available production capacity for sub-contract work, and promote better knowledge of the requirements of the main undertakers.

The essential work of the sub-contract exchanges is to equate supply and demand. They use a card index system and generally work with a small staff under an experienced engineer. Since the developing countries have no system of industrial information, nor any product catalogues, it is easy to see that the sub-contract exchanges have a considerable part to play in centralising the international offers of sub-contracts and transmitting them to local firms. Experience suggests, however, that the geographical area covered by these national exchanges is quite small.

The measures described above cannot solve all the problems of international sub-contracting. In the developing countries local industrial firms have a number of obstacles to overcome:

a) Undertakers are hesitant in choosing partners in developing countries, because they have their doubts about the quality, the conformity to pattern and the viability of the products and of the capacity of the producing firms to keep strictly to the delivery dates. They are also concerned to avoid the unauthorised use of their patents and processes, which is not always put down with due severity.

b) A continued obstacle to the international division of labour is lack of information about markets. This is true alike of demand and supply; but the gap is wider in sub-contract work than in ordinary trade. It is a surprising fact that managements of important companies in the developed countries, and in developing countries, admit that they have never yet seriously considered embarking on international sub-contracting;

c) Despite the fact that in many developing countries a large part of the plant capacity is under-utilised, the fact remains that the industries concerned are angled essentially on internal markets and are seldom up to the stricter requirements of foreign undertakers. If these countries desired to handle international sub-contracts, they would in many cases have to change their plant and equipment. In point of fact most firms which become parties to long-term sub-contracts find it desirable to make such changes;

d) Some of the subsidiaries of foreign companies are subject to various restrictions which may be difficult obstacles to surmount. Most international companies, for various reasons, operate restrictive distribution policies, and are anxious that the subsidiaries they have set up in less developed countries, should not come back and compete with them in their own markets. It is, nevertheless, possible, as indicated above, for government intervention to persuade these foreign companies to modify their policies.

e) The cost of transport is necessarily an obstacle to international sub-contracting, and sets a limit on the profits of the manufacturer. Firms in countries which are a long way from the source of the sub-contract, and have not abundant supplies of raw materials which are at all scarce in the world market, can only work profitably by producing articles with a high ratio of value to weight.

VI. U.N.I.D.O. activities regarding sub-contracting

Since international sub-contracting between developed and developing countries is an effective way of creating export receipts, and thus a direct contribution to making the balance of payments less of an obstacle to economic growth, the United Nation Industrial Development Organisation (U.N.I.D.O.) has decided to encourage it.

The promotion activities undertaken by U.N.I.D.O. in this field include supplying technical assistance to developing countries, and operating a programme of international sub-contracting.

The **technical assistance** supplied under this head is largely aimed at seeing that small industries are informed of sub-contract possibilities, and helping the firms concerned to become specialists, to improve their manufacturing processes and management techniques, and generally furthering sub-contracting by these and other means.

Various sub-contracting "exchanges" have been, or are being, brought into existence. In this field U.N.I.D.O. prepares an organisation and development plan for each "exchange", assesses its administrative and operational requirements, makes an estimate of the necessary investment, operating costs and the price to be asked for the services it renders, and advises the local personnel in charge on carrying out the project.

In addition, various projects for setting up industrial estates have been specially angled on the associated growth of smal and large firms through sub-contracting on the national scale; and projects for setting up industrial free-zones have been used to promote international sub-contracting through temporary tax exemptions and other advantages which greatly facilitate; relationships with foreign firms.

With the international sub-contracting programme, U.N.I.D.O. has undertaken the direct promotion of sub-contracting by helping developing countries to ascertain what possibilities they have for it, and to negotiate and operate sub-contracting agreements.

There are several features in this U.N.I.D.O. programme. In the first place it seeks to set up systematic relationships with firms in industrial countries for the purpose of hearing about and stimulating offers of sub-contracts, which it passes on to firms in the developing countries. In this, it has the help and advice of experts who are well versed in sub-contract problems and have good personal relations with the business communities of the industrial world. This part of the programme has been operating since February 1971; and U.N.I.D.O. has made contact in several european countries with trade associations, industrial organisations, investment banks and a large number of individual firms. It has already received definite offers and passed them on to developing countries, in which qualified firms have been found or are being systematically sought.

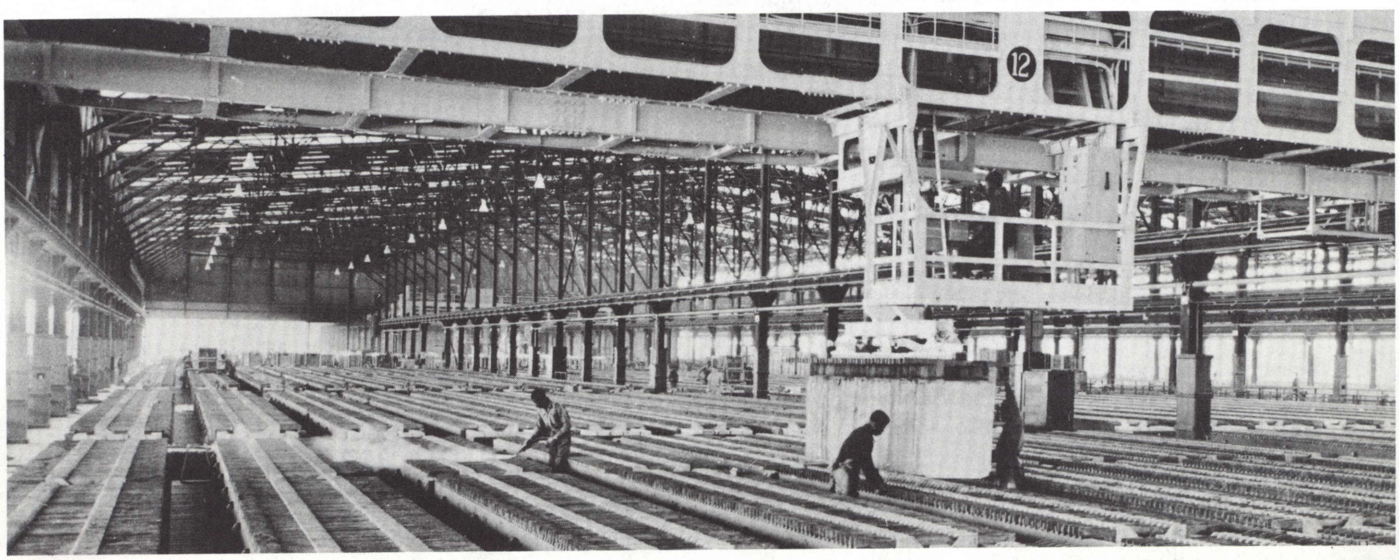
These U.N.I.D.O. activities have been well received in a number of developing countries, which appear to have the necessary capacity for sub-contract work and in which it should be possible to find suitable partners for international agreements of this type. In each of these countries U.N.I.D.O. has set up a reasonably complete data bank, containing such information as cost details (labour, power etc.), fiscal legislation, inducement measures and a preliminary selection of industries in which the sub-contracting system seems to be applicable. This selection is made on the basis of various criteria, such as excess capacity, previous relations with foreign companies, technical level and similar information.

As is always the case in business matters, a prompt reply to offers of sub-contracts will be of fundamental importance. In order to simplify and accelerate the contract procedure between firms in developed and developing countries, U.N.I.D.O. has set up direct links with the business communities in the different developing countries participating in the programme. It is also compiling a card index of detailed information about a number of the firms in various developing countries. This shows, for each of the firms in question, particulars of the machinery in use, the available production capacity for sub-contract work and various indications of production costs. This card index system is used in most of the sub-contract "exchanges", both in developed and in developing countries. It should lead to a considerable improvement in the contacts between U.N.I.D.O., and the firms taking part in the programme.

As soon as there is an adequate number of firms on the register it will be possible for offers to be sent to them direct.

In 1973, the programme was enlarged on the basis of the results already obtained. It is though that U.N.I.D.O., with the experience it gained in the initial phase, will be able to provide a regular promotion service for sub-contract agreements. If it succeeds in continuing in the methods employed hitherto, proceeding pragmatically on a case-by-case basis, it will be building up a complex set of contacts which it will be able to use for the benefit of many industries in developing countries. ■

S. ZAMPETTI



A jump into the 20th century: these cathodes require little work-force.

V. Mobility of capital and the financing of the Third World

by Michel VANDEN ABEELE

Michel Vanden Abeele is Assistant Principal Private Secretary to Vice President Simonet of the E.E.C. Commission. At the third International Fair at Kinshasa, he gave an interesting lecture on "Mobility of capital and the financing of development in the Third World". This was a general survey, which raised the problem of the inconveniences and the advantages for the economies of developing countries of foreign investments of risk-bearing capital. This type of investment has an impact on development conditions for national firms and the two concluding parts of M. Vanden Abeele's lecture are particularly interesting in the context.

I. The private sector and development support

Can private enterprise, without running counter to its own objectives, be an effective instrument in serving the ends of a development policy?

This is one of the fundamental questions to which developing countries must seek an answer. More precisely they may ask: can private firms from industrial countries serve the ends of a policy of cooperation and development?

Some people would unreservedly answer yes, without allowing for the fact that, as we shall see, private industry and national development are not pulling the same way.

The fact is that the capital requirements, and especially the external capital requirements, of developing countries are so great that there is a risk that the inconveniences may sometimes be swept under the carpet.

To this must be added the fact, that external capital, and especially risk-bearing capital, is apt to be accompanied by valuable technical services, useful knowhow and prospects of subsequent development.

The main argument supporting the promotion of foreign private direct investment in developing countries, however, is the **lack of public aid**, and the fact that it is comparatively ill-adapted to the financing of industrial projects.

Between 1960 and 1970, the flow of public development aid increased by only 45 %. The nominal growth-rate of 3.7 % per annum probably does not offset the depreciation in purchasing power; so that the **growth in the real flow of public aid seems to have come to a stop** in a period when the population of the developing countries grew by 30 %. At the prices of 1961, the "real" amount of public aid transferred to developing countries fell from $ 3.6 per head in 1961 to $ 3 in 1970.

This is the more disturbing for the fact that the developing countries cannot, from their export receipts, finance the imports they need for their development. Their trade deficit has been increasing, reaching a record $ 3 500 000 000 in 1970 or only 6.5 % of the f.o.b. value of their exports. Over the 1966-69 period, the average was not more than $ 2 000 000 000, and in 1962-65 it was only $ 1 000 000 000.

A fact to be noted is, that while the flow of public aid was hanging fire, there was a remarkable growth in capital coming from the private sector. This capital of course cannot and should not be compared with the public aid, which is basically intended for other purposes. On the other hand, at the last UNCTAD meeting, the industrial countries set themselves a target under which they were to provide 1 % of their GNP to the development sector for the less favoured nations; and had it not been that the flow of private capital was also brought into the accounting, they would not in any case have reached the target.

The flow of private capital into developing countries in 1970 was 2.15 times the amount in 1960; and in the most recent years the nominal amount was practically as much as the flow of public development aid, whereas 10 years earlier it had been only 67 % as big.

Among these private contributions, the two biggest items are **direct investment** (which almost doubled in 10 years) and **export credits**, the amount of which rose 4-fold and represents nearly a third of all the private contributions.

Though private capital contributed to the financing of many projects, it has to be recognised that there is another side to the picture. This is the **growing burden** on the payments balances of developing countries of the reflux to the industrial countries of the profits earned by these direct investments, together with the service of the external debt in the form both of credits of public origin and private export credits.

This is illustrated in the following details :

— in 1971, the annual cost of debt service for developing countries was $ 8 000 000 000 in respect of a total debt of $ 80 000 000 000;

— this amount is growing twice as fast as the export receipts of the developing countries;

— though the predominant ingredient of the debt consists of loans from governments and others dispensed by multilateral organisations, the main part of the cost of debt service is accounted for by commercial credits, banks and other private credits. Of the $ 8 000 000 000 which had to be found for debt service in 1971, a total of $ 4 200 000 000 was required for export credits against only $ 900 000 000 for repayment of loans for development aid.

— it has been calculated that if the payments made by developing countries for the service of their external debt were to grow between 1970 and 1975 at the present rate of around 12 % per annum, the transfer they will have to make to the industrial countries in 1975 will be nearly $ 10 000 000 000 or almost as much as the gross amount of the **public and private loans and grants in 1970.**

In other words, if the total volume of loans and grants to developing countries is not increased in the early future, and if there is no improvement in the terms of transfer, there is a risk that the net amount transferred to the developing countries may fall to nothing.

Moreover, it will not be the direct private investments which will restore the balance. Already their annual inward flow to the developing countries is less than the reflux of income from these very investments.

Of course a balanced diagnosis of the impact of private investment on the economy of the developing countries cannot rightly depend on exact accountancy of the flux and reflux of funds. But I think it is incumbent on us to see what are **the real benefits these countries may obtain from direct foreign investment** and attempt to clarify both its **advantages and its inconveniences.**

When it is a question of investments by private firms desiring to set up a seat of operations in a foreign country, the principal motivation is of course the earning of profits on the capital invested.

Apart from the inconvenient impact on the balance of payments, to which I have just referred, these investments raise a number of other problems which cannot be passed over in silence:

— companies setting up in a new economy often bring with them their staff and their methods, which are ill-adapted to the habits and customs of the host country;

— this feeling is sharpened by the fact that in some countries positive foreign monopolies are being created, or already exist, controlling the most profitable, or the most important sectors of the economy;

— foreign investors are thus often in competition in the same industrial sectors which are not always those the development of which is most desirable;

— in the repatriation of profits and the invested capital, there is often a conflict of interest between the investor who wants to see his profits sent home as quickly as possible, and the host country which does not want to see its balance of payments problems becoming more acute.

So much for the negative side. This realistic approach, however, should not lead us to ignore the many advantages of private investment, and more especially riskbearing investment, as a factor of development.

As I have already said, direct foreign investment has contributed on a large scale to making good the deficiency in the aid which developing economies have a right to expect, resulting from the shortfall in bilateral or multi-lateral public aid.

Private investment is indeed worthy of unreserved encouragement, in so far as it takes place within the framework and general objectives of those responsible for the country's economic policy. In fact, in a system of mixed private and public economy, which prevails in most of the countries which are not part of the communist world, **private enterprise remains a primary factor of progress, growth and income.**

It must at the same time be admitted that the firm has a number of rights, consisting essentially of:

— the right to seek profits;

— freedom of action in determining its programmes, its strategy and the risks it bears.

Admittedly the philosophy of business is not now quite the same as it was in the 19th century. Nowadays it is agreed that the firm is much more than a mere "profit centre". In competitive conditions it must of course seek profits if it is to survice, but this does not mean that profits should be its sole objective. It has now to accept a certain social responsibility; it is an agent in the economic and social development of a region; it has to behave" as a good citizen".

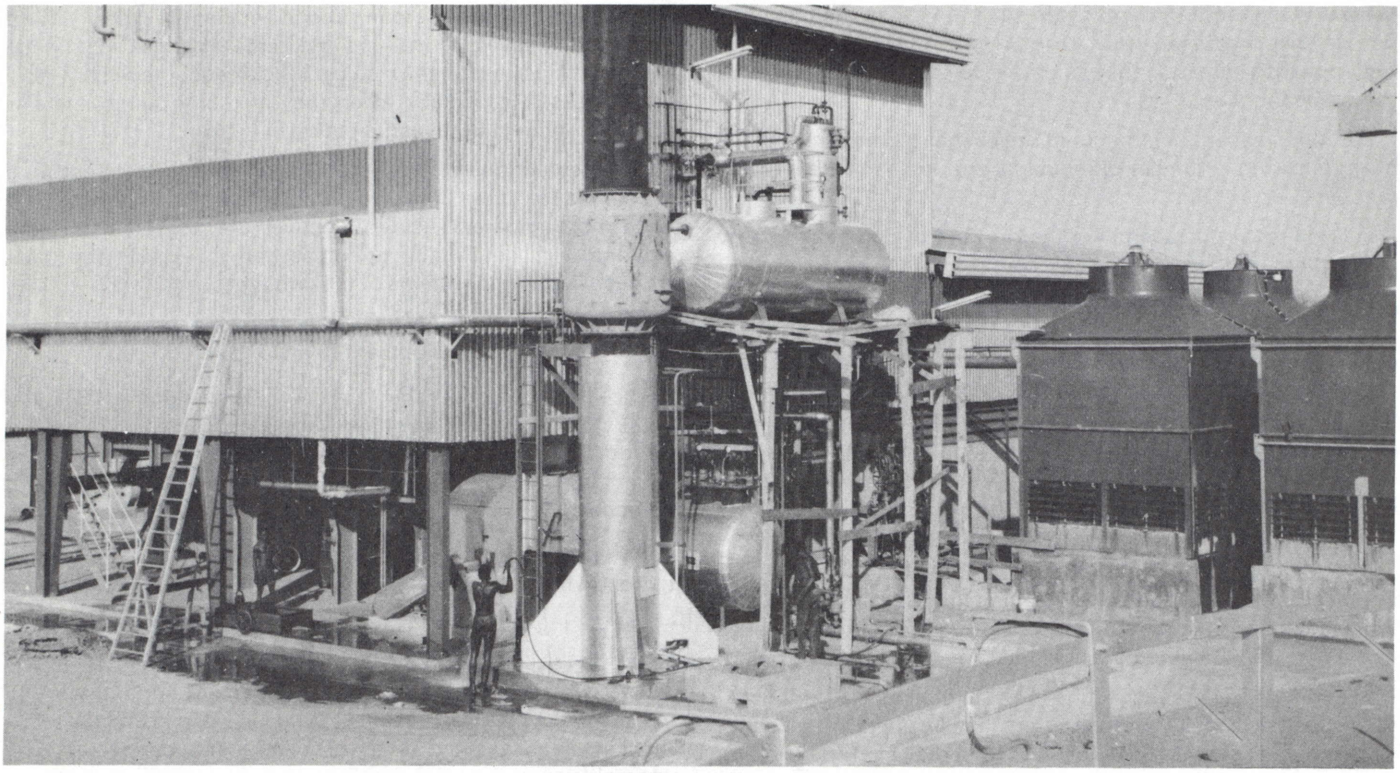
Now, more especially, if industry and business is to be able to expand in the Third World, the development aims of the host country must be sought and pursued by private firms with just as much vigour as they pursue their own.

In this context, the restrictive policies which international companies are tempted to force upon their subsidiaries in developing countries are a source of particular worry and should be outlawed.

We are now dealing with firms operating on a world scale, which work out their general strategy outside the control of any State whatever, and which organise their many establishments in such a way as to enjoy all the comparative advantages which each individual country can offer them. These multi-national concerns are the chief vehicle of private foreign investment in the developing country; but it is also a fact that they are tempted to force on their subsidiary companies an international division of labour, which is not necessarily conformable to the interests of the countries in which they are set up. Among the restrictive practises imposed upon a host country through the internal organisation of a multi-national group, the following are exemples:

— prohibition on exports to specific markets;

— obligation to export exclusively through certain firms;



Electric power station, financed by E.D.F., at the groundnut oil plant at Magaria (Niger).

— prohibition on diversification of sources of supply;

— limits set on the local development of scientific and technological research.

One cannot, at one and the same time:

— on the one hand, require a fair remuneration for capital invested in a developing country, or lent to it, and

— on the other, deprive that country of potential autonomous development by shutting it out from specified export markets, or keeping it dependent on specified external supply sources.

This contradiction becomes wholly intolerable when the halt in the flow of private aid to the developing countries deprives them of the only short-term palliative which the external world can offer them. The suggestion emerges that we cannot isolate the future of foreign private investment in the developing countries from the growth in other forms of cooperation, by which industrial countries support the development of the Third World.

Admittedly, the future of private firms in developing countries depends on their own efforts at adapting themselves to the development objectives of the host country; but it also depends on the operation, both by the developing countries and by the industrial countries, of a general policy of overall cooperation, and a **coherent attitude regarding private investment.** It is to this question that I would like to devote the last part of my lecture.

II. Risk-bearing capital — promotion attitudes and action

In considering how to promote productive investment in developing economies, we have seen that there is no wholly satisfactory solution in suppliers' credits, which bring an exaggerated increase in debt; nor in the system of public loans, which are often linked with guarantee requirements; nor in the system of finance by foreign capital which does not always respect the priorities and sets up an outflow of dividend payments, which adds to the balance of payments problem.

The setting up of firms based on risk-bearing capital is, however, attractive in itself, and in recent years a number of measures have been taken and institutions created to encourage it.

We must accordingly examine how this machinery for encouraging private investment is developing in the industrial countries and in the host countries.

III. 1: PROMOTION IN INDUSTRIAL COUNTRIES OF RISK-BEARING CAPITAL IN DEVELOPING COUNTRIES

a) **International investment companies**

The wish to cooperate in setting the poorer countries economically on their feet is primarily a wish to share in their risks. It is therefore through some such device as the constitution of **international investment companies for raising risk-bearing capital,** that solutions to the finance problems should be found.

For this reason, international investment companies have been formed in a number of industrial countries for this specific purpose.

Let us first try to ascertain why this kind of company is now developing, both in individual countries and internationally (I.F.S.–possible intervention by the E.I.B.).

In the first place, firms which export goods have been progressively induced to take up shareholdings in the firms they create or supply in foreign countries. For the latter companies, the advantage is that the shareholding gives them solid assurances regarding the success of the project, its profitability and the control to be provided. For the buyer, the interest taken by the exporter provides a guarantee of continuity and technical assistance.

In addition, many firms have recognised that various developing countries offered considerable expansion potential, but they had not adequate resources for setting up local subsidiaries or did not wish to carry the whole investment themselves.

In addition, despite the inconveniences and abuses connected with the provision of knowhow against payment of royalties, this formula has nevertheless been accepted by many developing countries, provided a shareholding in the local company purchasing or operating the technique is held by a foreign company.

In consequence there is now a movement in national and international business circles to set up companies which can take up shareholdings in firms constituted in developing countries.

On these lines investment finance companies have been formed with public funds. This type of undertaking has been set up in a number of industrial countries. They are concerned with the investments made by young economies and specialise in financing their development by the taking up of participations. They usually act in association with private capital, limiting their action to being **catalysts for finance operations,** and in most cases they only become minority shareholders. They thus act as real encouragement organisations for commercially profitable investment in developing countries.

Moreover, the fact that these organisations draw their finance from public funds, gives them a certain prestige and standing, which usually acts as an inducement to foreign investors to act with them.

One of the difficulties with this type of company arises from the fact that their objective is two-fold. First and foremost they are finance organisations and must thus look to earning some measure of profit; and secondly, they are organs of international development, so that a second criterion has to be considered. For this reason they often take a hand in operations which are high priorities for the host country, and in this respect their action is similar to that of public lending organisations.

Side by side with these public organisations there are a number of private ones, and others which are semi-public.

These are finance organisations operating with private funds, but their objectives are the same as those mentioned above. In most cases they enjoy official encouragement; and in some cases, especially when they are semi-public, there is a direct or indirect State participation in them.

The interventions of these bodies run from investment pure and simple to types of investment in which the aid character is much more apparent. Their objectives are, to stimulate trade relations with developing countries and to expand the trade between economic systems of the two types.

I think I should mention that the European Community takes part in this type of development finance.

Since the signature of the Yaoundé II Convention in 1970, the powers of the Community have been extended to giving aid in the form of capital subscriptions to finance firms "operated in accordance with industrial and commercial management methods".

During the negotiations relating to this instrument of finance, the following formulae were suggested by the E.E.C. countries:

— the taking up of shareholdings in firms at the time of their formation, or on the occasion of an increase in their capital;

— shareholders' advances, the arrangement for interest on, and the repayment of, which should be adapted to the firms financing plan and the terms of loans it has contracted with external lenders;

— subscription of bonds convertible into shares over a predetermined period;

— the provision of support of a quasi-capital type, subject to a very side interpretation and to special arrangements for repayment.

Only minority shareholdings are allowed and they are required to be temporary. In other words, the Community is an active participant in getting the project off the ground; but once it is over its teething troubles, it must do everything it can to find one or more other partners, so as to enable the Community to terminate its commitment.

The funds required for these shareholdings come from the European Development Fund; and their management is looked after by the European Investment Bank.

b) Private investment guarantees

Most industrial countries have a national system of private investment guarantees. The national systems differ materially from one another in their range of application and in the applicable technical conditions; in many cases they are supplemented by special bilateral agreements.

At the multi-national level, the attempts to set up an investment guarantee machinery on a world scale (World Bank) have not yet borne fruit, and it is to be feared that success in this field is not for the immediate future.

There are therefore good reasons for satisfaction in the fact that the Commission of the EEC put forward, about the end of 1972, a "proposal for a regulation setting up a system of Community guarantee for private investments in third countries".

Towards the end of 1973, the European Parliament expressed the wish that the Council would very soon make a decision on this proposal. It is so framed as to encourage individuals and corporate bodies in the member countries to undertake investment in developing countries of a kind which will be best suited to further their development.

PROMOTION OF RISK-BEARING CAPITAL IN DEVELOPING COUNTRIES

It has already been mentioned that the financing of investments by firms in developing countries runs up against the two-fold problem of insufficient savings and the inherent weakness of the finance market.

For this reason the developing countries tend to look for foreign direct investment, despite the various inconveniences which have also been sketched.

For this purpose most of the developing countries have introduced measures to encourage private investment. The chief of these are:

— bilateral agreements to avoid double taxation, particularly on dividends;

— rebates of tax on profits, or of import duties on the necessary capital equipment;

— special status and conditions for new companies and/or management staff working in them;

— borrowing facilities in national or foreign markets.

These arrangements are usually embodied in an "investment code".

I think it would be well to be careful in drawing up an unduly liberal investment code; for though there are many advantages in this, it may also bring inconvenience.

In order to determine whether the effect of the investment code is beneficial or not, the first indispensable step is to ascertain what proportion of the gross internal product is contributed by the firms created under it. It is also to be asked whether these firms would not have been set up in any case; and it is necessary to work out the multiplier effect of these investments. The problem, therefore, has its complications.

Moreover, if the developing countries propose to incur financial sacrifices in order to attact investment, this does not mean that they should sacrifice all concern over budgetary considerations on the mere pretext that they are promoting new investment.

The investment code can never be more than a stimulant or a catalyst. It cannot ever replace the real **investment atmosphere.**

The fiscal advantages provided in the code, too, must never extend beyond the starting period, and in any case should never be available for firms which are already running profitably. If the firm is operating normally, it should obviously be profitable in normal conditions. If it is not, it means that it was a mistake to bring it into being.

There is thus every reason for encouraging investment, but not "any old investment". This also indicates the importance, especially in developing countries,. of central planning organisations, the job of which includes fixing the national priorities.

In general, it is important to avoid giving absolute protection to specific industries over too long a period. Tax exemptions and other fiscal advantages must therefore be limited in time, for there is otherwise a risk that they will really become subsidies.

As I have already said, too, it is indispensable that the advantages given should promote the economic interest of the firm itself. Strict undertakings should be required from the promoters of any investment. These should relate to the amount of capital, the volume of the investment, the time needed for starting up. and also to the technical improvement of the undertaking and its nationality.

Obviously the provision of the **capital** and the amount of it are factors contributing to guarantee the future of the firm. There should also be a detailed examination of the people and firms participating in any investment; for their origin, nationality and function are preponderant elements in determining what the venture is worth.

The importance of the **size of the investment** is too great to need extended reference. It is natural, too, that the developing countries should wish to know how long it is going to take to consummate the investment and make it operative; for they need to know that the project will take tangible form within a reasonable time and that the investment, once it becomes operative, will run continuously and become the source of other investments, or of other sources of production which will be useful to the national economy.

As regards the **nationality of the firm**, it is clear that the developing country has every interest in seeing that it adopts the local nationality.

It will be for the national government to require that the investment be useful to the country and therefore that it provide for a specified scale and quality of production at reasonable prices, using national raw materials and making it a matter of priority to supply the internal market. These are rules for the validity of any investment, and should be drastically applied by the governments of all new countries.

One of the suggestions which are currently most frequently advanced is the **formation of mixed undertakings,** in which foreign and national capital would be working together. In some countries there is strong encouragement for the formation of such companies. The system enables the host country to keep an eye on the firm; and on the personnel side, it favours the local training of technicians and management staff. Unfortunately the supplies of national capital in the regions concerned is still on the small side, so that this solution can have only a limited application.

In conclusion, the only investments to which the benefit of the investment code should be extended, should, in my view, be projects of genuine social promotion, providing for increased employment and contributing to the well-being of the population. ■

M. VANDEN ABEELE

VI. Eurafrican cooperation and the new international division of industrial labour

by Mr. Mohamed T. DIAWARA

This lecture was given by Mr. Mohamed Diawara, Planning Minister for the Republic of the Ivory Coast, during the "African Fortnight" in Brussels. Eurafrican cooperation and the new international division of industrial labour appear the most equitable method for the redistribution of productive activity between Europe and Africa. Mr. Diawara believes that these transfers of activity are a necessity for all industrial countries and for all firms in those countries; and for the developing countries, they hold out an opportunity which should be seized.

When I was invited to give this lecture, the theme I chose was eurafrican cooperation in industry.

I will accordingly go straight to the heart of the matter; for I want to tell you of a recent phenomenon, the future of which is still ill-defined, or even ambiguous, but the reality of which is certain. I am talking about the new international division of labour which is now beginning to take shape between the industrial countries and the developing countries, and of the ways in which the cooperation between the countries of the European Economic Community and their Associated countries in Africa could be so angled that this **redistribution of productive activities** could operate concertedly between them to their mutual advantage.

Distribution of productive activities between Europe and Africa(1)

MANPOWER SHORTAGE

In the countries of the Community there are now some 8 million immigrant workers. By 1980, according to some estimates, the number may well exceed 12 million; and in this great influx of foreign manpower, the nationals of the Associated countries account for only a very modest proportion. Since the movement has started, it is to be expected that it will continue and grow; but it is not because I am a Minister of a country which may one day contribute a contingent to this reserve army of the industrial world, nor yet to deplore this discrimination against the working forces of the less developed countries, nor the difficult conditions often experienced in host countries by the immigrant workers, that I am anxious to draw your attention to this massive recourse to imported manpower. It was rather to compare notes with you on the growing difficulty experienced by the european countries, with the possible exception of Italy, in covering their manpower requirements, not only as a whole, but still more for certain skills and levels of qualification. The shortage is of course the result of the vigorous economic and industrial growth these countries have enjoyed since the end of the last world war; but it also reflects a trend in the economic and social development of all industrial countries, resulting from the higher standards of living and the level of education, which creates an increasingly marked disaffection among the nationals of these countries for certain specific tasks and, in the last resort, for industrial work in itself. This is a change of motivation and behaviour; and there is no reason why it should cease or go into reverse. The recourse to immigrant manpower, therefore, is no mere palliative of a more or less temporary character, but a basic and lasting trend which, in the absence of corrective policy, will no doubt grow more pronounced. I would therefore ask just how far it is possible for a country to call upon foreign labour? It seems that when we get beyond certain limits, problems of all kinds are liable to arise in employing whole populations of migrant workers, and their relations with the national communities become more and more difficult and could even produce explosive situations. Public opinion in your countries is increasingly sensitive to these problems; this suggests that we are not far short of the critical limit.

SHORTAGE OF SPACE

Recourse to immigrant manpower, and the problems resulting from it, are phenomena easily seen and understood; there are others which are less apparent, but which are full of consequences for the medium and long-term development of industrial countries. I am speaking particularly of the **shortage**

(1) Editor's sub-titles.

fo available sites, and some of the utility supplies such as water which are necessary for setting up industries which need space and which are great consumers of the utility supplies in question. Recently I read a study by a french specialist, which came to the conclusion that it would be physically impossible to set up in France the new steel production capacity the country would need before the end of the present century; and that therefore, this capacity would have to be set up abroad. I do not know how the position stands in each individual country, and of course some industries may be more affected than others, but it is true, as a general proposition, that there are various elements in our well-being—space and water are only two of them—which have for centuries been regarded as inexhaustible and which industry and others use in large quantities, that are likely to become increasingly short in industrial countries.

POLLUTION

To these phenomena of shortage must be added the phenomenon of pollution. It is a recognised fact that in developed countries, the problems of pollution have become acute. Their proliferation is an undesired fallout from industrial growth, arising both directly and indirectly from the use of particular products in industry; but the experts are also aware that the problems of pollution are very largely, also, problems of overcrowding. It is because pollution occurs in large quantities in small areas, that it becomes disagreable and dangerous and its absorption by nature becomes difficult. It is no chance coincidence therefore, that the space problem and the pollution problem have come to the highly industrialised countries at the same time.

Three major forces pull the same way

The manpower shortage, the space shortage and the excessive density of pollution are three major forces, fundamentally affecting the industrial countries, and all of them operate in the same direction. They all tell in favour of **some unloading of industrial activity** which would involve the emigration of some of these activities into countries which have space to spare, abundant manpower and for which the pollution problems are virtually non-existant. In other words they should emigrate to developing countries.

Despite the obstacles which industrial countries put against imports of manufactured goods from developing countries, there is nothing new about transfers of industrial activities into the less developed world, for such **transfers are motivated by differences in production costs,** most of all by the cost of labour. Some industries in which the labour-intensity is high, and the capital-intensity low, have indeed migrated several times since the beginning of the century to countries where the unskilled labour they required was plentiful and cheap, so rediscovering a profitability which had been prejudiced by the rising wage costs in the countries where they had previously been carried on. There can be no doubt that the african countries can, in the years ahead, offer good conditions for the setting up of such industries from european countries, or even from other developing countries which are now at a more advanced stage, and whither these industries may have emigrated in earlier years. I should, however, emphasise that the unloading and redistribution of activities between the industrial and the developing countries is a problem, as I have already mentioned, conditioned by the national disaffection for certain tasks, the difficulty and increasing cost of bringing in immigrant workers, the lack of space and the critical level reached by the pollution problem.

OTHER FACTORS

The pull exerted by the cause I have mentioned is strengthened by a number of other general factors. Among these is the fact that competitive power supplies are no longer highly localised; the cost of long-distance transport is going down; and for the industrial countries many of the raw materials their industries need are peripheral rather than close at hand. Not only is it economically logical that these raw materials should be processed near their source, but also the industrial countries may find in this the best security for their future supplies, in virtue of the solidarity this would set up between their own long-term interests and the development of the countries where the materials are produced.

There will of course always be industries in which the proportionate importance of labour is greater than in others; but the effect of technical progress is tending to make all industrial activities highly capital-intensive. It is this which conditions the higher productivity, which is the source of the wealth of those nations most advanced in this direction. This might induce a certain pessimism about transfers of industrial activities to the developing countries, were it not for the other factors of which I have spoken. In practice the gap between labour costs in industrial countries and developing countries is likely to stay, or even grow more pronounced. In the industrial countries there are a number of factors which obviously point towards a continued rising tendency in both nominal and real wages and salaries. Among them are the growing volume of equipment, both productive and collective; the increasingly high level of education; and the capacity these countries seem to have acquired to keep their economies in a state of vigorous growth and full employment. In the developing countries, though increased training will contribute to improve productivity, the availability of productive equipment is in arreas and there is a reserve of manpower inadequately employed in the traditional occupations, so that the wage rates will almost certainly rise less rapidly than in the developed countries. The comparative advantage on the manpower side will indeed have an influence, but not only for the labour-intensive industries. It will also affect other activities which will not necessarily be those in which the capital intensity is low, but for which one or more of the factors I have mentioned has a significant impact.

The transfer of activities is a necessity for everybody

This does not mean that as we progress towards the new international division of industrial labour, the unloading of industrial activities will happen of its own accord without difficulty or problems, and with nothing for anybody to do except let it happen. In reality the transfers will raise problems of some delicacy, both for the industrial countries on account of the employment problems and the conversion problems in various industries, and for various regions in the host countries, especially in relation to material conditions and, still more, psychological and political conditions, which have to be considered if the setting up of the industries can happen in a manner which will be satisfactory to everybody.

I am nevertheless convinced that this process is likely to increase greatly in scope during the next 15 or 20 years. It is a necessity for the industrial countries and for the firms in these countries; and for the developing countries, it is an opportunity they must prepare to seize. It is not a case for a negative attitude, which would regard it as something inevitable in the long run, but which one might usefully seek to delay; but rather, for a positive and dynamic approach, seeing it as a phenomenon which has got to be accepted, or even desired, and which it is the joint interest of one and all to work together in turning to account. For these reasons I think it should become one of the major cooperation themes between our countries.

ORIENTATIONS FOR COOPERATION

I now propose to work out with you some of the orientations which might be given to our cooperation in this matter.

I should like at the outset to tell you that I do not think the industrial cooperation between Europe and Africa is exclusively or mainly justified by the historical links between us, confirmed as they are by the success of our association; but rather, by a number of objective factors, the first of which is geographical. **Africa is the underdeveloped continent closest to Europe.** It stands to Europe in much the same position as does Latin America to the United States. Most of the flow of raw materials for european industry comes from Africa or passes along its coastline. Undoubtedly, too, the raw material potential of Africa is largely unexplored, and that identified is in many cases still unexploited. Moreover, Africa has both workers and space; and the historical links of which I was just speaking are important factors in securing that understanding which is a condition for lasting cooperation. We fully appreciate that Europe as such, and the individual european countries, are anxious to develop their relations with all countries in the world; but it is my belief that geographically, economically and on the human side, the dictates of reason call for Europeans and Africans to reaffirm and develop specific cooperation which, far from excluding any other, would serve rather as a pattern and starting point for those new relationships which it is the common interest of industrial and developing countrie to set up between one another during the last third of the present century. With this as our starting point, and I was particularly anxious to give it prominence, let us consider what orientations we should give to our cooperation in working towards our grand design.

The transfer of activities which we are considering has been made possible and desirable by the economic and social development of industrial countries. It seems to me the easiest approach to an answer to the question now before us, would lie in a quick review of the principal conditions to be procured to enable these transfers to take place in a manner satisfactory to all concerned.

These conditions fall into three classes:

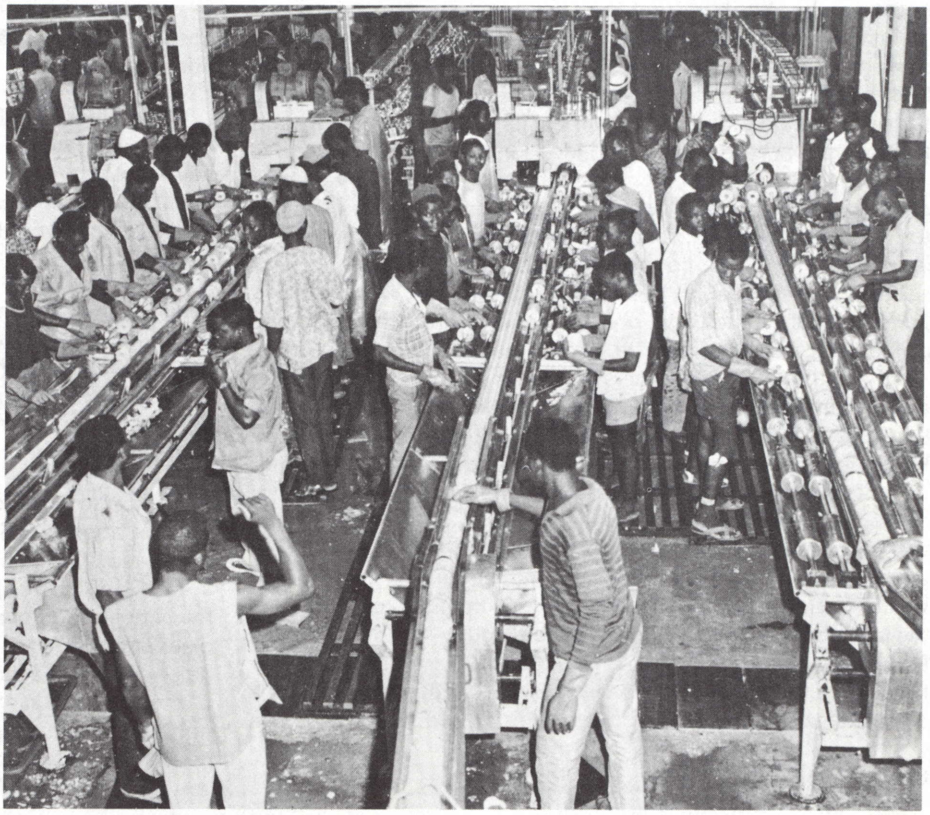
— monetary and customs;

— psychological and political;

— economic and financial.

MONETARY AND CUSTOMS CONDITIONS

It is a matter for satisfaction that the major part of the monetary and customs conditions are already fulfilled so far as our countries are concerned. I will not dwell on the balanced **customs conditions** resulting from the convention of Association, both for the Community countries and for the Associated african countries. The free trade area we have set up between us has been considered disappointing by some of the african Associates; but at the same time it was a matter for keen criticism from various outside countries. It is my belief that we should maintain it, and defend the principle of it, against those who advocate the utopian and ineffective "world approach". A reasonable degree of protection is one of the fundamental conditions for the existence of an area of solidarity and cooperation. Since it is for the time being unrealistic to think in terms of cooperation between all the nations of the world, **the path of progress must pass through areas of solidarity and regional cooperation.** This was the central hypothesis of the founders of the European Economic Community; and it was also the concept governing the Association between our two groups of countries. This does not mean in any sense that the free trade area implies a closure against other countries; and for proof of this, we have only to note that it coexists at this very moment with the preferences offered by the Community to all developing countries. The disappointment felt by some of the Associates at the inadequate results of the arrangement, point in my belief, to a lesson we must learn. This is, that between countries at very different levels of development, a free trade area is not by itself an effective instrument; it is an indispensable condition for an expansion in trade, but it is not a sufficient one. It is a framework, inside which the various acts and aspects of cooperation policy can play their part. We can answer both the critics and the disappointed, by saying that a free trade area is part of a bigger picture, an integral part of an overall policy of cooperation, which the two groups of countries intend to operate in a spirit of equality and reciprocity.



HOA-QUI

Pineapple cannery near Abidjan (Ivory Coast).

We are all fully aware that the **monetary conditions** affect not only the growth but the permanence of trade between the nations. For this reason our countries are concerned about the crisis in international monetary relationships. We consider that if Europe can successfully demonstrate her cohesion in this respect she can play a decisive part in resolving the crisis. I should like, however, to emphasise to you the special position in which several of the Associated countries are placed, though it may be that their european partners are not fully conscious of it. Eleven of them are in monetary union with France and are therefore de facto linked with the area of monetary cooperation which the countries of the E.E.C. have undertaken to set up between themselves. This monetary union undoubtedly calls for adjustments; but owing to the stability and freedom of foreign exchange transactions which it is to secure, it is a specially favourable factor for the expansion of trade and investment. I think, therefore the Europeans should be more conscious of the existence of these special monetary relationships. In looking forward to a european monetary union, the **european character of this link** should be envisaged, at the same time as it is proposed to the other associated countries that they adhere to the eurafrican system of monetary cooperation.

To sum up, therefore, I would say that what has got to be done in connection with the monetary and customs conditions, is to confirm action which has already been taken and, in suitable cases, to carry it further and broaden it, so that it will form a better basis for the general cooperation we propose developing still further between ourselv es.

PSYCHOLOGICAL AND POLITICAL CONDITIONS

The second class of conditions needed for industrial cooperation consists of the psychological and political. These are perhaps the most tricky, and call for the highest degree of boldness and imagination. It cannot be supposed that any serious number of european and other foreign firms will set up establishments in our countries unless the investors feel sufficiently sure of the safety of their interests there, or unless the conditions governing their establishment are considered psychologically and politically acceptable to the host country and its population.

The **security of investors' interests** is partly a subjective concept, with a considerable number of component factors. The latter include political stability in the host country, a coherent system of government, respect for past commitments and an administration which operates objectively and without excess of formality. Even if all these conditions are regarded as fulfilled, however, the fact remains that there are apt to be uncertainties about the future. Because of this, most of the countries from which the regular flow of foreign investment comes, have set up systems of investment guarantees; and I believe arrangements are under consideration for setting up a similar system at the level of the European Community. My suggestion would be, that for investments by E.E.C. countries in the Associated countries, consideration be given to a **collective system of guarantees** to which all our countries—the investing countries and the Associated host countries—should contribute. This undertaking by the Associated countries would be based on definite quotas fixing their share of the guarantee; and it seems to me that it would be a token of their complete adhesion to the industrial cooperation policy, the principles of which and the arrangements for it would, as I shall be suggesting presently, have been laid down jointly.

The acceptability of these establishments to the governments and populations of the Associated countries calls for the exorcism of two spectres. The first is the fear that the foreign firm, by simple reason of its size, may tend to weaken the national sovereignty of the host country. The second is the possibility that local nationals may feel themselves in insurmountable difficulty in coordinating with the foreign management of the firm. For this purpose I think we shall have to break new ground, in setting up an effective partnership between national and foreign interests in the ownership and administration of these firms. I do not propose at present to enter into the legal and technical details of the formulae which might be worked out. I will simply summarise my thinking by saying, that a new approach is needed for the success of the large-scale industrial cooperation which I believe to be both possible and desirable. We must, I think, get away from the concept of the "multi-national company" which is usually so called on account of its size, rather than because of any real multi-nationality in the ownership of its capital or in its management. I am thinking on much the same lines as Samuel Pisar, who put forward the idea of trans-ideological companies for industrial relations between capitalist and socialist countries; and I think we should create a form of **trans-national undertaking.** This new type of firm would associate public and private interests in the countries of origin and the host countries, in a manner which would be well balanced and would not obstruct the dynamic and competitive capacities of the business. This would be a two-fold source of comfort to the foreign sponsors; for their interests would be protected, first, by their association with national interests, and second, by the plurinational system of guarantee which I proposed just now.

ECONOMIC AND FINANCIAL CONDITIONS

Apart from the conditions I have already discussed, there are various economic and financial ones to be taken into account in securing the successful transfer of industrial activities between our countries. In the forthcoming Association Convention in its revised form, I think we shall have to do, for industrial cooperation, what we did in the existing Convention for commercial promotion. This means, we must provide for various forms of specific aid, designed to make it possible to secure the economic and financial conditions on which I should now like to say a few words.

I do not intend to make a detailed list. I propose, simply, to mention six of them which seem to me to be representative. These are:

— finance for infrastructure projects accompanying and linked with new industrial establishments;

— finance for foreign, technical and supervisory personnel needed by firms in their initial stages, and the high cost of which is an obvious handicap;

— finance for training of national members of the staff to replace the temporary foreign ones;

— granting of transfer bonuses and establishment aids to foreign investors;

— borrowing facilities on easy terms for the same investors;

— very long-term loans, or subsidies, to national bodies in the host countries, to enable them to subscribe capital for these firms.

These types of aid, incidentally, are in much the same class as the interventions the Community customarily undertakes. The new aspect is, that they would all be linked in a single common intention—assistance in carrying out the industrial cooperation policy, which would have been worked out jointly.

The fact I consider by far the most important is that this new division of industrial labour between Europe and Africa which we are seeking to carry out can only be possible and can only be successful if it emerges from an organised approach concerted between the responible authorities in our respective countries. This has to be organised at the level both of responsible private interests and of representatives of the States themselves.

In the discussion on these problems in Dakar, I suggested that consideration by private interests, and the development of their concerted approach, should be organised by the **setting up of a standing group**. Those present at the discussion, and also the senegalese government, were kind enough to approve this plan; and I am now able to tell you that this standing group will be coming into existence within a few weeks. The members of it of course will rank as private persons and therefore speak for nobody but themselves; but I am convinced that the group will be the forum for a debate which will be very unrestrained and very fruitful.

A STANDING GROUP AT ASSOCIATION LEVEL

At Association level, I think we should also consider setting up another standing group, consisting of specially appointed State representatives. Its task is not difficult to define. It would consist of a systematic search for activities which, by their nature or situation, are suitable for transfer to another establishment; and determining and securing such conditions that transfers duly recognised to be necessary can be carried out without prejudicial effects to the countries of origin or the host countries, but in circumstances to benefit both. Should the Community administration include a body specially mandated to follow the problems of industrial cooperation? It is outside my responsibilities to say; but I think it would be desirable that a specific organ, with a certain freedom of action, should be instructed to carry out the studies and take such steps as may be necessary for the development of this cooperation.

I have done my best to pass on my conviction that industrial cooperation between Europe and Africa, on bold and dynamic lines, conforms alike to the development requirements of the european countries and to the needs of the african countries; and that for the latter, it represents an opportunity for rapid progress in development. The times in which we live are troubled; but they embody greater potentialities and greater grounds for than has ever been the case before. I am convinced that true realism at this time must consist of imagination and generosity. ■

M. DIAWARA

Will Africa find its own road to development ?

by Hédayat NAGUIB (*)

Most of the african states now have some thirteen years of independence behind them. In the majority of cases the transition from colonial to independent status was achieved without violence, but it was not easy. The algerian war continued until 1962; in 1967 Egypt was the victim of serious external aggression; the apartheid racist régime in South Africa grew tougher, and extended into Zimbabwe under its colonial name of Rhodesia; Zambia and Tanzania are directly and keenly alive to the serious threat of south african expansionism over the whole continent; and indeed, this list of sources and cases of conflict could be substantially extended.

Despite these "roadside" difficulties —which incidentally were not the only ones—newly enfranchised Africa has certainly done better on the economic front than has colonial Africa; but it did not proceed differently.

What then, were the paths to development which it took; what have been the results and what are the prospects of a new path to future development?

The two Africas

While Africa was still under colonial domination, with its british, french, spanish and portuguese groups, there were outbreaks "in the cause of independence" in more than forty countries. These countries did not hesitate in defining their attitude to development. This attitude is connected with the world economic system.

Africa set to work to react against the balkanisation resulting from its independence; and the symptoms of this were the Casablanca group, the Monrovia group, the formation of the O.A.U., and a whole series of unions, councils, multilateral organisations, regional and sub-regional bodies. Eventually two roads to development could be discerned. One was the "reformist" and the other the "revolutionary", and though they seem at first sight to be divergent, they lead the same way.

Both the approaches seek to catch up the backwardness which separates the african countries from developed countries. In their planning they were to make a target of rather a high growth-rate (5%). In order to achieve this, the two Africas were obliged to increase their export capacity. As specialists in the international field they were to be obliged to step up their exports of agricultural and mining products already in production. The counterpart for these sales was, in principle, meant to cover the cost of importing the technology for building up substitute industries. All this, however, was not to be enough to cope with their investment requirements, and it became necessary to make good the gap by recourse to external aid.

These were the similarities between the development patterns of the two Africas; and we must now examine the differences. In the main, these stem from the ideology of the political institutions.

"Reformist" Africa used Western Europe as its model and asserted its fidelity to free enterprise, be it foreign or African. As a result the public sector was to be strictly limited to its traditional fields; encouragement was to be showered on foreign investments by highly liberal national investment codes; planning was to be very like the metropolitan model, but perhaps more loose in the joints, leaving free play to the machinery of markets for the allocation of resources; and light industries were to be promoted for substitution purposes.

"Revolutionary" Africa, on the other hand, took its inspiration from the soviet model and assigned to the State an interventionist role in the economic field. The public sector was broadened at the expense of the private sector; foreign investment codes, when they existed, were to be inoperative or strictly subject to the planning requirements; and the planning itself was of a rather rigid type, often centralised, though not sufficiently to emulate the guidelines and dispense with market mechanisms. Heavy industry was to be the general rule, mainly based on public aid, usually secured through bilateral agreements.

Resulting growth

If we think in terms of growth, the result of these patterns is better than that of the colonial era. Admittedly it did not reach the initial target of 5% per annum of the gross internal product. From 1960 to 1967, the rate was not to exceed 4%. With population growing at a rate of 2.4% annually, the rise in the G.I.P. per head was thus around 1.5%. This result, nevertheless, is better and faster than in the earlier periods. For the 1860-1960 period the estimates of the U.N. Economic Commission for Africa (E.C.A.) put the growth in the per capita rate for 23 african countries at 0.2%, for another 14 countries at 1.3%; and for the 5 countries in which today's G.I.P. per head is highest of all (above $ 250) the rate was only 1.9%. Over the 1950-60 period, the eve of independence, Africa had a growth-rate in the G.I.P. per head of only 0.6%.

The growth noted since independence is the result of a parallel increase in exports. These grew twice as fast as they had done in the fifties. Basic products (agricultural and mineral) still represented 80% of the total exports from the african continent.

After this, and during the sixties, there was a massive increase in investment, largely due to a considerable influx of foreign capital. The debts of

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$ 3 300 000 000 declared in 1960 had risen to $ 8 700 000 000 by 1968, nearly a fifth of which ($ 1 610 000 000 in 1967) was in the form of aid. Local savings were only 12 % of the G.I.P. in 1960-65, and 14 % in 1965-70.

During the same decade, too, a beginning was made with systematic industrialisation, the starting points of which were the light import-substitution industries (Egypt was the only country embarking on heavy industry).

The gap still grows wider

These figures for Africa, of course, cover material inequalities between the different countries; but at no time could it be said that Africa had bridged the gap separating it from the developed countries. This gap was, on the contrary, growing wider. Whether by reference to the 19th century or to the sixties of the present century, the developed countries show a more vigorous long-term growth. This is indicated in the following figures for the annual growth in the G.I.P. per head:

If we look at what happened in developed countries as a whole over the period 1960-67, the figures are equally revealing:

— growth in G.I.P.: 4.8 %

— population growth: 1.2 %

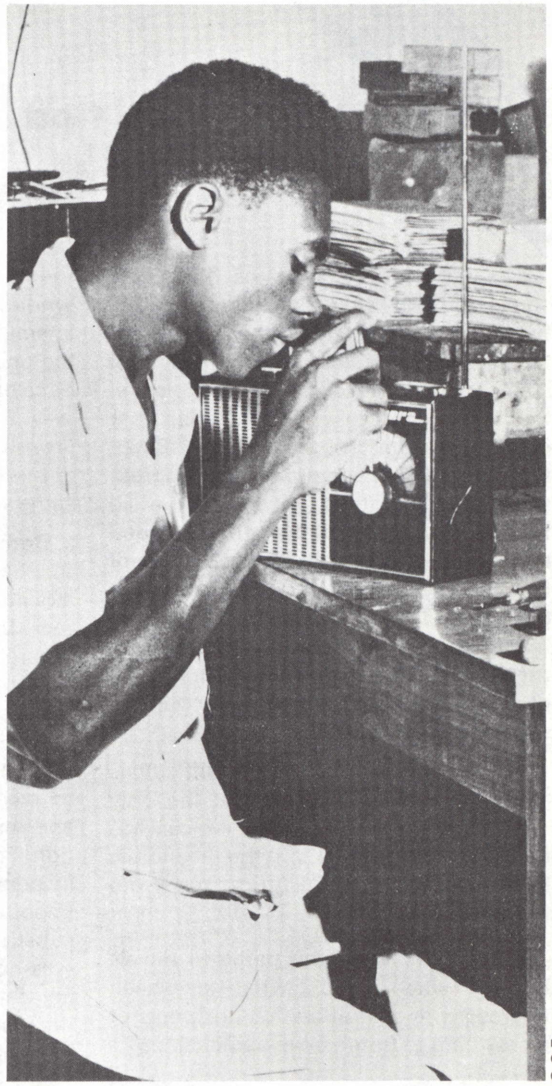
— growth in G.I.P. per head: 3.6 %

The explanation for this gap is often thought to lie in the growth in population. Neither in Africa nor elsewhere in the Third World, however, is it possible for the inferiority to be blamed on the population growth. It existed long before the qualitative change in african demography during the past 25 years. Moreover, the growth in the developed countries took place at the same time as a considerable growth in population; and it happened not in spite of this growth, but because of it. In Africa the demographic decline, or stagnation, of the earlier periods was not favourable to economic growth. There is nothing whatever to suggest that if the growth in population were easier, the growth in the G.I.P. would remain unchanged, so that the per capita figures would get the benefit. An important part of the economic growth runs in parallel with the population growth, especially in the very large agricultural sector, in which no shortage of land has made itself felt.

Growth and development

If indeed the gap is the darker side of the two chosen african patterns, this is because they are patterns of growth rather than patterns of development, and all they have done is to perpetuate the colonial structures. Admittedly they are based on models adopted by countries which are themselves developed countries; but it is a denial of the facts of history to think that the Africa of today can follow the same road as was followed by these countries in the earlier stages of their development. The system which emerged from the 19th century industrial revolution certainly passed through its phases of mercantilism, competition and monopoly; and in each of these phases it moulded the african structures exclusively for its own benefit. In opposition, however, to what happened in the countries of origin, where the old structures were wholly destroyed, the system in Africa was limited to subjugating rather than to destroying the old structures. Thus Africa, despite its two models, will not live in a supposed sectoral "duality" or "plurality", but in a sectoral inequality of productivity—a disarticulation of its economic system which must be ultimately dependent on a single world system, of which it is an integral part.

It is this very dependence which is both the origin and the result of the check sustained by both the two models as methods of inducing independent and sustained development. That is to say, it is a qualitative change in the economic and social structure serving the internal requirements of Africa. It explains their mechanical logic and their subjection to external influence, not only on the commercial side but also on the financial. It suffices to note:



Worker in electronics.

Great Britain	1780-1880	1.27 %
France	1840-1960	1.72 %
United States	1840-1960	1.70 %
Sweden	1860-1960	2.80 %
Japan	1880-1960	1.60 %
Russia	1860-1913	1.40 %
	1913-1960	2.70 %

— that the deterioration in the terms of trade is almost always to the detriment of Africa;

— that the volume of aid is insufficient to offset the losses arising from it, the aid in fact is growing less, both at current prices and after conversion to constant prices. Even at current prices the $ 1 610 000 000 of 1967 were less than the $ 1 770 000 000 of 1962, and conversion of the figure to 1960 prices leaves it at only $ 1 490 000 000.

— between 1960 and 1967 the net outflow of investment income from Africa more than trebled in amount, rising from 12 % to about 42 % of the net inflow of public capital. This reflux of profits is in many cases facilitated by monetary dependence; and it falls to be added to the increase in the cost of service of external debts, which takes between 10 % and 24 % of the export revenue. This situation, combined with the smallness of local savings, fully explains the chronic deficits in the payments balances and budgets of african countries.

These models, in fact, cannot be compared with those of the developed countries, and the growth they induce is transmitted from the developed countries, so that there is the risk that it may be blocked. It is not dynamic enough to engender the structural changes which the african continent needs. This is why independent Africa, in qualitative terms, has done no better than colonial Africa.

New prospects

This does not mean, however, that Africa must be engulfed in a wave of pessimism. Since the beginning of the seventies, it has become aware of the defects in its strategy. In the United Nations it was to take part in working out a new general strategy for the Third World. In 1971, it was to adapt this to its own requirements for the present decade. At the outset it was to admit the complexity and inadequate character of the former methods of development. The targets set in the new strategy were to be different from those in the earlier models, both quantitatively and qualitatively.

The quantitative targets fixed specify a mean annual growth-rate in the G.I.P. of at least 6 %. Assuming an annual demographic growth-rate of 2.55 %, the growth per head will be around 3.5 %. The achievement of the general objective will necessitate an annual growth-rate of 4 % in agricultural production, 8 % in industrial production, 7 % in exports, not quite 7 % in imports and a growth in local savings of 0.5 % of the G.I.P., bringing them to 20 % by 1980.

On the qualitative side, the plan makes a lucid case, not without courage, for the following structural changes:

— first of all an accelerated africanisation programme for the administration of the continent, which is still very largely in foreign hands; accelerated africanisation of the ownership of capital; accelerated africanisation of jobs, including those requiring high skills;

— coordination and promotion of schemes for sub-regional, regional, or even continental integration;

— definite and adequate solutions for various key problems, including the distribution of income and unemployment which, unfortunately, is increasing everywhere in Africa. This calls for systematic attempts to promote policies which will reduce discrepancies in standards of living, especially between town and country; a policy for better controlled and more adequate utilisation of resources, especially local savings.

In brief, these changes are aimed at reducing disparities, whether they be between regions, between sectors or between social groups.

Will Africa embark with resolution on this road to her development? It would be too early to attempt a reply before the end of the present decade, because of the many changes now in progress throughout the world. Many events have come on top of one another—the enlargement of the E.E.C.; its overtures to Eastern Europe; the attempts at pacification in South East Asia; the easing of strains between the two super powers; the emergence of China as part of the international community—and there is a temptation to believe that they may mask some underlying crisis in the world system in which the dollar is no more than the visible portion of the iceberg.

G.A.T.T. versus the E.E.C.

Among the various choices open to the developed world, there is one to which Africa cannot remain indifferent. This is the doctrine of free trade advocated by the United States and which finds its expression in G.A.T.T.; and the system of preferences operated by the E.E.C.

So far as Africa is concerned, free trade would only plunge her deeper into a state of things from which she has, ever since independence came, been struggling to disentangle herself. Under this system, Africa would be encouraged to specialise, even more than at present, in the output of primary produce, whether agricultural or mineral. Her import substitution industries are only in the first stages of their growth, and her manufactured goods could not stand up against free competition in the world market against goods from the developed countries.

There remains the alternative, which looks to be the inevitable choice. This attitude stems from the desire to divide up the Third World into zones of influence attached to the opposing poles of the world system. The United States would have Latin America; Japan would have Asia; Africa would have no choice but integration with Europe. Euro-african products—raw, semi-finished or manufactured, would find easy markets in the two continents. Europe might have no objection to Africa taking a further step forward in its import substitution industries. The question to be asked is, whether this integration into the european market will lead on to Africa's dependence or towards her independence. Its effects would be, by all appearances, beneficial; but will Africa oppose it with a deliberate will—expressed in its strategy for the present decade—to break the chains of structural dependence forced upon it by a system of unequal trading? In the last resort, everything will depend on the strength of this desire to carve out a road leading to economic and social independence. ■ **H. NAGUIB**

I.E.D.P. — The African Institute for Economic Development and Planning (I.E.D.P.) where the author of this article teaches, was set up by a Resolution of March 1, 1962 of the U.N. Economic Commission for Africa (E.C.A.).

The Institute is constituted as a permanent body under the aegis of the E.C.A. Its main objectives can be summarised as follows: Training of specialists and higher-grade supervisory staff for government services and institutions responsible for economic development and planning; Research and supplying to african governments consultative services limited to matters of economic planning.

The Munich Retraining Centre for Economic Statisticians from the Developing countries

The Munich retraining centre started operations at the beginning of 1973. It is financed by the Commission of the European Communities and the Federal Republic of Germany. Its aim is to improve the level of the training of personnel in the statistical offices of the african States and Madagascar associated with the Community. To this end it provides an opportunity for civil servants who have had university training to undergo retraining and round off their theoretical knowledge, after having spent several years working in a specialised department. The courses last for several months and are designed for practical information in conditions prevailing in african countries.

Effective administration and suitable statistics are part of the infrastructure

It is now generally agreed that the infrastructure needed for economic and social development is not limited to roads, bridges, dams, power stations, schools, hospitals and similar equipment. Equally indispensable is an efficiently organised administration manned by qualified and dynamic civil servants.

In the same way, there must be a suitable statistical service which can provide the information needed for the preparation, execution and supervision of public development projects and other administrative measures, and for the sponsors of private undertakings in production, transport, external trade, internal trade and services. The more the nation and its economy develop, the more complicated do its structures become, the more difficult is it to view things as a whole and thus the more indispensable is the statistical service. There are still people who quote Disraeli's dictum that the three kinds of lies are direct lies, pious lies and statistics; but even this form of contempt is proof enough of the need for making every attempt to provide a general view of statistics, appropriately and without leaving any loophole, so that those who handle them may know how the figures can be used correctly.

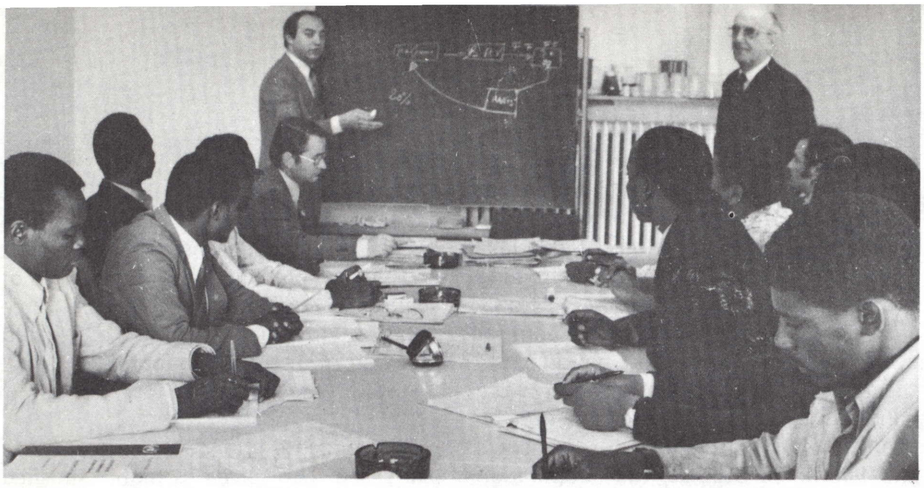

Jahn

The premises of the Munich centre in the Bavarian countryside.

Creation of international training centres for statisticians

The importance of statistics to the developing countries, and the desire to improve their quality, soon led to it being recognised that the sending out of statistical experts to these countries was not a sufficient remedy. It was also necessary to set up establishments to train statisticians from these countries; but since the requirements of individual countries in statisticians at university level were too small to justify setting up national training centres, and since there were not enough teachers and other underlying conditions were not fulfilled, quite a number of international higher training centres for statisticians have been created during the past 35 years.

In all these establishments it has been found that the training is abstract and very theoretical; and attempts to include practical application in the programmes, in conditions such as those prevailing in the developing countries, have had only a limited success. It just is not possible to confront students with practical work when they are in the lecture room. It is only when the training is finished and the trainee has begun work in the national statistical departments, that he begins to see the problems which arise in applying the theoretical knowledge he has obtained. It is only at this stage that these civil servants will be able to acquire the right experience, which will make it possible to join with them in discussions of problems they may not even have fully identified.


Jahn

Lecture room.

The retraining centre is modelled on practical necessities encountered in Africa

The practical problems which arise in Africa were part of the reason for setting up the centre and the form in which it was designed. Compared with other statistical training centres, the special features had to be:

1. an intensive study course of several months covering a single special branch of statistics. This is to provide the necessary specialisation and does not include any general statistical training of an insufficiently specialised character;

2. admission to the centre is confined to students who have already had several years practical experience in their special branch. Thus, the specialisation does not follow immediately after the basic training for in this case it would almost always be too far from reality.

After the "Internationa l Statistica Training Programme" of the Office of the Census of the United States (1946) about a dozen other establishments were set up, including the Statistical Studies and Research Institute of Cairo (1947) and the International Statistical Education Centre of Calcutta (1950). For the Associated african countries and Madagascar, the most important of the international training programmes given in these establishments are those of the Institut National de Statistique et d'Économie appliquée de Rabat (1961), the Ecole de Statistique d'Abidjan (1961) and the Centre de formation pour les statisticiens économistes des pays en voie de développement, Paris (1962).

For attaining the objectives of the centre, it will be necessary:

1. that the courses in statistical method relate to economic, social and cultural problems, as arising in the Associated african countries and Madagascar;

2. that in parallel with these courses, there should be organised seminars for the study of the possibility of applying these methods in the countries concerned, through discussion among the students and with the lecturers;

3. that both students and lecturers should attend meetings at which there would be present representatives of the European Community's Statistics Office, the principal directorates general of the E.E.C. Commission, the statistical Offices of the United Nations, the U.N. Regional economic committees and specialised institutions. In these meetings, definite solutions will be worked out for specific problems in the Associated african countries.

A joint creation by E.E.C. and B.R.D.

Cooperating in the formation of the Munich retraining centre were the Commission of the European Communities and the government of the Federal Republic of Germany; and a contribution was also made by the european Centre in Paris for the training of statistician-economists from developing countries. The E.E.C. Commission awards bursaries to the students (including travelexpenses) from the European Development Fund. The german government provides housing for the teaching staff and the setting up of the Centre itself. In charge of the Centre is the "Carl Duisberg Gesellschaft e.V.". This company's origins date back half a century, to the work of Carl Duisberg in enabling german specialists to perfect their skills in foreign countries. Subsequently the programme was extended to bringing foreign specialists for further training in Germany. The company itself was formed 25 years ago, and at present it undertakes to provide guidance and direction to between 10 000 and 12 000 specialists every year during their course of professional retraining. These specialists come from industry and business and include the higher grades of supervisory staff. All of them are foreigners and most of them come from developing countries.

The Centre is in a suburb of Munich in a country setting, and intensive work can thus continue in tranquil surroundings. The location is at Grafrath, which is on the city railway system, so that students who so desire can, without much difficulty, enjoy the amenities of the bavarian metropolis.

The first course given in the retraining Centre ran from March 6 to June 29, 1973 and was concerned with the problems of national accountancy. It was attended by fourteen civil servants from Congo, Upper Volta, Madagascar, Mali, the Central African Republic, Senegal, Chad, Togo and Zaïre. The second cycle was organised to run from September 17 to December 19, 1973 and was attended by thirteen participants from the same nine countries. The subject covered was external trade statistics. A further cycle on industrial and artisan statistics is to be held in the first half of 1974.

Heads of african national statistics offices cooperate on a consultative basis

The subjects for the above three cycles were proposed by the heads of the statistics offices of the Associated african countries and Madagascar. They will also be consulted in the choise of future cycles, as will the appropriate departments of international and supra-national organisations. Attempts are also being made to secure closer cooperation by the african statisticians in working out the details of the course programmes.

The success of the courses also depends largely on the active cooperation of the trainees themselves. Not only are they extremely interested in the lectures given, but their participation in the discussion and in the practical courses is very keen. The method followed initially was usually for lectures to be given first and followed by discussion in the form of a seminar; but this has been replaced to a large extent by a system of holding the lecture and the discussion together. For the sake of intensive working and active participation by the pupils, the maximum number of participants has been limited to twenty.

The programmes also include working visits and study trips. The participants in the first course visited the Bavarian and Baden-Wurttemberg statistical offices in Munich at Stuttgart, the I.F.O. Institute for Scientific Research at Munich and the Statistical Institute in the University of Tubingen. At the end of the course a study trip lasting a fortnight, took the students to Luxembourg (E.E.C. Statistics Office and European Investment Bank), Brussels (DG 8 of the E.E.G. Commission) and Paris (National Institute for Statistical and Economic Studies, the World Bank and the development Centre of the Organisation for Cooperation and Economic Development).

The working and teaching language is French. The Centre is preparing ,also, the organisation of courses in English to deal with requests from Commonwealth countries becoming associated with the Community pursuant to its enlargement.

The teaching staff comes from many european countries and from international and supra-national organisations

In view of the variety of subjects studied, a permanent teaching staff is not called for, since its members could only adequately specialise in a few isolated fields. Lectures are therefore brought in from outside, even though this system raises organisational difficulties and despite repetitions not provided for, and gaps which may arise as when a lecturer is unexpectedly prevented from coming and cannot be quickly replaced. There are, nevertheless, a number of desirable repetitions enabling a specific problem to be studied by several experts from different standpoints. Most of the lecturers stay three days at the retraining centre, but there are some who stay only a single day and some who are there for a week. In the course on national accountancy, most of the days of study were handled by lecturers attached to the (french) National Institute for Statistical and Economic Studies; the cooperation Secretariat of State in the french Foreign Affairs Ministry; the Statistics Office of the European Communities; and the statistical division of the U.N. Economic Commission for Africa. Lecturers were also sent by other bodies, including the Organisation for Economic Cooperation and Development, the National Statistical offices of Italy and Hungary, and the universities of Rome Frankfurt and Saarbrucken.

Since the lecturers come from outside, the Senior Common Room of the Centre is limited to two university professors and three assistants. The directorate is in the hands of Dr. K. Horstmann, who has been attached to the german statistical office since 1935 and has undertaken several missions to developing countries at the request of the United Nations. In the period 1966-70 he was regional statistical adviser to the U.N. Economic Commission for Asia. In 1970-72 he had a managerial assignment in the formation of the Statistical Institute for Asia, (Tokyo) where he also took charge of social and demographic statistics. Since 1953 Dr. Horstmann has been an elected member of the International Statistical Institute.

The students attending the first cycle expressed themselves as highly satisfied with its form and content, but took the opportunity of making various suggestions, which were very much appreciated, for its improvement. They confirmed that the course had given them the means for a more intelligent promotion of national accountancy in their respective countries. From such results as can yet be seen of the second cycle of studies, the management of the Centre is convinced it will have had a good effect on the future development of external trade statistics in the various participating countries. It is, however, keenly alive to the fact that it would be working in vain if it were not to continue receiving the help of the african statisticians in the preparation and conduct of the courses; and the result of each cycle greatly depends on the cooperation of the participants which, up to the present, has been particularly encouraging. ■

Jahn

Dr. Horstmann, Director of the Centre, at work with the students.

THE AIR STATION AT ARUBA

I. The background story

The island of Aruba is the second largest of the six islands of the Netherlands Antilles. It lies in the Caribbean, 24 km offshore from Venezuela. Its most recent population statistic is 40 000.

It was discovered by Christopher Columbus in 1499, but it was of no economic importance and was virtually ignored for centuries. It had no natural wealth of its own, except indeed its beaches; and unlike the neighbouring island of Curaçao, it possessed no serviceable natural seaport.

By 1924, however, the Shell group had set up an oil refinery on Curaçao and Standard Oil of New Jersey followed its competitor's lead and chose Aruba for the purpose. Its refinery there takes its crude oil from the immense reserves at Lake Maracaïbo in Venezuela, and it was soon to rise to great importance, becoming second only to Abadan as the largest in the world.

For some decades this was Aruba's only economic activity, but it brought a higher standard of living and made life somewhat easier. Unfortunately the plant was turned over to automation during the fifties and the number of jobs decreased. The island authorities learnt the hard way that it is but a fragile economy which is based on only a single product.

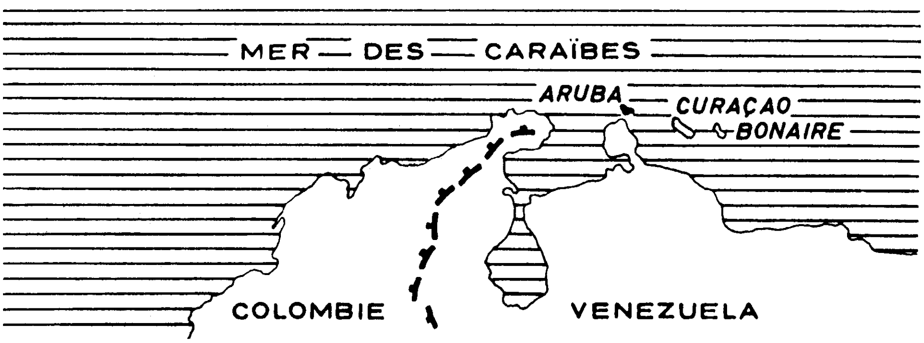
For diversification, however, there was little scope. Apart from minor phosphate deposits, the island had no mineral wealth of its own. The climate is very dry and the aridity inhibited agricultural development. Water, perforce obtained by the distillation of sea-water, was expensive and so was the available manpower; and with the difficult offtake and markets far distant, there were few industries which could hope to survive. Among those few were petrochemical industries processing the refinery by-products, and an ammonia and fertilizer production unit was brought into operation in 1963.

II. The measures taken

The island government considered all possibilities for diversification, and among these was tourist development. Since the war the tourist industry in the Caribbean had shown considerable growth, and Aruba had natural advantages for this purpose because of its natural beaches and its climate.

By 1956, the authorities were seeking to give the necessary stimulus, laying out considerable capital on tourist facilities. Results were not slow in coming; and as early as 1963 the biggest of the Aruba hotels had to refuse 700 would-be visitors.

After so good a start, the government was in search of funds for further investment, and asked for help from the Netherlands and the European Economic Community. Since 90 % of the tourists arrive by air, it was into the airport that the main effort was put. In parallel with this, big new hotels were built. The Netherlands financed the enlargement of the airport; and the European Development Fund decided to make a gift to Aruba of a new air station which could deal with all the requirements of an up-to-date airport.



III. The project takes shape

The old air station dated from 1950, and had been calculated for a maximum of 100 passengers per hour. This standard was long out of date, and it was high time the air station was renewed, either by extension or by building another.

In practice enlargement would have cost nearly as much as replacement. Moreover, there were several objections to enlargement. The building was too close to the runway. It lay on the south-western side; and with the runway extended as for as the sea, several kilometers of new road needed to be built round the airport so that it could serve the capital and the hotels. The decision was accordingly made to build a new air station on the north-eastern side of the runway and therefore close to the town.

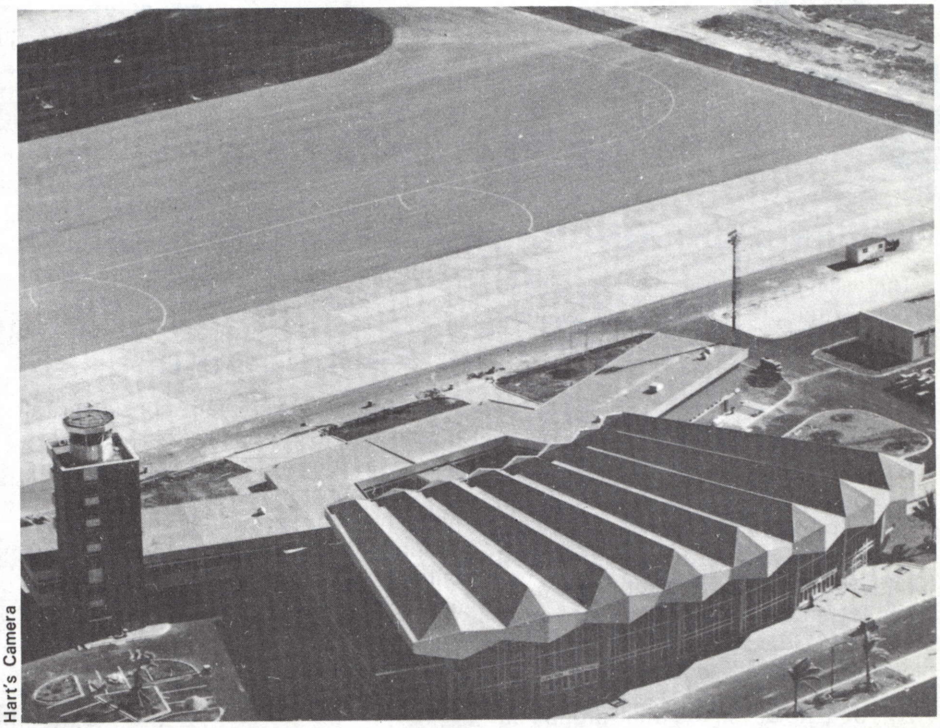
In December 1965, the European Economic Community signed a finance Convention with the government of the Netherlands Antilles for the construction and equipment of the Aruba air station.

The material used under this heading is taken principally from the reports of E.D.F. general and technical supervisors in the A.A.S.M.

The building was to be designed to deal with requirements 15 years ahead, but was to provide for easy enlargement in the meantime. With this in view, coupled with considerations of cost, the building was to be given a metal frame. With these decisions duly made the assignment was passed to an architectural-engineering office.

In the meantime, experience began to confirm the forecasts made in the sixties about the increase in the tourist trade and the number of passengers. In the engineering office the forecasts were recalculated and extended to 1985; and the conclusions provided the guiding criteria for the project, covering such matters as the peak-hour through-flow of passengers, the number of airline companies to be accommodated in the building, the area required and a number of similar factors.

The work of study and design involved much work and took longer than had been expected. One reason was, that while the work was going, on the actual traffic repeatedly went beyond the forecasts. In the end it became necessary to enlarge the initial project. The call for tenders was finally issued in May 1969, and the construction and equipment contracts were awarded to local firms in 1970.


Hart's Camera

Aruba — the runways and air station buildings. The control tower is on the left.

IV. The building

The building is original in design. The architect took advantage of the esthetic effect produced by a visible and functional metal frame. This made it possible to economise on the decoration of the main buildings, and use the funds saved on conveniences for passengers. The latter point is extremely important, for the tourists expected here are accustomed to luxury hotels and transport facilities and must not be allowed to feel on unfamiliar ground when they reach the airport.

The main entrance hall is about 2 500 sq. m in area. It is fringed by offices on two levels. At the back are two wings, with waiting rooms, bars and restaurant and the administrative buildings. The total surface covers 9,000 sq. m.

A first source of income comes from the leasing of areas intended for third parties—restaurant, bars, luxury shops, ticket offices for airline companies and similar facilities. About a fifth of the total surface is used for this purpose. There is air-conditioning in all these areas, in the waiting rooms and throughout the wing set aside for the airport administrative and technical services. The only portions which are not air-conditioned are the main hall and connected buildings, the workshops and warehouses.

At the disposal of passengers are a bank, a post office, telephones (including direct lines to a number of hotels), long-distance telephones and a safe deposit.

There are conveyer belts for incoming baggage, customs and the counters of the air forwarding agencies. At various points there are toilets, showers and a medical inspection room.

Service calls and instructions to passengers are made by loud speakers, with soft music or local music (e.g. steel bands) in between. In fact nothing has been neglected to provide maximum comfort and satisfaction for passengers who, incidentally are expected to make considerable outlays on the island and in the expensive hotels.

Outside there is apay-park for about 600 cars, which is another source of income for the maintenance of the airport.

There is a special parking area for taxis and another for hired cars.

V. The project in action

The building was brought into service in November 1972 and is found to have been well designed. The increase in the tourist trade and in the number of passengers has gone beyond the most optimistic expectations. This is shown in the above charts. There can be no doubt of the great contribution this gift from the Six countries of the European Community will make to the future prosperity of the population of Aruba, and to improving the general economic status of the Netherlands Antilles. ■

J. VAN BEUZEKOM

Sahel:

Solving the water problems

It was about a year ago that the great sensation-story of catastrophic drought in West Africa came through to the wider public of the world at large. For the first time the radio, newspapers and television told of the "sahelien-zone" which became the symbol of starved nomads and thirst-parched herds. In Europe and elsewhere, photographs told the story of scorched pastures and cattle dying of thirst. This was the drought which affected the Republic of Mali and five other countries of Africa South of the Sahara.

Modern methods of mass communication carry stories of disaster to the most remote corners of the earth; and to their great public the present drought came in the guise of a sudden occurrence. In fact, however, the problem of drought is as old as history to the peasants and nomads who live and have their being in this immense savannah country which lies between the great desert (Sahara) and the equatorial forest.

Old-style well.

Mali, in fact, has known many periods of drought, and they usually last between two years and five. The present dry period began in 1969 or even in 1965 and is the longest and the most serious of those which have occurred since the starting of the meteorological records in 1931. The year 1972 was among the four dryest in the whole period. Unfortunately no scientific method has yet been found for forecasting the years of extreme dryness or the duration of each successive cycle.

The prosperity of Mali depends first and foremost on its water. This means water for the townsfolk; water for the 10 000 little villages scattered over this immense plain; water for agriculture and irrigation; water for the pastures and wells for the beasts.

It is no wonder therefore, that all water problems in Mali have an importance which is truly vital. Any and every hydraulic project plays its own big part in the country's economic and social development, and ranks high among the priorities for the government of the Mali Republic. This covers many matters, including the systematic search for surface water and underground sources; dam projects and irrigation; water supplies for the big towns; the sinking of wells and water points in villages and for the migrant herds; the improvement of pools and static water.

Since Mali's own financial resources are not on the scale of these enormous operations, various national and international bodies have already taken part in financing these hydraulic projects, and will continue to do so in the future. Among them is the European Development Fund, which plays a most important part, and it is to hydraulic and hydroagricultural projects that a major part of E.D.F. subsidies to Mali is devoted.

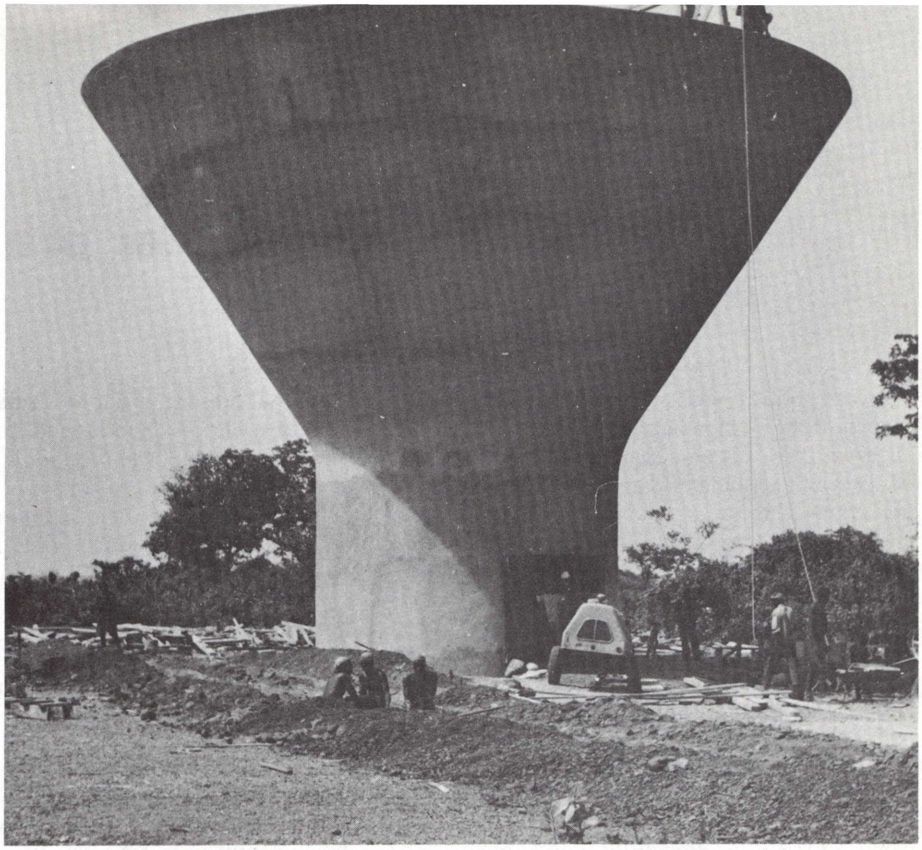
Climate and hydrogeology

The Mali resources of surface and underground water depend on its geographical location, and thus on the climate, the vegetation and the geology.

The climate is determined by the presence of two different air masses. In the north, hot and dry, is the tropical and continental air mass of the Sahara; and in the south, moist and fresh, is the equatorial and maritime air mass. Their meeting point, the so-called "inter-tropical front" is where the rains can fall; and this changes with the seasons. In winter the high pressure in the Sahara brings the hot, dry harmattan wind from the north-east, bringing the mists and even sand-storms. At this time the "front" is far away to the south of Mali. As the barometric pressure in the Sahara moves from high to low, with the high temperatures of summer, the front moves northward, bringing Mali the wet wind and the rains from May to October(or, in the northern part of the country, from June to September).

From the south-west to the north-east, therefore, there is a progressive decline in the annual rainfall. The mean in the south-west, near the frontier of Guinea, is 1,500 mm; at Bamako it is 1,100 mm, at Kayes 800 mm, at Ségou 700 mm, at Mopti 550 mm and at Timbuktu and Gao as low as 250 mm.

It is thus possible to distinguish, as we move from south-west to north-east, three distinct zones of vegetation, separated by the isohyetic rainfall lines of



Building a water tower.

about 1,000 mm and 500 mm. First is the wooded savannah of the south, with many water courses, fruit growing and a varied agriculture. Next is the bush savannah, where the chief crops are millet and cotton; and northernmost is the grassy savannah, which is the region of the migrant herds.

There is a short period when the rains feed the streams and rivers—the catchment areas of the Niger and the Senegal. Part of the water filters into the soil and thus feeds the underground water reserves; and another part is lost by evaporation. The latter losses may be as much as 2 000 mm per annum, or 5 to 6 mm per day. These figures have a considerable influence on projects for artificial lakes, dams and pond improvement. The Niger, for example, loses by evaporation in the internal delta nearly half its annual flow, because of the great surface covered by this extensive area of lakes and water courses of no great depth.

Few of the streams and lakes are permanent. Most of the streams are dry for several months each year, but others only in exceptionally dry years. The two great rivers, the Senegal and the Niger, with the latter's great tributary the Bani, have characteristically big differences of flow between the wet and the dry season. At Kayes the flow of the Senegal varies between 1 cu. m and 4 000 cu. m per second; and at Bamako the Niger has been as low as 17 and as high as 9 200 cu. m per second.

The resources in underground water are not yet fully known. Much geological and hydro-geological study and research has been carried out in the various parts of the country. The most recent study is the P.N.U.D. investigation into underground water resources in the Sahel, which systematically covers a large part of the country and is still in progress.

In general, the results which have been obtained indicate that the underground resources are not satisfactory in some parts of the country. This is the case for the sahel region along the mauritanian frontier and in the west and south-west. In the sub-soil here, the impermeable bed-rock contains only in the faults or the areas of fissure and alteration.

Hydraulic projects

Two departments of the Mali administration are concerned with hydraulic projects:

— the Industrial Development and Public Works Ministry, through the Hydraulic and Energy Directorate, handles urban water projects and river hydraulics;

— the Ministry of Production, through the Rural Engineering Directorate, handles the hydro-agricultural, rural hydraulic and pastoral schemes.

Urban water schemes

Mali has a population of about 5 million (1970) of whom only 10 % live in centres with more than 5 000 inhabitants. The population density varies greatly, but is materially higher along the two great rivers and the permanent tributaries of Niger. For the great majority of the population, therefore, the Niger is the main source of water supplies. The big towns and regional capitals are on the banks of the rivers. Kayes is on the Senegal, Bamako, Ségou, Mopti and Gao on the Niger, and only Silasso has no big river at hand. River water is thus of primary importance for supplies to the bigger towns. Bamako, the capital city of Mali, had long had a full system of drinking water supply, but the requirements were continually growing and the equipment no longer covered them. Since 1970, the E.D.F. has financed the strengthening and modernisation of the existing network, with a new catchment in the Niger, a treatment station with a capacity of 750 cu. m per hour, three reservoirs and three water towers. Under the same project an extension is provided for the treatment station to deal with an additional 750 cu. m per hour with effect from next year. The catchment in the Niger is so installed that even at the lowest flow of the river the supplies to the town will always be available.

For Ségou and Mopti, a study has been made with E.D.F. finance. The file also provides for the two towns to be supplied by a catchment of Niger water and its treatment.

Application has been made to the E.D.F. for finance for the water conduit to Mopti scheduled for 1978. The catchment will be in the Bani, at the confluence with Niger. The treatment station will be at the end of a dyke above the town. From here the water will be pumped into a water and distributed in the network. There will be a 15 km conduit to supply

Sévaré, the new administrative and industrial district of Mopti, which lies outside the flood area surrounding the old town; for Mopti, known as the "Venice of Mali", lies on several islands beside the river which are completely surrounded by Niger and Bani water during the rainy season.

Two other towns will shortly have the benefit of Niger water. A conduit from the Niger is being laid to Koulikoro, an important harbour and terminus of the railway line from Dakar. The town of Kati, 10 km from Bamako, will be linked with the water supply to that city. Both these projects are being financed by bilateral aid from Germany.

The first E.D.F. intervention in urban water supplies in Mali was the supply to Sikasso. The project was carried out in two stages, beginning in 1964. It began with the building of a small dam, a treatment station, a water tower and the main conduit; and the second stage, consisting of the distribution network and public fountains, was carried out later. There is, however, still a problem and this throws doubt on the whole scheme. The low rainfall of the last few years has considerably reduced the flow of the little stream on which the dam was built, and in 1972 the stream dried up completely. Under consideration at the present moment is the building of a dam on another stream 15 km from the town, which has a permanent flow and a bigger catchment area.

The ancient town of Timbuktu is the gateway to the desert, and stands 15 km from the Niger. Here the E.D.F. financed a water conduit during the years 1969-71. The project included two drillings to a depth of 25 m, a discharge station, a water tower and the distribution network with public fountains. After a year's operation, however, one of the two drillings collapsed through the washing away of the fine sand of the water-bearing stratum. This year the E.D.F. has financed another drilling which is to go down as far as 80 m. This drilling is yielding clear water of good quality coming from two strata of coarse sand.

The area which is worst off in water resources is the sahel region along the mauritanian frontier. The most important towns here are Nara, Nioro and Yélimané; and they all suffer at all times from the water shortage. A scheme for water supplies to Nara is being prepared and it will be necessary to ask the E.D.F. for finance. There is already a small distribution network and a water tower; but the supply is from wells and has never functioned because of the wells being dry. Under the new scheme Nara will be supplied from two drillings recently carried out by P.N.U.D. 12 km from the town. The project for financing includes the equipment at the drillings and the conduit from there to the town itself.

In ten small towns E.D.F. gave exceptional aid to an emergency scheme for urban water supplies in which drillings were equipped with submerged pumps. Tanker trucks, which were also provided under the scheme, are used for water distribution to the population.

At Nioro, a scheme is being prepared for supplying the town from drillings and a dam. Financing for this is to be from F.A.C. Another scheme financed by F.A.C., and already in course of execution, is the water supply to the town of Bandiagara, the chief town of the Dogon country.

Rural and pastoral hydraulic schemes

There are a great number of projects aimed at improving water supplies to villages, and on the routes of cattle migration. There are certainly wells in all these villages, but in many cases they are not deep, which means that they are fed only by surface water filtering through the soil after the rains. After the rainy season, therefore, the levels in these wells goes progressively lower; and in years of low rainfall, as has happened recently, many of them dry up or yield so little water that it is no longer possible to provide for the population and cattle.

The aim of all the operations, therefore, is to sink wells or drillings to a sufficient depth that they take water from deeper sources, the supplies to which do not depend directly on the fluctuating rainfall. These water-bearing strata are often at depths of 50 or 100 m.

Because of the quite high investment cost of deep wells or drillings, hydro-geological research and test borings have first to be undertaken. For some parts of the country these studies are in progress or completed, as is the case with the Condo plains and Gourma, the eastern sector of Gao and the Sahel between Nara and Nioro.

On the basis of the hydro-geological investigations, the Mali government is at present preparing "operation wells", a major well-sinking scheme to be carried out by an independent management organisation. The operation should improve the position regarding water over the whole country by the sinking of 400 wells by the official organisation to meet the requirements of villagers and cattle. It is to be carried out over the next three years. The independent organisation will have a national directorate for programming, coordination, personnel training, supply and maintenance of material; and there will be five regional directorates for technical supervision of the work and 22 sectors to be commissioned with carrying it out.

The finance is to be taken from various sources of external aid, including the African Development Bank, the World Bank, P.N.U.D., E.D.F. and bilateral aid from France and Germany, as well as from the national budget.

This operation is only the beginning of a long campaign; for it is estimated that Mali requires about 8 000 wells, of which there are as yet barely a thousand.

This year the E.D.F. has contributed to the equipment of the hydraulic organisation, providing by way of exceptional aid, the material for five teams of well sinkers. The deepening to 400 m of existing wells is financed under the same project.

The first E.D.F. intervention under the rural and pastoral heading dates back to 1962. To project for provision of water points provided for the sinking of 47 wells or drillings, of which 45 have been carried out—20 wells in the Nara region, 5 in the Niafounké region and 20 around Gao.

The wells in the Nara region had an average depth of only 20 metres. They take their water—and the volume is very small—from the downland level, for the sub-soil consists of compacted schist without water-bearing occurrences.

In the other regions, the wells had an average depth of 75 m, and for the tank-wells (combined well and drilling) the average was 130 m. The yield from these deep wells has generally been good. An inspection a few years ago showed that they were still operating and much used, both by villagers and nomads.

The second E.D.F. project in pastoral hydraulics dates from the same period. It was for the deepening of 16 ponds and was aimed at improving cattle watering conditions along the three migration routes between the Macina (in the Niger flood area) and the Sahel.

In the month of June, when the first storms strike, these deepened ponds collect enough water to avoid exhaustion between two rainy seasons, and the herds can thus get to the Sahel without danger and get earlier benefit from the pastures in these regions.

In November and December the herds are sure they will be able to get water from the deepened ponds and can therefore stay longer in the Sahel, or on the road back, waiting for the falling of the water in the flood areas to open up the pastures of the Niger delta.

The ponds thus deepened keep their water until January of February. Their functional scope is limited by evaporation and by the impermeable stratum of sub-soil.

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So it can be seen that the current drought has accentuated the permanent water shortage in a great part of the Republic of Mali.

Great efforts have already been accomplished; but enormous investments are still necessary to provide all the towns and villages with a permanent water supply of good quality. The seeking, finding and operation of water resources will not only improve living conditions, but also promote the country's economic development. ■

Wilfried ROTHWEILER

Helmut SCHOECK. — **Entwicklungshilfe**—Politische Humanität (Development aid, political humanism).—Albert Langen—Georg Müller Verlag GmbH, Munich, 1972.

The author, who holds the professorial Chair of Sociology in the University of Mainz, gives us here a critical analysis of one of the most urgent problems of our time—development aid. For reasons of ideology, as in former years, there is no general agreement on this concept. Experience has shown that there are grounds for wondering whether aid, taken as a whole, really contributes to development. An artificially maintained contrast between countries which must give and those entitled to ask for it is an arbitrary and unrealistic simplification. The author takes the view that the well-being of the West is well deserved, and that this established fact is of benefit to all countries. He rejects the marxist theory of imperialism which is upheld in some political quarters. He puts the question of whether aid in its present form can lead to equilibrium between the poor countries and the rich; and whether there is not a risk that it may accentuate discrepancies, even inside the developing countries, by bringing benefit only to a minority of the population. He shows that the share of the aid provided by eastern countries is only a small fraction of the total, and considers that development aid is a necessity, but should be given only with discernment.

* * *

Franz ANSPRENGER.—**Afrika — Eine Politische Landerkunde** (political geography of Africa).—Colloquium Verlag Otto H. Hess. Berlin (new edition 1972).

The author, who is responsible for an "African Policy" study group in the political science Institute of the Free University of Berlin, regards as essential the interest which has been aroused by the poorer countries, including those in Africa. In the last two decades in Germany, this interest has considerably increased, despite the disappointments occasionally arising from the attempted solution of development problems. At present discussions about Africa are marked by the marxist attitudes. The basic question, in a very simplified form, is why the poorer countries are poor. The marxist answer, which is also highly simplified, is that this is because the dominant class in international capitalistic society is exploiting the poorer countries. Nevertheless, if it be true that poverty is created by the work of man and is not the result of climate, soil structure and other natural conditions, man may well be able to change things.

This is the standpoint from which the author considers the political history of Africa, beginning with a short summary of the distant past of the continent, the coming of the europeans, the colonial era, decolonisation and the problem of the young african States.

The second part of the book briefly summarises the position of each of the african countries, with an appendix containing a chronological table, a list of the German-African contact organisations a bibliography and a list of the chief african political leaders.

* * *

Rudolf H. STRAHM.—**Industrieländer — Entwicklungsländer** (Industrial countries—developing countries). — Laetare Verlag, Stein/Nürnberg, 1972.

This work gives a selection of scientific information taken from a very abundant documentation provided by international organisations and scientific institutes. It puts this forward in the form of graphs and commentaries relating to the economic dependence of the poorer countries, in such a way that the information can be readily understood by the layman. The aim is to give the reader an understanding of the basic concepts of under-development which are beginning gradually to take root among the specialists.

* * *

Erhard EPPLER.—**Wenig zeit für die Dritte Welt**.— WK Kohlhammer Urban-Taschenbücher, Reihe 80, Band 822, Verlag W. Kohlhammer, Stuttgart, Berlin, Köln, Mainz 1971.

Not much time for the Third World.—Oswald Wolff (Publishers) Limited Londres, 1972.

Peu de temps pour le Tiers Monde. — Éditions Duculot, Paris, 1973.

Erhard Eppler, West German economic cooperation minister and responsible for West German development aid policy, questions the whole concept of development aid in his book "Wenig Zeit für die Dritte Welt".

Development aid is "neither a hobby for dreamy idealists, nor a sop to quieten uneasy consciences, nor a necessary duty for bored politicians, nor a way of guaranteeing exports for industrialists. Aid to the Third World is an ambitious attempt to make life on this earth more or less bearable, so that it will not become intolerable for us all one day. The future will be common to us all or it will be nothing", Eppler believes.

Development means being able to arrange ones own affairs by one's own means. Most of the countries concerned do not have this possibility. Today they are searching painfully for a new balance in movement, and sometimes for their own identity. Is equality with industrial societies a valid objective? The question is the more pointed at a time when these societies themselves are questioning their process of development under the pressure of the energy crisis.

Three fundamental needs must be supplied everywhere: work, food and instruction. In these respects there is no question of exporting our own way of life and production and our own political and social structures, but of allowing others to find theirs and to determine the proper means of guaranteeing them. Development aid is a major means of reaching this objective, but it is not the only one.

The book concludes with a general study of West German aid from the outset, and a full bibliography.

Full of striking examples, Mr Eppler's book is the work of a politician who wants not only to analyse and contribute to the clarification of facts, but to show that development policy is one of the fields in which our ability to control the future will be decided.

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FINANCIAL TIMES

Guyana halts sugar sales to U.K.

BY JOHN EDWARDS, COMMODITIES EDITOR

THE TIMES

The Third World's devastating oil burden

Patrick Brogan assesses the cost to developing countries of escalating crude prices

OPEC OIL REVENUES ($ MILLION)

	1960	1970	1973	1974	1975 low	1975 high	1980 low	1980 high
Saudi Arabia	355	1,200	4,915	19,400	22,150	23,500	36,300	50,550
Iran	285	1,093	3,885	14,930	16,600	17,600	25,650	35,750
Kuwait	465	—	7,945	7,945	8,430	9,000	10,250	14,300
Abu Dhabi	—	—	1,035	4,800	6,400	6,750	12,400	17,150
Libya	—	—	2,210	7,990	9,750	10,400	10,550	15,100
Nigeria	—	—	1,950	6,960	8,250	8,700	11,350	17,100
Total	2,303	—	22,675	85,210	96,900	102,900	141,800	200,200

Intelligent guesses can now be made of the effects on the developing world of the recent increases in the price of oil. The overall effect will be to raise oil's role in developing countries' import bill from 8 per cent last year to 22 per cent in 1975.

The market price of standard Saudi Arabian crude oil, which was about $1.30 a barrel in 1970, rose to $3.65 a barrel on October 16, 1973, and to about $8.18 now. This is not the same as the "posted price", a notional figure, which has risen since October 16 from $5.12 to $11.65, an increase of 112 per cent.

Of this $8.18 a barrel, Arab governments will take about $7.50. These are average figures: some countries charge more for their oil because it is available, because it is nearer its market, or because its quality is higher than Saudi crude.

The accompanying figures are based upon three assumptions which will certainly prove false: that prices will increase moderately and in an orderly fashion for the next five years; that the developing countries could continue to grow at the rates they expected a year ago; and that they can afford to import the oil they will need at the prices the oil producers will charge them.

It is obvious that the developing countries cannot afford the oil. Unless something is done for them (and the only people who might do it are the Arabs) India, Pakistan, Ghana and the rest will have to renounce their growth plans.

The only bright spots to be seen are a few countries with abundant supplies of oil notably Indonesia and Nigeria, whose development plans have now been enormously accelerated.

India, for example, could not afford to increase her oil import bill from $415m last year to $1,350m this year and $1,630m next.

One of the side-effects will be that India will no longer be able to afford to import oil to make fertilizer and there will therefore be famines in India.

The developing countries as a block spent about $5,200m on oil last year and will spend $14,900m this year (if they can find it).

Foreign aid and private capital flows to these countries amounted to about $8,000m—$8,500m this year and the rise in the price of oil ($9,700m) thus exceeds the total of development funds available.

The first table shows government revenues of OPEC countries. This rises from $36,000m last year to about $1,000,000m this year, and if Canada and Eastern Europe charge the same price the total would be $115,000m and $120,000m.

In the accompanying tables, the differences between possible costs and revenues in 1975 and 1980 reflect various ways the price of oil might go, all of them conservative.

The high figure is based upon the assumption that the price would increase by 2.8 per cent annually in real terms. The medium projection allows for a 1.1 per cent annual increase in real terms (or 6.6 per cent at current prices) and the low figure represents a slight drop in constant prices.

In the real world, these projections are certain to prove inaccurate. Since 1970, the price of Saudi crude oil has gone up by 647 per cent.

THIRD WORLD'S OIL BILL

$ million at current prices

	1970	1973	1974	1975 low	1975 high	1980 low	1980 high
Brazil	276	540	1,425	1,620	1,705	2,925	4,105
S Korea	137	325	1,075	1,365	1,440	2,600	3,690
Argentina	20	40	80		75	430	605
India	140	415	1,350	1,630	1,725	3,430	4,820
Pakistan	37	85	260	290	305	455	640
Bangladesh	17	35	95	100	110	160	225
Turkey	68	210	560	660	695	1,200	1,640
Ghana	13	25	70	85	85	150	210
Kenya	17	40	115	130	140	230	325
Sri Lanka	23	50	150	165	175	275	385
Philippines	115	265	740	840	885	1,340	1,900
all developing countries	2,330	5,246	14,875	17,105	18,025	30,815	43,500

Le Monde

L'Afrique subira les effets d'une sécheresse plus dramatique que celle de l'an dernier

Tandis que la sécheresse s'aggrave en Afrique noire, les organisations internationales restent très sensibilisées au drame des sinistrés, et les grandes puissances s'efforcent d'accroître leur aide.

M. A. H. Boerma, directeur général de l'Organisation des Nations unies pour l'alimentation et l'agriculture (FAO), a déclaré récemment à Accra : « La sécheresse en Afrique occidentale est cette année plus dramatique que l'an dernier. »

M. Maurice Williams, administrateur adjoint de l'Agence américaine pour le développement international (AID), a annoncé lundi 4 février que les Etats-Unis accorderaient cette année une aide de 81 millions de dollars, venant s'ajouter aux 47 millions de dollars accordés en 1973 aux sinistrés des pays du Sahel. Enfin, la Ligue des sociétés de la Croix-Rouge vient de décider de nouveaux envois de céréales et de lait en poudre.

Une arme politique contre les Touaregs du Mali

De notre envoyé spécial PHILIPPE DECRAENE

(Lire la suite page 3, 3e col.)

L'ÉQUIPE

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IL A TENU !

Robert PARIENTE

UN INTERVISTA CON L'ON. CLAUDE CHEYSSON

La politica della Comunità europea verso il Terzo Mondo

THE GUARDIAN

Arabs dig deep for Africans

From a Correspondent : Cairo, January 22

UN may ask oil States to pay more

From JANE ROSEN : United Nations (N.Y.), January 30

Saudi Arabia, Libya, Iraq, and some of the other oil-producing nations are receiving millions of dollars in free economic and technical aid from the United Nations and many UN members believe the time has come either to halt the programme or to ask the recipients to pay for them.

STUTTGARTER ZEITUNG

Weltbank: Entwicklungshilfe durch Oelpreise ausradiert

Die starke Oelverteuerung trifft auch die Länder der Dritten Welt – Eine Eilstudie der Weltbank

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