

# AFRIQUE

et développement

# AFRICA

development

Vol. VIII, No. 4, 1983



**CODESRIA**

## EDITORIAL BOARD – COMITE DE REDACTION

*Editor – Rédacteur en Chef*

Abdalla S. Bujra

*Assistant Editors – Rédacteurs en Chef Adjoints*

C. Atta-Mills. Thandika Mkandawire

*Director of Publications – Directeur des Publications*

Abdou A. Ly

*Book Review Editors – Responsables de critique des livres*

Haroub Othman (Anglophone Africa)

B. Founou-Tchigoua (Francophone Africa)

*Advisory Editorial Board – Comité Consultatif de la Rédaction*

M. S. Bedrani

P. M. Mbithi

Amos Sawyer

Michael Sefali

Abdoulaye Bathily

Kakuenda Mbaya

Teschome Mulat

*Editorial Office – Bureau d'Édition*

COUNCIL FOR THE DEVELOPMENT OF ECONOMIC AND SOCIAL  
RESEARCH IN AFRICA

CONSEIL POUR LE DEVELOPPEMENT DE LA RECHERCHE ECONOMIQUE  
ET SOCIALE EN AFRIQUE

*Adress – Adresse:*

B.P. 3304

Rue F Angle Léon G. Damas

Fann-Résidence

Dakar - SENEGAL

*Phone No. – No. Tél.:*

23.02.11

*Telex No. – No. Téléx:*

3339 CODES SG.

CODESRIA acknowledges the support of a number of African Governments, the Friedrich Ebert Stiftung, SAREC, IDRC and Ford Foundation in the publication of this journal.

Le CODESRIA exprime sa gratitude aux Gouvernements Africains, à la Fondation Friedrich Ebert Stiftung, à la SAREC, au CRDI et à la Ford Foundation pour leur contribution à la publication de ce journal.

**AFRICA DEVELOPMENT**  
**AFRIQUE ET DEVELOPPEMENT**

A QUARTELY JOURNAL OF THE COUNCIL  
FOR THE DEVELOPMENT OF ECONOMIC AND  
SOCIAL RESEARCH IN AFRICA

REVUE TRIMESTRIELLE DU CONSEIL POUR  
LE DEVELOPPEMENT DE LA RECHERCHE  
ECONOMIQUE ET SOCIALE EN AFRIQUE

**Vol. VIII, No. 4, 1983**

October - December 1983

Octobre - Décembre 1983

*Edited by*

Abdalla S. BUJRA

C.O.D.E.S.R.I.A.



## CONTENTS – SOMMAIRE

<b>A. BENACHENHOU</b> «South-South Cooperation, the Lagos Plan of Action and Africa's Independence» .....	5
<b>T. MKANDAWIRE</b> «Le Plan d'Action de Lagos et la Banque Mondiale – Etude Comparative des deux points de vue sur l'Alimentation et l'Agriculture en Afrique» .....	20
<b>Guy C.Z. MHONE</b> «Distribution and Labor Market Segmentation under Capitalism .....	35
<b>P.W.K. YANKSON</b> «Employment and Income Generation in the Petty Commodity Sector of the Urban Economy: the Case of the Central Region of Ghana» .....	75
<b>Nantang JUA</b> «Towards Renegotiating the Lome Regime: Some (Non-Policy) Options Considered» .....	97
<b>BOOK REVIEWS/REVUE DES LIVRES</b>	
<b>Dr. Mbuy WAGACHA</b> World Economic Outlook 1983 – A Survey by the Staff of the I.M.F. Occasional Paper No. 21; IMF, Washington D.C., 1983 – 242pp. S8. ....	123
<b>FOCUS ON RESEARCH AND TRAINING INSTITUTES/ PLEINS FEUX SUR LES INSTITUTS DE RECHERCHE ET DE FORMATION</b>	
Centre National de Coordination et de Planification de la Recherche Scientifique et Technique .....	127
<b>BOOKS RECEIVED .....</b>	130



# SOUTH-SOUTH COOPERATION: THE LAGOS PLAN OF ACTION AND AFRICA'S INDEPENDENCE

By

A. BENACHENHOU\*

## INTRODUCTION

An analysis of the Lagos Plan of Action is a good exercise which not only reveals a new awareness of the need for a South-South Cooperation but also uncovers every ambiguity and every inadequacy, still encompassed in such a concept. The Lagos Plan of Action may be regarded first and foremost as a political document which was signed by the Heads of States and which, as such, could only reflect a compromise reached by different countries with diversified development options and multifarious economic philosophies. Hence the difficulty of providing it with a univocal theoretical support which can meet the demands of such an analysis. It is a vital document in that, although it is political, it does bring the new requirements for development, perceived by all the leaders to the forefront. Many meetings were held indeed between the African Ministers of Planning, Industry, Commerce and so on for the preparation of the Plan; and the process involved was such that redundancies and contradictions pervaded the document. It is also true that in drafting it, debates on ideas may have led to the inclusion of such a number of elements which are irrelevant to the philosophy behind the writing of this Plan that some people were able to point out many contradictions between the contents of the preamble to the Plan, drafted at a meeting of the Heads of States in Lagos in April 1980, and that of the Plan itself, which was worked out by experts and technicians. In spite of all these difficulties the Lagos Plan ought to be regarded seriously for three basic reasons.

1) The Lagos Plan of Action is a position taken in favour of the establishment of an African Economic Community by the year 2000 and henceforth it sets off a process which is bound to grow, in principle. To talk about an African Economic Community does make sense only if such a community is considered in relation to the world power system referred to elsewhere. Is the question involved then one of creating an African Economic Community in order to expand markets and allow the free movement of goods and people to the advantage of the prevailing system? Or is it one of deciding upon a regional approach to a self-dependent development with respect to the power system dominating the world economy?

2) The Lagos Plan of Action also represents a formal awareness of the crisis which «transferred growth» is going through. It is not by chance that African countries submitted the Lagos Plan to the General Assembly of the United Nations Organization, as a working document, when the Assembly was preparing the strategy to be adopted for the Third Development Decade. It is a fact that the third strategy of development which is highly inspired from the Lagos Plan, as opposed to the previous two.

---

\* C.R.E.A., Algeria.

## 6 *Africa Development*

has revealed that transferred growth could not be relied upon to propel the development of Third World Countries. The international community is growing aware of the fact that a world economy which is undergoing a crisis cannot be expected to stimulate growth in Third World countries when the past 25 years of an expanding world economy failed to do so. The philosophy of a self-reliant development openly advocated by the Lagos Plan and partially taken up in the Third Development Decade does disregard the theory of «transferred growth» propounded and criticized above. Whereas academic people came to such a realization a long time ago, it has just dawned on politicians and one can only welcome this. To be sure, some African politicians had already called in the past, for a self-dependent development as being the only possibility for the future. But it is the first time that the African Heads of States, as a whole, share such a belief in an official paper. However as we shall see it later, a few inconsistencies in the reasoning prove that it was a compromise.

3) The basic principles in the Lagos Plan have turned this Plan into a political stake now. It is indeed not excessive to assert now that Africa has to choose between two philosophies of development: the philosophy recommended by the Lagos Plan and that underlying the report made by the World Bank on development in Sub-Saharan Africa. Unfortunately enough, this report was prepared at the very request of many African Ministers of Finance who somehow, may have regarded as strategic to turn their backs on the paper prepared in Lagos by their colleagues, Ministers of Planning. As we shall see, the Berg Report recommends a development policy and philosophy which are basically at variance with those in the Lagos Plan. Such a basic opposition in the plans compels us to make in-depth analysis of both views to see where they differ. It is not wrong to state therefore that the future of Africa is the stake of two major conceptions of development: one emphasizing a self-dependent development whereas the other one advocates a dependent development. Hence the seriousness with which the Lagos Plan should be viewed. We shall consider its contents in two sections; one of which will focus on the cogencies and deficiencies of the Lagos Plan while the other one will examine the internal and international conditions for its implementation. In the conclusion the challenge of the Berg Report will be briefly considered.

### *FIRST SECTION*

#### **COGENCIES AND DEFICIENCIES OF THE LAGOS PLAN**

The uneasy reading of the Lagos Plan of Action stems from a very simple reason : the various parts were obviously drafted by different teams and were not even harmonized once the writing was achieved. The various chapters differ in value and significance, which leads to a number of difficulties in the analysis. After presenting the major inputs of the Plan, we shall consider its ambiguities and attempt to find out its omissions.



## **1. Major Inputs**

The Lagos Plan basically argues that African development cannot be the automatic by-product of the world economic system. This argument probably constitutes the innovative core of the Plan and it is taken up by critical contemporary debates on dependent and unequal development.

The international systems of pricing, of transfer of technologies and the present conditions of control of the economic power discard the idea, strongly defended by the traditional theory that: the sub-sections of the world economy and particularly its under-developed sub-sections, as a whole, automatically gain from its own growth. This basic proposition of the Plan may be considered in its various facets, especially the major ones.

The first fundamental idea enunciated is that development should be self-dependent, and this statement is most forcefully expressed in the preamble. Indeed the Heads of States declared that: «Thus, Africa is unable to point to any significant growth rate, or satisfactory index of general well-being, in the past 20 years. Faced with this situation, and determined to undertake measures for the basic restructuring of the economic base of our continent, we resolved to adopt a far-reaching regional approach based primarily on collective self-reliance». Such a reference to the restructuring of the economic bases of the African continent is highly significant when one knows that Africa ranks among the most subordinate continents in the Third World. As we noted, a self-dependent development implies that the orientation and the pace of development are no longer imposed from the outside, and that surpluses squeezed out of the African economy should be prevented systematically so as to promote an endogenous dynamics of accumulation.

The second basic concept in the Plan is the need for a supervision of foreign business. It is a recognized fact, indeed, that African natural resources, and its industrial sectors are highly controlled from the outside. The Lagos Plan of Action advocates therefore the supervision of the owners of Capital and more directly, of their mode of operation specifically in technology. The Lagos Plan also re-asserts that Africa's natural resources should be controlled by Africans. There is no use developing, here, the significance of this principle of sovereignty over natural resources any further. It is a known fact that Africa is one of the most endowed continents as far as mining resources are concerned. It is also known that this mineral wealth is extremely diversified and that Africa's share in the world exports of numerous ores, is substantial, precisely in view of its present low level of consumption due to insufficient industrialization. Africa is endowed with tremendous mining reserves and, such comprehensive areas of the world economy as the E.E.C. are heavily dependent upon Africa for iron ore, uranium, copper, manganese and cobalt. The amount of the State budget, the volume of imports, the operation of the other sectors and hence the job opportunities, all depend upon Africa's mining revenues. This statement in principle which is already included in the requirements for the new international economic order, and taken up by the African Heads of States, appears most highly significant to us.

The third major input of the Lagos Plan is the imperative of food self-sufficiency advocated in it. Everybody is aware of the past African excess production of food, and of the growing dependence of the continent on imports today. Indeed, Africa accounts for 8% of the world food consumption while it only contributes 3% to the world food production. Food dependency is explicitly denounced in the Plan which highlights great potentials for saving crops, promoting productivity (on a continent on which the output potential is still greatly under-used) and for rapid growth of massive food products including rapid growth of stock-raising.

The fourth major input of the Plan concerns the development of energy. The drafters of the Plan were right to try and avoid mentioning the energy problems only in terms of financial resources for the import of petroleum, as this would have been a trap. Instead, it was pointed out that the energy issue could not be solved by simply paying petroleum bills. The development of energy obviously requires an African policy of determination to increase the number of sources of supply, particularly in the field of renewable energy and in such traditional sources of energy as coal and hydro-electricity. Even though oil-producing countries as well as their specific part in the development of the African continent are mentioned somewhere, we cannot but welcome the fact that the Lagos Plan fits into the only acceptable logics of energy development, i.e., the increase and diversification of supplies, in pursuance with the resolutions passed to this effect by the group of 77, specifically, and by the other international circles, generally.

Not only does the Lagos Plan encourage the development of energy but it also advocates further industrialization of the African continent. For us the issue of industrialization appears to be adequately raised since the Lagos Plan emphasized mostly the need for a domestic-market-g geared industrialization. The economic sense in such an industrialization easily appears. This form of industrialization is mainly geared towards agricultural needs, the satisfaction of the needs of most people, and the expansion of the endogenous industrial base through mechanical and electric power industries. The question of industrialization is therefore properly put even though, as we shall note later, there are still ambiguities in this area.

Another appreciable input of the Lagos Plan is its stand on technological issues. The chapter on science and technology which is the longest in the Lagos Plan stresses the national and regional promotions of African scientific and technological capabilities. It is very clearly recognized in this Plan that importation of technologies into Africa should be regulated and that African businessmen should co-operate in the process involved in the purchase of technologies. The Plan also points out the urgent need and the possibility to take an action in the area of technological cooperation; action which is to be extended to include other Third World countries. It may be useful to note here that a unilateral regulation on technology imports into Africa is being considered, without having to wait for the approval of foreign business.

The last vital input is the denunciation of diversion plans which unfortunately were massively produced in the past by Africa. The parts concerning planning greatly contribute, in our view, to the formulation of an economic doctrine in Africa, particularly for the organization and planning

of national economies. These parts also highlight the actual meaning of a regional cooperation which cannot materialize unless investment and production plans somehow complement each other in a coordinated logic of development.

In view of all these inputs, the Lagos Plan may be seen, at a doctrinal level, as a questioning of a purely liberal perspective of African development and, as such, it fits into the over-all Third World approach in seeking for a new international economic order. But these vital inputs should not prevent our noting a number of ambiguities which need to be identified, not simply to criticize the Plan but, instead, to add to it.

## 2. *Ambiguities*

It is easy to find a number of ambiguities in the Lagos Plan, which probably result from the need for the document to be approved by African States with diverging political, economic and social orientations. Furthermore, as we already mentioned it, the very approach used in drafting this Plan could not ensure absolute consistency. We identified three types of ambiguities requiring attention because they are at the root of difficulties in the implementation of the Plan. The first set of ambiguities originates from the sectorialization of actions to be undertaken. Several ambiguities concerning the contents of the land policy, of the industrial policy, of the technology policy, of the role of science and technology etc... should be noted here.

There are many ambiguities in the land policy. Indeed, the land reforms are not very clear in their formulation and although the following is not a general rule, it is a known fact that not only transnational corporations but also land bourgeoisies are highly influential in many African countries. However, the Lagos Plan seems to set its hopes mainly in a poor, middle class peasantry which is organized into cooperatives and which therefore controls its own output and directly benefits from agricultural developmental actions.

There is, of course, nothing more national than a land reform policy, but one should still point to the potential contradiction between the land control status and the objectives of growth of the African food production. There is yet another ambiguity in the agrarian field concerning the types of crops to be grown on the land. Indeed, the Plan does emphasize the need for the development of food crops without however neglecting the growth of cash crops, namely for exports. Such an ambiguity may be of little significance if the competition between the area occupied by food crops and that occupied by cash crops for exports is low. This varies of course with countries but the ambiguity still exists for countries in which such a competition occurs. Finally in this very field there remains an ambiguity on the status of agricultural research. It appears from a number of paragraphs that, as in the past, agronomical research will remain geared essentially toward export crops detrimentally to research oriented towards the growth of food crops, which is imperative. Several ambiguities may be identified in the industrial field. We shall only mention the major ones.

The first one originates from the desire of the authors of the Plan to try and establish deadlines for industry, with respect to the world economy. Of course such a wish to use the 25% Lima objective as a reference is commendable. But it is obvious that quantitative deadlines have no meaning for an industrial development geared toward domestic markets; and yet this is what the authors of the report are endeavouring to do.

The second ambiguity concerns a concept mentioned in a number of paragraphs in the Plan: that of a world industrial re-deployment «ensuring its member-states of the achievement of the Lima objectives». Such a reference to industrial re-deployment makes one wonder whether industrialization is not viewed sometimes as a process which depends upon the present industrial re-deployment process set in motion by transnational corporations. One does wonder all the more so, as the question of external funding and of access to external markets is often raised in the Plan on the subject of industrial development; as if once in a while, the philosophy of further industrialization in the Plan was being replaced by that of an extrovert, externally financed industrialization which is turned toward outside markets. This second ambiguity in the industrial sector should indeed be identified since it has been proven from other countries' experiences that extrovert industrialization always implies less democracy so as to make workers submissive and keep their buying power unchanged. Extrovert industrialization is an open door to authoritarian regimes. Finally in this same industrial area, a third ambiguity stems from the fact that small industries and small-scale enterprises are mentioned at times as being the mainstay of industrial development. Yet, without excluding the development of small industries and small-scale businesses, it is common knowledge that the latter are not capable of carrying out a long-term industrial development on their own particularly in view of their dependency on technology and equipment. Numerous ambiguities may also be pointed out in the Plan, in the areas of education, science and technology. First the Lagos Plan errs in its over-optimism on the role of education and science. One feels sometimes that both the development of the scientific and technical aspects of education and that of scientific research are seen as being the best way of solving the developmental problems of the African continent. Yet it is widely recognized that despite the fast growth of schooling on the continent, in the primary and secondary educational system, economic growth rates remain well below expectations. Also, whatever the significance of scientific research, its development cannot on its own solve every development issue if economic power does remain mostly beyond the control of endogenous forces.

The second ambiguity on technology lies in the Plan's argument that the major difficulty confronted in this area by the African continent is the lack or the inadequacy of performances in the use of imported technologies. Suggested actions to remedy such a situation betray the implicit perception of technological problems per se. Indeed the popularization of technology in rural areas, vocational training, educational reform, development of industrial research all constitute, as is noted, the major factors needed to make a rational use of imported technology and to develop techniques that are relevant to the African development. This view of

technological control is, obviously, limited to the control of the use of techniques which are developed in other places; and one may argue that such a perception refers, in a way, to two theoretical bases which are in complete opposition with the philosophy of self-dependence implicit in the Lagos Plan with respect to the world system. Indeed, if the implicit model adopted is that of exports, it becomes indispensable to have a good command of imported technologies for competitiveness. If on the contrary the implicit model adopted is that which satisfies basic needs – and this is not a strategy for the development of systems of production but rather one for the management of extreme poverty as it has been called elsewhere – it may be wise to formulate technological policies which will focus on the control of imported technologies. The vagueness of the institutional organization of the economy, which could promote a local technological development also adds to the ambiguity on the status of technology. Indeed, in spite of statements on the need to control technology imports and to encourage local capabilities in scientific and technological development, one gets the feeling, after reading the chapter on science and technology that although it teems with institutions designed for scientific and technological development it omits the vital tools of such a development, i.e., those needed for the control of foreign trade, for the regulation of technological activities undertaken by transnational corporations established in Africa and for planning the development of local scientific and technological capabilities. Thus it appears from several paragraphs that a coordination between a policy on technology imports and a policy of development of local scientific capabilities is seen in the worst possible light and that it is limited to the creation of numerous institutions which are supposed to produce a technological growth from their results and also to generate internal flows of technological changes.

On the whole, the national structures set up to increase scientific and technological self-dependence are in fact hardly analysed. The major question is therefore as follows: can self-dependent accumulation, through the very principles enunciated in the Lagos Plan, be reconciled with technological dependency which results from positions taken as far as the simple control of imported technologies is concerned? At any rate, between the writings concerning science and technology and those on industrial development there are contradictions which appear clearly, for example, through the lengthy paragraphs devoted by the writers of the Plan to the theory of relevant technologies, which is conceived as a theory of technology linked with the endowment in factors. And we have seen elsewhere how purely ideological the theory on endowment in factors is, how its technical function consists in reproducing dependency.

The second set of ambiguities concerns the identification of developers. After a first reading of the document, one feels that the State and the public sector are the major actors in the development outlined by the Lagos Plan. For instance the Plan states that: «the Summit takes note of the serious implications requiring both an immediate break from traditional patterns and concepts and a departure from non-functional, internal, economic structures; such structures need to be disregarded and new approaches ought to be developed for the type of process of development that Africa should adopt in the 80s. The success of such approaches will depend upon

the political will of and the commitment made by member-states to this effect». Next to this argument in favour of public action for development appear paragraphs advocating mixed economy, although the characterization and the structuring of such an economy are not quite clear.

For example, although the economic and political power of foreign actors is common knowledge, there is no clear definition of the major position taken on these actors in Africa. The question of the status of developers is obviously crucial. As a matter of fact one does not see how the agricultural sector, particularly as regards food crops, may be developed unless the land tenure systems are re-organized and the instruments of planning extended. Another question is: how can the sectorial and technological requirements of further industrialization be reconciled with an altogether liberal status granted to foreign investments in Africa? Finally the discipline required by the Lagos Plan in importing technology is not very consistent with the intensification of internal flows of technological changes within transnational corporations settled in Africa. A final major difficulty in the field of economic cooperation lies in the fact that inter-African cooperation in production cannot be reconciled with the still undetermined status of foreign actors in Africa. As we shall see later, the experience of African common markets is quite explicit from this view point.

Another ambiguity relating to the actors of development and of cooperation concerns what might be defined as too «geographical» a view of cooperation. Indeed on the subject of regional cooperation the authors of the Plan tend to think that the geographical vicinity of States is a factor that not only encourages the development of cooperation but is necessary for it. However, and we shall hark back to this, geographical neighbourhood is meaningful only where there exists a community of political view. Furthermore, in view of the present economic conditions of neighbouring African countries, it often happens that the latter have production structures which compete more than supplement each other, especially in the area of agricultural and light industry developments. Such a geographic view of cooperation is open to criticism, for, it is known that the development of communications, namely by air and by sea, has generated possibilities of cooperation even between distant countries sharing, however, the political will of cooperating. Besides these ambiguities there are omissions in the Lagos Plan which unfortunately, cannot but be mentioned.

### 3. *Omissions*

The Omissions in the Plan are more or less significant but we shall only mention the most obvious ones. One is sometimes stunned after reading the Lagos Plan that a number of issues which are crucial to Africa are neither identified as means to implement the Plan nor as obstacles to its implementation.

First, nowhere in the Plan is any supervisory system over Africa's non-agricultural land and enterprises — specifically mining enterprises — identified. Such a lacuna obviously makes it very difficult to understand how the present dependent African economy can actually turn into such an ideal situation as an independent African Economic Community by the end of this century. The Plan fails to appreciate the effective obstacles set in the

way of the promotion of industrialization and of the development of science and technology etc... by foreign control over production activities. The Lagos Plan and its suggested actions often postulate a state supervision of production activities, without this being clearly enunciated.

The second significant omission is the non-assessment of conditions existing in African countries. Indeed, most African countries establish bilateral or multi-lateral relations of cooperation which obviously have implications on their capabilities to self-determine their domestic economic policies and their intra-African cooperation policies. For example most of them are members of the Lome II agreement which requires that they take specific actions and that they make specific commitments.

In other words the Lagos Plan is not very explicit about the possibility of re-organizing the international economic relations of African countries, especially since the implementation of the Plan necessitates such a re-organization.

A third major lacuna is the non-appraisal of old intra-African cooperation policies. We know that these policies failed in general and that institutional inflation is the only historical factor which is blamed for this failure. It would have been useful in the Plan to try and make even a partial assessment of circumstances in which these cooperation policies were launched and of the reasons why most of them failed. This would have been of use in the consideration of the various present possibilities; it would also help avoid past mistakes.

Finally, a crucial omission by the Plan is the lack of consideration of issues concerning the financing of development. The question raised is not really one of wondering how much funds the implementation of the Plan will require – the latter itself being hardly quantitative – but rather one of reflecting upon concrete conditions for financing African development from within Africa. Two types of considerations would have been necessary. First, an analysis on the ways to increase African funding potentials. With regard to this, only careful studies on the control exercised over natural resources, on the status of foreign actors, on states pricing policies vis-a-vis farmers, could have prompted a more scientific analysis of ways to keep within Africa the economic surplus which is now being squeezed out from abroad. In view of the uneven endowment of African countries in natural resources, this could have also led to a careful study of the various forms of financial cooperation established between unequally endowed countries. Instead, the Plan merely urges countries which are now wealthy to make part of their resources available to countries which are now poor.

Secondly, it is our view that we are being confronted with a number of internal problems related to the issue of financing development in Africa, which should be mentioned here. It is not an over-statement, indeed, to assert that high potentials of accumulation are being wasted now although they are useful to development. Hence, on the question of financing development we have to deal with a serious problem of waste of local resources. Therefore the issue of public finances becomes crucial with respect to all the expenditures made on arm equipment, on the police force, on the unproductive work accomplished by the administration. Without excluding that a

number of African countries need to keep up armies because of the imperialist aggression they are under – we are specifically referring to such countries as Angola – substantial savings can be and should be made for the self-financing of development. Foreign assistance, obviously, will not solve this issue because external funds, as a rule, go hand in hand with a control of the economic power; furthermore the continuation of dependence on external financial sources will somehow maintain the economic dependency *per se*. Past experiences unfortunately substantiate such a statement.

## SECOND SECTION

### INTERNATIONAL AND INTERNAL CONDITIONS FOR THE IMPLEMENTATION OF THE LAGOS PLAN

The implementation of the Lagos Plan, conceived as being a set of principles of actions for Africa's development, will depend upon the prevailing international and internal conditions in the next two decades. These conditions will indeed determine whether the Lagos Plan's major inputs in the search for a self-dependent, collective development will outweigh its (the Plan's) contradictions and its ambiguities. This is why a specific identification of such international and internal circumstances is useful.

#### 1. *International Conditions for the Implementation of the Lagos Plan*

The Lagos Plan – if it can be referred to as a plan when, in fact it consists of a set of principles of actions – should be implemented in an international context which not only generates constraints but also provides possibilities.

Three major constraints may be identified now:

The first one is formed by the existence of the Lome Agreement and the present conditions in which it is operating. As we have shown elsewhere, the overall results obtained from the operation of the Lome Agreement seem to be more in keeping with a solution to European problems in Africa than they are with an actual solution to African problems. We have also considered elsewhere the contents and the limitations in the operation of STABEX, the contents and the limitations in the European Community's assistance to ACP countries. With respect to all these considerations, it is essential, in our view, that Africa gets mobilized and develops its own technological means – in this time of reflection and preparation of the Lome III Agreement – to start such a negotiation in good conditions. Indeed we should take advantage of the new frames of mind in which the commission is and especially of those of the leaders of cooperation and development in order to try and promote a number of ideas and principles which may contribute to the implementation of concrete actions, amenable to the development of African countries. We should not miss such an opportunity, otherwise the results from the operation of future agreements will remain on the whole negative.



There is a second limitation in what we may call the temptation of easy solutions. Africa has such a debt burden today, that African countries may, as a matter of fact, be tempted to resort massively to external financing for direct investments. However this shall impact on the direction to be taken by development and cancel the possibility of achieving self-dependent development. With regard to this, it is to be feared that Africa might be tempted by solutions which are apparently propitious to its development but which in the long run will only increase its dependency. Its wealth in mineral resources and its high potential of production obviously may attract external funds but if these are not checked, they will reinforce the extraction of the African surplus instead of consolidating its economic base.

Finally, the third constraint lies in the heavy dependence of present international trade flows on export credits, bank loans and direct investments. The prospect of an inter-African cooperation and the increase of inter-African trade may therefore run into well-established financial and commercial networks. The danger to be avoided here is that cooperation among African countries merely becomes a way of extending areas of influence of foreign capital. For example cooperative relations in the field of food should not be launched by agro-business companies which are already settled in Africa. The increase in trade, considered as such, does not prove that cooperation is generating development if the commercial, industrial, agricultural strategies used are formulated abroad.

In spite of these three international constraints which are now exacerbated through the competition undertaken by the various industrialized countries in order to find new markets or to maintain the old ones or in order to acquire new sources of mineral supply, there are possibilities generated by the international context. It is granted that cooperation between Europe and Africa may be a driving force in the implementation of the Lagos Plan under certain circumstances. However the principles and the conditions of implementation of such a cooperation, the assessment of its results, all need to be altered. In our study on France and the Third World we have dwelled on the principles and the areas of cooperation between Africa and France, which are likely to be developed; but this line of argument also holds true for some other European countries. It would not be excessive to state that it is high time for us to think systematically about establishing a Charter of cooperation in which State to State agreements should gradually take precedence over market forces. We are also calling attentions on the fact that it is essential for the Franc Zone to be re-organized along the lines we have stressed above.

Cooperation between developing countries undeniably constitutes the second international condition for the implementation of the Lagos Plan. From this point of view the mechanisms and the contents of the programme adopted by the group of 77 on South/South cooperation in Caracas, in May 1981, may open great possibilities for the development of Africa and the implementation of the Lagos Plan. Concerning the latter one can only welcome the fact that the Heads of States explicitly planned for a collective, self-dependent development which should not prevent cooperation with other developing countries, be it in the field of technology,

energy, capital goods etc... Such an option for overt Pan-Africanism deserves attention, especially since a regulated development of such forms of cooperation offers great financial and technological possibilities. Finally, and this is enhanced by some paragraphs in the Lagos Plan itself, exchanges with Eastern countries and the participation of some developing countries in COMECON will probably have to be considered seriously in the light of experiences acquired. Cooperation between Africa and Eastern countries can neither be overstressed nor minimized. Indeed a shrewd analysis of the constraints bearing over Eastern countries, which minimize or reduce their potential for cooperation with Africa, could uncover actual potentials for development if, and only if, rules are established for the valorization of African raw materials, of a real transfer of technologies toward African countries and of a technical assistance based on a spirit of cooperation. An in-depth study of all these international possibilities should be carried out in order to determine principles of actions which should be supported individually or collectively by States.

Finally the implementation of the Lagos Plan depends upon the continuation and upon the success of over-all negotiations for the establishment of a new international economic order. Bearing this in mind one can only welcome the fact that the Heads of States, meeting in Lagos, thought it advisable to make and accept a recommendation on overall negotiations and on the role Africa is to play in these negotiations. Indeed one cannot delude oneself into believing that the actions envisaged by the Lagos Plan for the valorization of natural resources, the transfer of technologies, the transfer of funds for development or food self-sufficiency, will materialize without a prior substantial re-organization of international economic relations, which is the explicit objective of the process of Overall Negotiations. In supporting such a recommendation, the Heads of States, meeting in Lagos, want to express their strongest support to the Global Negotiations as means to carry out the Lagos Plan itself; this plan has indeed international impacts which cannot be under-estimated. On the whole the international situation not only offers possibilities but it also carries limitations and only a common political will of African States can help take advantage of the world economic system without depending on it.

## 2. *International Conditions for the Accomplishment of the Lagos Plan*

In the Lagos Plan, Africa sets such ambitious objectives for itself as a yearly 7% increase of the Gross Domestic Product, an annual 9.5% increase of the industrial output and a 4% increase of the agricultural production per annum. These objectives are high compared to the results obtained in the 1970 decade, since the average growth in the past ten years ranged around 3 to 4% per annum. As to the industrial growth (including petroleum) it did not exceed 3% per year and agricultural growth stood at 1%. The inflation rate was high with a yearly 11% estimate. Concerning economic structures, production was so poorly diversified that some people attributed most of the 1970 performances to four petroleum-producing countries in Africa, that is, Algeria, Egypt, Libya and Nigeria, which seem to account for 65% of the African gross product. External trade including both imports

and efforts has remained massively turned towards the West — and the former colonial powers still hold an important part in it despite a budding diversification — whereas an excess investment has been reaped through external assistance as against the local savings which have remained dramatically low because of the surplus squeezed out from the outside. These objectives which are ambitious compared to past accomplishments show that it is necessary to carry out an analysis of internal conditions for the achievement of the Plan in view of the potential depression of the market of raw materials and of the possible limitations of public aid to development — be it an aid from the West or from OPEC countries — by the world economic crisis. Hence the significance of domestic conditions in the consideration of the implementation of the Lagos Plan. We have to examine possibilities and also potential problems.

Africa has great economic potentials; it abounds in mineral, energy and non-energy resources; its agricultural possibilities are far from being negligible and it is worth mentioning that the 4% yearly growth objective for the agricultural output is not excessive in view of the fact that 50% of the African land is still uncultivated. Finally, Africa has an increasing human potential with national varieties even though educational systems are still below the quality requirements of a national economic development and even though the diploma syndrome (or unemployment of graduates) is breaking out here and there. These economic potentials can only become an asset for Africa if an explicit, consistent, steady will can be mobilized to develop them. One of the major political restrictions to the realization of the Lagos Plan is obviously the frequent lack of genuine national plans of self-dependent development.

Without such plans, it is difficult to imagine how domestic economic policies can be formulated and, all the more so, how economic policies of cooperation can be inter-linked. One may easily argue that genuine cooperation which promote interdependent development requires the previous emergence of a worthwhile national Plan within the nation which is the shaper of peoples' political wills; otherwise cooperation and development may merely become tools for external plans which will be forced upon Africa as, unfortunately, it was the case in the past. Finally the question of the implementation of the Lagos Plan refers us to the major issue of the shaping of peoples' political will which can, on its own, ensure a development geared toward the satisfaction of the majority needs — with the population participating in the formulation and in the implementation of plans — in keeping with the populist view expressed by the authors of the Lagos Plan. To give but one example, in the area of industrialization the expansion of domestic markets and the management of the over-all demand are highly political issues embracing urban-rural relations, the nature of the distribution of urban revenues etc...

In this area, the economist should yield to the social scientist although the former can present a few arguments on the social bases of independent economic policies. The relationships between States and peasantries form undeniably the primary social base. It can be shown indeed that the Third World and the African food crises, and more generally their agrarian crises, are determined in the end by the political subordination of

small farmers and by the lack of peasant plans with a political scope. Rural development in Africa and its impacts on foods, obviously cannot materialize without a questioning of the actual political dissociation of States and peasantries, without the struggle against the use of these peasantries, as tools, by the urban world and more generally, without the emergence of national development plans which, we repeat, are a pre-requisite for a worthwhile sub-regional or regional cooperation. Other pre-requisites for this emergence are a higher political participation of the urban popular strata through political tools which will ensure it and the explicit formulation of development strategies which will advance both the interests of the peasantry and those of the urban popular strata. When the Heads of States adopted the Lagos Plan, they must have regarded all the economic and political factors involved in the implementation of the Lagos Plan as elements expressing the hopes of African peoples. To conclude, let us make a summary analysis of the challenge of the World Bank Report to Africa.

### CONCLUSION – THE BERG REPORT AGAINST AFRICA

While Africa was adopting, in Lagos, a set of principles of actions designed to liberate African development from the dependency and the domination of the world economy over this continent, the World Bank was disseminating a report written by Professor BERG on the development of Sub-Saharan Africa. According to the basic argument underlying this report, which is completely at variance with the principles advocated in the Lagos Plan, African development can only be the by-product of the world economic development and it can only fully materialize through the free play of the forces of the market. Besides the usual references to climate, relief, population, growth and mentalities, this basic hypothesis which, after all, simply represents the projection of the Reaganomics «Gautasms» on Africa, is propounded in three principles of actions suggested to Africa, which, put together, can only lead to more dependence and extreme poverty.

The first principle of action is an extrovert agricultural growth which is fostered by an encouraging pricing policy for the most dynamic producers; a growth which is highly based on the devaluation of African currencies. However nothing in our past experiences can make us believe that this is a good recipe to be followed, knowing that devaluations and higher exports are only significant in relation to the commercial structures which are now totally controlled by foreign businesses. It should be noted incidentally that the World Bank seems to have done away with its argument that small-and medium-size farm estates foster agricultural growth and that the Berg Report advocates big estates and land capitalism.

The second action suggested is the development of private enterprise rather than public actions in the economic sector. This proposition is the product of a belief which is yet to be proven that private enterprise can, on its own, have developmental impacts on the whole society whereas it has been proven by historical experiences, including recent experiences in

the United States of America, that the forces of the market do not necessarily generate development especially in the case of dependent economies.

Finally, as third principle of actions, it is suggested to curb industrial development in view of its high cost and its inefficiency. The adoption of such a line also suggests that the Berg Report is designed to keep Africa within the unfair boundaries of the international division of labour which makes Northern countries, industrial producers and African countries, developers of agricultural and mineral resources. Never has the theory on endowment in factors been so clear and never has it seemed so ridiculously shaky.

The challenge of the Berg Report to Africa shows that there are many stakes involved here. We have two options: 1) a sovereign African continent in charge of its own natural resources and of its economy, self-organizing its development and open to cooperation when it profits both partners or 2) an African continent which is open to foreign interests, plundered of its natural resources and which will go on sheltering the least advanced countries in the world and the most disgraceful poverty.

## RESUME

*L'article de A. BENACHENHOU se situe dans le cadre d'une analyse globale du Plan d'Action de Lagos (PAL). L'auteur y étudie les points forts et faibles du PAL ainsi que les conditions nationales et internationales de son exécution. Il conclut ensuite par une analyse concise du défi que constitue le Rapport Berg.*

*Analysant les éléments nouveaux contenus dans le PAL, l'auteur les place d'abord dans le cadre d'un contexte nouveau de développement qui n'en fait plus un sous-produit du système économique mondial, puis dans celui d'un contrôle plus strict des opérateurs étrangers sur les ressources naturelles africaines et enfin dans celui de la condamnation de la dépendance alimentaire de l'Afrique et de la nécessité d'une auto-suffisance dans ce domaine.*

*Dans la deuxième partie de cet article BENACHENHOU note que la mise en application du PAL dépendra des circonstances exogènes et endogènes qui vont prévaloir dans les deux prochaines décennies. Il est vrai qu'il existe des contraintes au niveau international dont il faut tenir compte. Cependant ce contexte offre aussi des possibilités qu'il faut exploiter.*

*En outre, dans la mesure où des potentialités économiques non négligeables caractérisent les situations nationales, on peut noter l'absence fréquente de véritables projets nationaux capables de générer un développement autocentré.*

*L'auteur conclut son article par une brève analyse du défi du Rapport de la Banque Mondiale pour l'Afrique. Ce Rapport qui est en contradiction absolue avec les principes du PAL, exprime le point de vue que le développement de l'Afrique ne peut être que le sous-produit du développement économique mondial et qu'il ne peut être atteint que par le libre jeu des forces du marché.*

# LE PLAN D'ACTION DE LAGOS ET LA BANQUE MONDIALE. ETUDE COMPARATIVE DES DEUX POINTS DE VUE SUR L'ALIMENTATION ET L'AGRICULTURE EN AFRIQUE

Par

*Thandika MKANDAWIRE\**

## INTRODUCTION

La faiblesse de la production agricole de l'Afrique est un fait qui n'est plus à démontrer ; néanmoins il convient peut-être de rappeler quelques chiffres. De toutes les grandes régions géographiques étudiées, l'Afrique est la seule dont la production alimentaire par habitant soit tombée au cours des années 60 et 70. Alors que dans les années 60 le taux de production agricole – agriculture et élevage – se maintenait difficilement autour de celui de la croissance démographique, à partir de 1970 la production agricole augmentait de 1,3 % par an alors que le taux de la poussée démographique enregistré était de 2,7 %. La situation était des plus graves dans les pays africains au Sud du Sahara. En effet le Tableau 1 montre que, sur les trente-deux pays pour lesquels l'on a pu obtenir des données, huit seulement ont maintenu ou dépassé les taux de production alimentaire, par habitant, atteints entre 1969 et 1971. Il importe de signaler qu'en Afrique cette chute de la production a été enregistrée tant au niveau des cultures vivrières qu'au niveau des cultures d'exportation et le phénomène auquel nous sommes confrontés n'est donc pas en fait celui d'une « crise alimentaire » mais plutôt celui d'une véritable crise agraire. Il nous faut nous en souvenir car le slogan en vogue de « l'alimentation d'abord » altère peut-être considérablement les problèmes que cela implique. Par ailleurs, dans les pays où la production s'est accrue, l'extension des surfaces cultivées en était responsable pour une grande part. Le rendement était en réalité resté le même par rapport à la surface cultivée et à la main-d'oeuvre utilisée (World Bank, 1981 A). Le fait le plus inquiétant concernant ces tendances dans la production est que celles-ci se soient dégagées malgré les sérieux efforts d'investissement déployés et l'intensification de l'utilisation d'intrants agricoles. Par exemple le taux d'emploi d'engrais s'est accru en moyenne de 9,7 % par an et comparé à celui de 10,2 % dans les autres régions sous-développées et à celui de 5,7% pour le monde entier, il est satisfaisant (World Bank, 1981 A).

---

\* CODESRIA, Dakar, SENEGAL.

Tableau 1 : Indice moyen de la Production Alimentaire par  
habitant 1977-1979  
(1969-71 = 100)

Angola	85	Mauritanie	75
Benin	97	Mozambique	75
Burundi	105	Niger	89
Cameroon	110	Nigeria	87
Central African Republic	102	Rwanda	107
Chad	91	Senegal	88
Congo	81	Sierra Leone	87
Ethiopia	84	Somalia	85
Ghana	82	Sudan	105
Guinea	86	Tanzania	94
Ivory Coast	102	Togo	81
Kenya	92	Uganda	90
Lesotho	100	Upper Volta	93
Madagascar	94	Zaire	90
Malawi	100	Zambia	99
Mali	88	Zimbabwe	100

Source : *World Development (1981 B)*.

Il est manifeste que la poursuite de cette tournure prise par la production ne saurait se défendre, que ce soit au niveau politique ou au niveau économique. Ainsi, si l'on s'en réfère aux projections de la FAO en 1980, la production agricole par habitant ne connaîtrait aucune amélioration substantielle entre 1980 et l'an 2000 contrairement à l'hypothèse selon laquelle la production pendant ces années serait plus élevée qu'au cours des deux décennies précédentes, traduisant ainsi la reprise tant espérée par rapport à la situation de la dépression agricole des années 75 à 80. En fait la situation serait même plus grave. Alors que d'après les estimations, le taux de la production agricole devrait s'accroître de 2,8 % par an pendant les deux prochaines décennies, la demande, quant à elle, augmenterait de 3,7 % et le taux démographique de 3,0 %, situation qui ne saurait se poursuivre que dans la mesure où le volume des importations de produits agricoles serait amplifié.

## LA CRISE : DIMENSIONS POLITIQUES

Ces chiffres cachent la réalité sinistre de la sous-alimentation et de la famine. Les déclarations politiques sur la crise font parfois état d'écœurement moral face à ses retombées sur l'homme, mais les gouvernements restent en général impassibles devant ces considérations d'ordre moral. Ce sont plutôt les incidences de la crise sur la viabilité fiscale de l'Etat, et les menaces que cette crise peut représenter pour la stabilité politique de l'Etat, qui les font entrer en action. Nous allons par conséquent

voir brièvement comment les gouvernements perçoivent la crise, ne serait-ce que pour situer les options politiquement viables ou acceptables dont disposent les gouvernements africains dans leurs contextes appropriés.

Pour les gouvernements, l'agriculture a des fonctions bien précises à assumer : la responsabilité de l'acquisition et de l'épargne des devises lui incombe ; elle est censée contribuer au bien-être fiscal de l'Etat ; il lui appartient, semble-t-il de mettre un frein au flux d'urbanisation rapide ; elle devrait également subventionner le processus de l'industrialisation en fournissant à bas prix, les matières premières et un élément essentiel de «l'enveloppe salariale» ; l'alimentation. Les gouvernements estiment également que la crise est liée au fait que l'agriculture n'ait pas pu remplir ces fonctions et non à l'absence d'une amélioration des conditions de vie des producteurs directement concernés. Pour être plus précis les causes immédiates des préoccupations des gouvernements africains sont les suivantes :

a) La crise agricole menace la stabilité politique en raison de son évolution et de son incidence géographique. Elle se caractérise non plus par la sous-alimentation — passée sous silence et politiquement inoffensive — d'une paysannerie soumise ou incapable de s'exprimer sur le plan politique, mais plutôt par un problème urbain se manifestant par l'escalade des prix des denrées alimentaires et par des pénuries alimentaires fréquentes qui touchent une grande partie des travailleurs urbains et des classes moyennes en formation. En frappant des groupes qui se font beaucoup plus entendre que les paysans pauvres sur la scène politique et qui sont mieux organisés que ceux-ci, la crise agricole a pris l'allure d'une véritable menace pour de nombreux gouvernements qui, en raison de l'émergence d'un instinct de survie des classes, se voient obligés d'assurer l'approvisionnement alimentaire. En effet, la crise agricole a déjà donné lieu à un nouveau genre de coups d'états militaires appelés les «coups d'états du riz» ; les pénuries alimentaires qui en sont à la base ont déclenché des actions politiques contre les gouvernements et renforcé les autres réclamations faites par une grande partie des masses urbaines.

b) La crise agricole menace tout effort d'accumulation et de développement économique car (i) les gouvernements se trouvent dans l'obligation de dépenser les devises presque inexistantes pour importer des produits alimentaires et apaiser ainsi la population urbaine relativement plus explosive que les masses rurales. Compte tenu du fait que les pays africains ne produisent pas une grande partie des biens d'équipement et des intrants intermédiaires, l'affectation d'une part considérable des recettes en devises à l'importation de denrées alimentaires a limité ces pays dans leurs moyens d'importer ces intrants essentiels ; ce qui a mis un frein à la plupart des projets d'investissement et entraîné le sous-emploi des maigres structures industrielles ; (ii) cette pénurie de devises a amplifié les pressions endogènes ou importées, exercées par l'inflation, favorisant parallèlement des investissements improductifs et moins tributaires des importations : par exemple, la spéculation immobilière, les «services» etc...

c) La crise agricole encourage l'exode des populations rurales vers les milieux urbains, compliquant ainsi davantage les problèmes d'urbanisation et sapant le redressement rural en raison de l'âge, du sexe et de la formation spéciale de ceux qui partent.



Voilà la réalité et la vision de la crise qui sous-tendent aussi bien le Plan d'Action de Lagos (PAL) adopté par les Chefs d'Etats Africains en 1980 que le Rapport de la Banque Mondiale : Développement accéléré en Afrique au Sud du Sahara : Programme d'Action (ci-après dénommé le Rapport ou le Rapport Berg d'après le nom du Président du groupe de Travail de la Banque Mondiale : Elliot BERG).

## QUELQUES GENERALITES SUR LES DEUX DOCUMENTS

Avant de procéder à une analyse approfondie des deux documents, il convient d'explicitier certains points d'ordre général. Tout d'abord, aucun des deux documents n'est un programme dans le sens strict du terme. Le PAL est en réalité une déclaration d'intentions, une énumération d'objectifs et une exhortation des gouvernements à prendre des mesures contre une situation jugée alarmante. Les recommandations faites méritent d'être saluées, il est vrai ; cependant elles ne donnent aucun détail sur les stratégies à adopter immédiatement ni sur les articulations essentielles du PAL. Dans le même ordre d'idée, le Rapport Berg est un appel bien orchestré à une infiltration plus poussée des économies africaines et en particulier de l'agriculture, par le Capitalisme. Les faits, les chiffres et les «études de cas» sont minutieusement rassemblés et ordonnés de façon à démontrer les vices de l'action étatique et les vertus des forces du marché. Dans les cas où ces faits et chiffres sont jugés insuffisamment convaincants, le Rapport n'hésite pas à faire des menaces mal voilées de retrait du soutien financier accordé aux gouvernements africains si ceux-ci ne se conformaient pas aux nouvelles politiques :

*«Les gouvernements africains doivent donc être prêts à agir vigoureusement pour résoudre leurs problèmes internes, à réviser leur politiques à la lumière de l'expérience et à accepter l'idée que s'ils ne changent pas leur politique, ils auront du mal à mobiliser une aide accrue» (p. 9, version française).*

Le Rapport Berg guidé par l'esprit de «l'Economie de l'Offre» propose une solution si simple qu'elle en est désarmante. Il recommande la dévaluation monétaire et la privatisation de la quasi-totalité des activités économiques entreprises dans le secteur agricole. Le «Programme d'Action» est en réalité un programme *d'inaction de l'Etat* compte tenu de l'ampleur de la latitude donnée au *laissez-faire*.

## LES CULTURES VIVRIERES CONTRE LES CULTURES COMMERCIALES

Les points de vue exprimés par les deux documents n'ont jamais divergé autant que sur la question de «l'auto-suffisance alimentaire». En effet, dans le préambule du PAL, les Chefs d'Etats africains font la déclaration suivante :

*« Nous nous engageons à titre individuel et collectivement, au nom de nos gouvernements à parvenir à l'auto-suffisance en matière de production et d'approvisionnement alimentaire ».*

Cet appel à l'auto-suffisance alimentaire n'est pas surprenant dans la mesure où certains pays – les Etats Unis en particulier – considèrent leur « puissance alimentaire » comme une arme supplémentaire dans leur arsenal diplomatique.

Le Rapport, tout au contraire du PAL, s'oppose aux stratégies d'auto-suffisance alimentaire. Il soutient qu'aucune expérience ne confirme la validité de l'idée généralisée selon laquelle il y aurait interchangeabilité entre la production de cultures d'exportation et l'auto-suffisance alimentaire. En effet il affirme que la plupart des études effectuées prouvent l'inverse : « Les pays où les cultures de rapport prospéraient étaient également ceux qui réussissaient le mieux à développer les cultures vivrières » (p 75 de la version française). En se fondant sur cette observation, le Rapport avance l'existence d'une complémentarité entre les deux types de cultures :

« Premièrement, les cultures d'exportation constituent le noyau autour duquel s'installent les services de vulgarisation, d'approvisionnement en facteurs de production et de commercialisation dont profitent également les producteurs de cultures vivrières. Deuxièmement, les produits vivriers bénéficient directement des résultats secondaires du traitement de la culture commerciale principale par des engrais. Troisièmement, l'existence d'une culture commerciale facilite la diffusion du matériel propre à améliorer les rendements. Enfin, dans les régions où les exploitants s'adonnent à un tel point à la culture de rapport qu'un déficit alimentaire s'ensuit (ce qui ne se produit généralement que s'il existe un commerce local ou régional relativement bien développé des denrées alimentaires) la production de cultures de rapport crée un marché local pour les producteurs de cultures vivrières ; marché souvent plus sûr et plus stable que les marchés urbains éloignés ».

Et si l'hypothèse de complémentarité n'était pas valable et qu'il y avait, en fait, interchangeabilité entre la production de cultures commerciales et la production alimentaire ? Le Rapport conseille de ne pas s'en faire ; et il part d'une précision empiriquement erronée pour démontrer que les pays africains ont un « avantage comparatif net à produire des cultures d'exportation ». Par une coïncidence étrange ces cultures se révèlent être précisément celles qui ont été imposées aux divers pays africains par le colon. L'on essaie donc de nous faire comprendre à l'heure actuelle que l'héritage colonial de l'Afrique et sa place historique dans la division internationale du travail ont leur efficacité sur le plan économique. Il est étrange qu'un rapport recommandant un processus dynamique de « développement accéléré » puisse fonder cette recommandation sur la doctrine statique de l'avantage comparatif. Il convient peut-être de noter que l'opposition du Rapport à l'auto-suffisance alimentaire cadre parfaitement avec les intérêts des pays exportateurs de céréales, notamment ceux des Etats Unis, auxquels l'aggravation des déficits alimentaires en Afrique permet d'écouler l'excédent de céréales sur les marchés africains lucratifs. Aux

yeux des Etats Unis cette situation présente également l'avantage de renforcer leur puissance politique en Afrique grâce à leur «pouvoir alimentaire» inversement lié à l'auto-suffisance alimentaire de l'Afrique. Dans ce domaine, comme dans de nombreux autres, le Rapport fait entièrement fi des vestiges de nationalisme africain alors que le leitmotiv du PAL est constitué, quant à lui, par la déclaration nationaliste suivant laquelle une modification de la place assignée à l'Afrique dans la division internationale du travail s'impose.

## L'ETAT ET L'AGRICULTURE

La naïveté de la conceptualisation des politiques étatiques en matière agricole représente le trait d'union le plus frappant entre les deux documents. L'on pourrait attribuer cette naïveté, soit à la bienséance diplomatique, soit aux vœux pieux de technocrates charitables. Quelle qu'en soit la raison, la naïveté de la plupart des hypothèses avancées explique en grande partie la vacuité des recommandations faites. Nous allons rapidement énumérer quelques-unes des hypothèses explicites et implicites de ces documents.

Une des hypothèses principales formulées par le PAL est que ce document traite de régimes démocratiques/populistes dont les politiques socio-économiques sont axées sur le bien-être social. A cette hypothèse se rattache une autre : la crise actuelle ne serait qu'une crise de production ; raison pour laquelle le PAL se penche tout spécialement sur des questions d'ordre technique telles que : l'utilisation accrue d'engrais, l'amélioration de l'infrastructure, l'amplification de la recherche, la pertinence des technologies, les facilités de crédits etc... Dans les sociétés égalitaires, l'on peut supposer avec raison qu'une augmentation de la production alimentaire devrait s'accompagner automatiquement d'une amélioration du bien-être de tous ses membres. Pour une grande partie de l'Afrique ce résultat est loin d'être certain. En effet, il a été déjà prouvé que même dans les rares pays où un accroissement des produits alimentaires disponibles par habitant avait été enregistré, de vastes couches sociales n'avaient pu en profiter.

Le PAL pose un autre postulat selon lequel, les politiques gouvernementales des états membres de l'OUA seraient définies dans leur orientation et dans leur rythme de formulation et d'exécution d'une façon unilatérale, à l'échelle nationale. En réalité, de nombreuses trans-nationales interviennent sur la scène agricole africaine. Il s'agit de propriétaires de domaines, à l'échelle transnationale, de firmes d'agro-business (dans les secteurs de la production d'intrants, de la commercialisation et de la production), d'organismes internationaux d'aide au développement et de gouvernements étrangers agissant par le truchement de leurs agences nationales d'aide.

Le contexte international de la mise en œuvre du Plan fait l'objet d'autres hypothèses. C'est à ce niveau que transparaît clairement dans le PAL la difficulté de concilier les exhortations de ce document à l'auto-suffisance collective et la poursuite de la dépendance des économies africaines. En effet les signataires du PAL nullement ébranlés par les échecs

successifs de leurs tentatives pour obtenir des concessions des pays développés (la débâcle de Cancun en est un des exemples les plus récents) «estiment que la responsabilité d'une participation substantielle et adéquate au développement de l'Afrique incombe aux pays développés». Il semble que ce soit le fondement moral à partir duquel l'on a assumé que la moitié de la facture de la stratégie africaine d'auto-suffisance alimentaire collective devrait être garantie par des sources de financement externes.

Le Rapport Berg pour sa part, exprime tacitement l'idée de neutralité sociale de l'Etat ; selon lui l'Etat est en principe appelé à remplir pleinement, mais sous réserve de certaines contraintes, une certaine fonction de bien-être reconnue par la société. Ainsi alors qu'à certains moments le Rapport fait preuve de condescendance pure et simple à l'endroit des régimes africains, à d'autres moments sa façon de prescrire des politiques donne à penser que la non-adoption de celles-ci, plus tôt, relève de l'ignorance ou de la mauvaise appréhension de certaines théories ou de certains rapports économiques. Les politiques pratiquées jusqu'ici par les états africains ont un contenu de classe, or celui-ci n'est abordé nulle part dans le Rapport. La Banque Mondiale n'est certainement pas sans savoir que pendant la période étudiée, des richesses considérables ont été accumulées ou prélevées sur l'agriculture africaine par certains groupements sociaux — tant nationaux que transnationaux — et qu'il ne serait donc pas exagéré de conclure que ces groupes se sont délibérément servis de leur influence sur l'appareil d'Etat à des fins personnelles.

## **EVOLUTION DE LA SITUATION AGRAIRE, BESOINS FONDAMENTAUX ET JUSTICE**

Le PAL soutient ardemment une «stratégie axée sur les besoins essentiels» et partant, il propose une stratégie de développement rural intégré se fondant sur une paysannerie organisée en coopératives. Cet objectif égalitaire pourrait se heurter à la pratique généralisée consistant à assigner au paysannat certaines fonctions subordonnées dont, entre autres, la préservation et la reproduction d'une réserve de main-d'œuvre, la fourniture d'un surplus économique au profit de l'industrialisation et en vue d'un usage à discrétion des classes sociales dirigeantes, l'approvisionnement des secteurs autres que l'agriculture en produits et en matières premières bon marché. L'appel des Chefs d'Etats Africains à une stratégie orientée sur une plus grande justice revêt néanmoins une importance politique notamment à la lumière de la thèse avancée par la Banque, suivant laquelle les considérations de cet ordre relèveraient non pas des préoccupations des gouvernements africains mais plutôt de celles des bailleurs de fonds étrangers.

Bien que le Rapport Berg fasse référence aux «Besoins Fondamentaux», l'accent n'y est pas moins placé sur la croissance plutôt que sur la justice. Le Rapport suggère en effet une importante modification de la rhétorique de la Banque Mondiale. Non seulement préconise-t-il la différenciation et l'injustice sociales mais il parvient subrepticement à démontrer que cette injustice constitue un élément essentiel à la stratégie fondée

sur le petit exploitant. Tout d'abord le Rapport condamne les projets de développement de zones marginales, mis en place par les gouvernements africains pour tenter d'atténuer les disparités régionales. «La politique en faveur des petits exploitants doit être sélective, en ce sens qu'elle doit viser les régions où la base de ressources matérielles et l'infrastructure humaine et matérielle en place sont suffisantes pour assurer un rendement rapide de l'investissement supplémentaire» (p. 60 de la version française). Même dans les régions où les investissements sont parvenus à satisfaire les objectifs sociaux, le Rapport part d'on ne sait quels calculs pour conclure que le prix en a été élevé ; et il recommande plutôt des programmes facilitant le mouvement des populations des régions les plus démunies vers les régions plus favorisées. Le Rapport ne saisit pas du tout, ici, que les impératifs politiques que comporte l'Édification de la Nation poussent les gouvernements à essayer de développer les régions marginales ou tout au moins à en avoir l'air. Tout pays qui se laisserait prendre par la perspective «économiste» ridicule de répartition des ressources miroitée par le Rapport se verrait tôt ou tard menacé dans sa cohésion nationale par les actions que les régions négligées ne manqueraient pas de tenter pour trouver une solution à leur situation. Les auteurs du Rapport semblent ne s'être jamais aperçus que la «lutte civile» qu'ils citent comme étant l'une des causes de la stagnation en Afrique tient partiellement au développement inégal produit précisément par le type de politiques régionales prôné dans le Rapport. Il aurait été plus honnête de recommander une certaine sélectivité dans la répartition des ressources et une intensification de la militarisation du milieu rural aux fins de maintenir en place la nation déjà fragile.

Pour ce qui est des problèmes de répartition intra-régionale, le Rapport avance sans sourciller la théorie tant discréditée de la «croissance transmise». Il nous informe tout d'abord que le «secteur agricole présente une forte dualité dans certains pays où les grandes exploitations privées fournissent la majeure partie de la production commercialisée ; et il cite à titre d'exemples : le Kenya, le Malawi, le Swaziland, la Zambie et le Zimbabwe. Dans ces pays, «toute stratégie de croissance doit englober ces îlots de grande productivité» dans le secteur agricole (p. 52 de la version française). En ce qui concerne les autres économies, le Rapport affirme que : «Dans une stratégie en faveur des petits exploitants, qui accorde la priorité à la production, les grands exploitants peuvent servir de fer de lance à l'introduction de nouvelles méthodes». L'importance que revêt l'inégalité est davantage mise en relief dans la partie du Rapport qui traite de projets de développement agricole, au Nord du Nigéria. En effet le Rapport cite la «conception des projets» comme étant l'un des éléments-clé de la «réussite» des projets et affirme notamment que : «les projets... n'excluaient pas les exploitations plus importantes qui ont un certain poids politique et fournissent un moyen de communication informel permettant de faire connaître aux autorités les réussites, les obstacles et les échecs. A la longue, ces exploitations ont servi de terrain de démonstration aux petits paysans (par-dessus la clôture). Cet effet d'infiltration a fonctionné parce que les grandes exploitations ont accepté de prendre des risques et ont, de ce fait, été plus novatrices que les petites» (p. 62 de la version française).

D'autres observateurs, par contre, ne sont pas aussi sûrs de l'effet de «transmission» que peuvent avoir ces projets ; ils ne sont pas convaincus non plus que les paysans, dans leur ensemble, tirent parti de la «puissance politique» dont jouissent ces grands exploitants. En effet les élites locales retirent immédiatement des avantages de ces projets, qui se manifestent «sous forme de contrats, de «pots-de-vin» perçus dans le cadre des contrats, de détournements des fonds affectés en réalité aux paysans, de transactions foncières faites par spéculation, d'acquisition de terres et d'autres ressources essentielles à une exploitation capitaliste» (NKOM, 1981). En d'autres termes, la «puissance politique» à laquelle la Banque Mondiale s'associe avec fierté sert à réduire au maximum l'effet de «transmission». Il serait peut-être intéressant de rappeler que sous le leadership de Mc NAMARA, la Banque Mondiale avait fait des déclarations surprenantes par leur humanité. En effet la Justice et les «Besoins Fondamentaux» étaient à l'ordre du jour et, alors que la Banque clamait partout que ses projets de développement rural d'un «Nouveau Style» visaient délibérément «les peuples les plus démunis, soit 40 % des populations», nombreux furent ceux qui se laissèrent prendre à cette rhétorique nouvelle. L'on fit croire aussi bien aux élites des pays riches qu'à celles des pays sous-développés que la «croissance assortie de Justice» était non seulement réalisable au niveau économique et souhaitable sur le plan moral mais qu'elle était politiquement indispensable à la survie du système. Certains observateurs pensèrent que Mc NAMARA cherchait sincèrement à vaincre la pauvreté dont les effets dévastateurs avaient été démontrés de façon notoire au Vietnam, lorsqu'il prônait avec ferveur le «Nouveau Style».

De nombreuses lacunes furent relevées dans cette nouvelle stratégie par certaines critiques. Tout d'abord, la majeure partie des préoccupations exprimées par les administrateurs de la Banque se heurtaient directement à l'objectif fondamental de la Banque, celui de stimuler le développement capitaliste, et elle ne reflétait pas entièrement la logique gouvernant les critères d'investissement de la Banque. Deuxièmement, l'attention particulière accordée par la Banque au maintien du système allait empêcher toute évolution sociale indispensable aux stratégies de justice et d'éradication de la pauvreté. Troisièmement, un «gouffre» séparait les politiques proclamées par la Banque Mondiale et la routine quotidienne de celle-ci où rien n'avait changé. Ses projets continuaient à favoriser les couches les plus privilégiées des populations rurales ; et ils avaient tendance à transformer le développement rural en grandes entreprises pour les experts, les agences de conseil, les constructeurs, les fournisseurs de facteurs de production etc... qui, traitant avec les couches sociales privilégiées des milieux ruraux, se sentaient plus à l'aise. Les techniques employées dans le cadre des projets de la Banque n'étaient pas appropriées aux objectifs déclarés : atteindre les «40 % de populations démunies». L'on a recueilli peu de faits, dans toute la documentation évaluant les projets de la Banque Mondiale au cours de l'ère de Mc NAMARA, en général prouvant que les paysans les plus

pauvres avaient effectivement tiré parti des projets agricoles récemment entrepris par la Banque Mondiale ou même prouvant que ces projets avaient été conçus à cette fin. (1)

## **LES PAYSANS ET L'AGRICULTURE AFRICAINE**

Le secteur agricole en Afrique reste principalement aux mains des paysans et tout programme de développement de ce secteur doit passer par l'étude du problème du paysannat. Nous avons déjà vu plus haut que le PAL souscrivait à une stratégie de développement rural intégré se fondant sur les petits producteurs organisés en coopératives. Le Rapport Berg soutient également que les petits exploitants devraient constituer l'axe de la «stratégie de développement rural, orientée sur la croissance». Trois raisons sont énumérées pour justifier l'attention particulière accordée à ce secteur : a) «ce secteur dispose d'un potentiel considérable encore inexploité»; b) en raison du caractère principalement rural de la pauvreté en Afrique, le développement de l'agriculture rurale contribuerait à satisfaire les besoins essentiels ; c) sur le plan du coût, l'attention accordée aux paysans est un moyen plus efficace pour accroître la production que les autres méthodes employées à l'heure actuelle.

En ce qui concerne les objectifs déclarés touchant aux petits producteurs ruraux, il est évident qu'aucune précision n'est donnée, que ce soit sur la place du paysan dans le système économique en général ou sur la nature des rapports existant entre le paysan et les autres opérateurs du secteur agricole, à savoir, l'Etat et le Capital privé — local et transnational. Il se peut que l'absence de précision, dans le PAL, sur la place du paysan traduise l'ambivalence des gouvernements africains à l'endroit de la production rurale. En effet le scepticisme de plus en plus affiché par un certain nombre de gouvernements africains, quant à savoir s'ils peuvent compter sur l'agriculture rurale s'explique par la lenteur enregistrée dans l'accroissement de la productivité des paysans et par le prix élevé des services d'encadrement indispensable. Pourtant il est beaucoup plus facile de condamner l'option qui consiste à compter sur l'agriculture rurale, en raison de la non-représentativité des groupes sociaux qui y interviennent dans la structure étatique. Le prélèvement du surplus par le biais d'offices de commercialisation, de termes de l'échange désavantageux, de taux de changes surévalués et d'autres mécanismes de marché a été pendant longtemps une pratique courante en Afrique et les forces d'inertie bureaucratiques, l'opportunisme politique auraient tendance à en encourager la poursuite, ne serait-ce qu'à des fins fiscales. Face aux aspects bénéfiques de la production paysanne existent d'autres aspects qui en font une option moins avantageuse : 1) l'accroissement de la production n'est réalisable que dans la mesure où les prix offerts aux paysans producteurs sont plus élevés et le budget public affecté à ce secteur, plus substantiel ; 2) les principaux organismes extérieurs tels que par exemple la Banque Mondiale appliquent

---

(1) Voir FEDER (1981), STRYKER (1979).

des critères d'investissement qui rendent le financement, par la Banque, de la plupart des projets destinés aux paysans tout simplement impossible; 3) il y a incompatibilité entre l'absence de différenciation sociale qu'entraîne ce mode de production et le phénomène national de différenciation sociale en cours ; 4) il est difficile de concilier les nouvelles technologies rencontrant l'aval des gouvernements, des transnationales et des bailleurs de fonds étrangers à ce mode de production. Alors que les défenseurs de cette option rêvent de «technologies appropriées», les maîtres des nouvelles technologies exigent des «institutions appropriées» ayant tendance à déposséder les paysans.

Le Rapport Berg recommande non seulement des mesures propres à intensifier la différenciation sociale au sein des classes paysannes, en favorisant les «paysans progressistes», mais il semblerait promouvoir le libre jeu des «forces du marché». Il paraît en effet souscrire au système du cadastre grâce auquel les terres appartenant aux communes se transformeraient en propriétés privées. Les paysans deviendraient alors de petits propriétaires fonciers grâce à ce système. Cependant l'expérience a par ailleurs démontré qu'il a toujours été plus facile de déposséder les paysans en leur distribuant individuellement des titres fonciers car ceux-ci se voyaient dans l'obligation de céder ces titres par suite d'endettement ou d'incapacité à financer les nouvelles techniques assorties aux programmes de cadastre. C'est ainsi qu'une partie des paysans est dépossédée et que naît une nouvelle classe de salariés en milieu rural ou un exode vers les taudis urbains.

## LE CAPITAL ETRANGER ET L'AGRICULTURE EN AFRIQUE

Les étrangers interviennent d'une façon ou d'une autre depuis plus d'un siècle sur la scène agricole africaine. L'intégration de l'agriculture africaine au système capitaliste mondial s'est en effet déroulée sous l'égide des régimes coloniaux et du capital commercial étrangers. De fortes sommes continuent à être investies aujourd'hui dans le secteur agricole ou à être contrôlées par le capital étranger tant public que privé, à un niveau bilatéral ou multilatéral. L'on connaît bien les objectifs et les pratiques du capital colonial en matière d'agriculture africaine ; il serait par conséquent inutile d'entrer ici dans les détails à ce propos. Rappelons tout simplement qu'aux yeux des colons le secteur agricole africain était une source de matières premières peu onéreuse pour leurs industries, leurs denrées alimentaires, leur salaires et leurs produits de luxe. C'était également un débouché pour certains produits d'exportation tels que les produits industriels simples – les textiles, les bicyclettes, les huiles de cuisine etc... L'agriculture avait une vocation essentiellement exportatrice et ce sont les cultures commerciales et non les cultures vivrières destinées aux marchés locaux qui constituent la composante principale de «l'agriculture moderne».

Tout en recelant des vestiges assez importants d'intérêts coloniaux, les intérêts du capital extérieur dans le secteur agricole sont aujourd'hui sensiblement différents et plus complexes. Partant, la perception actuelle, à l'étranger, de la crise agricole traversée par l'Afrique est aussi complexe que le sont les intérêts étrangers. Pour certaines sections du capital extérieur



la crise permet d'exporter des cultures vivrières (1). En effet le nombre de sociétés importantes de commercialisation de céréales intervenant dans l'approvisionnement de l'Afrique en produits alimentaires croît au même rythme que celui du volume de produits alimentaires importés par l'Afrique. Les sections du capital tributaires des matières premières africaines aimeraient par contre voir se développer les moyens d'exportation de l'Afrique en produits agricoles bruts. D'aucuns comme la Banque Mondiale par exemple sont préoccupés par les incidences de la crise sur la stabilité politique, ils s'intéressent par conséquent à son rôle dans le maintien du système. La menace que représente l'incapacité croissante de l'Afrique à payer sa dette en progression constante, constitue un autre sujet de préoccupation pour ces derniers ; par conséquent, ils mettent l'accent sur la vocation exportatrice de l'agriculture. Pour d'autres secteurs du Capital, notamment ceux qui interviennent dans les industries locales de substitution à l'importation, ce sont les pressions exercées par l'inflation sur les salaires et par conséquent l'aspect de rentabilité de la crise qui les intéresse. Le dernier groupe est celui des fournisseurs de facteurs de production pour lesquels la modernisation de l'agriculture tant préconisée offre de nouveaux marchés lucratifs à leurs produits et leurs technologies. Malgré la divergence d'intérêts de ces groupes, seule une agriculture fondamentalement capitaliste servirait au mieux leurs intérêts et déboucherait donc sur une privatisation plus poussée du contrôle de la terre. Il est heureux pour ces groupes que les gouvernements africains « assiégés » de partout soient beaucoup plus vulnérables à l'heure actuelle aux pressions exercées en vue de l'adoption de cette option. En effet, le FMI, la Banque Mondiale et les autres bailleurs de fonds étrangers réclament tous une privatisation accrue de la propriété des moyens de production. Parallèlement l'échec national des types d'agriculture pratiqués jusqu'ici confère à la privatisation de la propriété foncière un caractère plus respectable ou en fait tout au moins une expérience qui vaut la peine d'être tentée.

Le phénomène de la transnationalisation du secteur agricole en Afrique prend diverses formes : entre autres, entreprises communes avec l'Etat, contrats d'exploitation, domaines et plantations entièrement aux mains du secteur privé, fermes centrales avec leurs satellites de petits exploitants ou de cultivateurs. Il convient de souligner ici qu'en dépit de l'orientation de ces diverses combinaisons vers l'exportation, l'accent est actuellement placé de plus en plus sur l'approvisionnement du marché local des villes. Les opérateurs de ce secteur ne sont plus seulement les sociétés telles que UNILEVER, NESTLE ou DEL MONTE, qui sont les mieux connues, mais certains géants de l'industrie minière comme ANGLO-AMERICA, HONDA (qui est une industrie laitière de la Zambie) KAISER ALUMINIUM (qui s'occupe de projets rizicoles au Ghana) en font partie, de même que d'autres finançant de l'extérieur des projets de « développement rural intégré ».

---

(1) Selon la FAO (198) si cette tendance se poursuivait, les importations de l'Afrique en céréales passeraient de 6,5 millions de tonnes (estimations de 1975) à 78 millions de tonnes en l'an 2000 ; ce qui constituerait une véritable « mine d'or » pour les exportateurs.

Il est inquiétant cependant que le PAL passe entièrement sous silence le rôle des transnationales — spécialistes dans l'agrobusiness — sur la scène agricole africaine. En effet, bien que la moitié des fonds impartis à la mise en œuvre du PAL soit censée provenir de sources étrangères, le PAL ne précise pas s'il s'agit de prêts publics ou privés ou encore d'investissements externes directs. Le Rapport Berg donne par contre beaucoup plus de détails sur le rôle de l'agribusiness, quoiqu'il s'y prenne de façon indirecte. Rappelons que la stratégie agricole proposée par le Rapport est essentiellement orientée sur l'exportation. Or il se trouve que les cultures commerciales conviennent particulièrement bien à l'agribusiness, d'après le Rapport, «dans la mesure où les compétences commerciales et les relations commerciales, souvent associées à l'investissement extérieur pourraient être employées à bon escient». Par ailleurs, les gouvernements sont invités à faire plus de place aux entreprises agro-industrielles dont «le capital extérieur et les connaissances techniques pourraient être utilisés pour les cultures simples et les cultures irriguées et servir au traitement industriel».

L'habileté pleine de ruse avec laquelle le Rapport fait cette proposition ne saurait nous cacher l'objectif principal : celui d'offrir au capital transnational la possibilité de s'infiltrer et de contrôler davantage l'agriculture africaine. La logique de cette stratégie, reconstituée, est la suivante : recommander d'abord une stratégie fondée sur le paysan et orientée sur la croissance ; stratégie pour laquelle il est impérieux de trouver par la suite de grands exploitants capitalistes «puissants sur le plan politique» et novateurs, pouvant être émulés «par-dessus la clôture» par les petits exploitants. Or, en raison de la vocation exportatrice assignée à la nouvelle stratégie, les grands exploitants capitalistes qui conviennent le mieux à cette stratégie sont les firmes transnationales d'agribusiness.

En fait, le Rapport envisage des relations tripartites entre les gouvernements africains (qui sont obligés d'entreprendre le développement, à grande échelle, de leurs infrastructures à partir de fonds souvent empruntés à la Banque Mondiale), les cultivateurs et les firmes étrangères d'agrobusiness. Ce sont celles-ci, en général, qui fournissent les connaissances techniques, assurent la direction de l'exploitation, de même que le traitement et la distribution des produits reçus, sous contrat, des deux autres partenaires. Ces combinaisons tripartites dans le secteur agricole deviennent une scène de plus en plus familière en Afrique. Il s'agit, en général, d'une société transnationale disposant d'un domaine ayant une position centrale par rapport aux fermes des cultivateurs, qui l'entourent. Ces cultivateurs pratiquent la même culture que celle du domaine central. La culture en question doit passer par un traitement industriel de haut niveau pour être exportée. La seule usine de traitement étant généralement celle qui appartient à la transnationale ou celle qu'elle dirige, la transnationale finit par jouir d'un monopole considérable. Outre l'achat, le traitement et la commercialisation de la culture, la société transnationale fournit aux paysans des intrants et des conseils sur les cultures qu'il faut pratiquer, les périodes idéales de plantation, de moisson etc... Nombreux sont les avantages qu'en tirent la Transnationale. Tout d'abord elle n'a pas à se soucier des retombées de la fluctuation des prix de ce produit puisque le poids en est porté par les cultivateurs. Deuxièmement, les paysans n'étant pas

employés par la Transnationale elle n'a pas besoin de se préoccuper du salaire minimum, de la sécurité sociale, de la santé de ces paysans, ni même de grèves. Troisièmement, en qualité de «producteurs indépendants», les cultivateurs sont à même de faire travailler leurs familles sans avoir à les payer. Finalement cet arrangement des paysans permet aux transnationales de faire des bénéfices sur l'agriculture sans avoir à souffrir de la réprobation ou du risque politique qui s'associe à la propriété directe de la terre.

## QUE FAIRE ENSUITE ?

A la lumière de la lecture des deux documents, l'on saisit la cause profonde du conflit opposant les forces favorisant une transnationalisation plus poussée des économies africaines et les forces nationalistes poursuivant leurs efforts vers l'auto-suffisance et la coopération panafricaine. Les gouvernements africains ont exprimé dans divers forums pan-africains leurs inquiétudes en ce qui concerne le Rapport Berg et même leur rancœur contre celui-ci. Cependant ce n'est pas à l'échelle régionale que la Banque exerce des pressions importantes sur l'Afrique mais plutôt au niveau national. Vu la gravité de la crise que traversent les Etats africains, leurs moyens de résister aux pressions de la Banque Mondiale au niveau national sont des plus faibles. Nous assistons donc maintenant au fléchissement des gouvernements, à tour de rôle, devant les pressions exercées, et au réajustement de leurs stratégies de développement de façon à les rendre conformes à celles qui ont été recommandées par le Rapport Berg – réduction draconienne des dépenses sociales, modification de l'attention spéciale accordée aux besoins essentiels et à la justice, orientation des produits de base sur l'exportation, dévaluation, privatisation accrue de l'activité économique etc... Malheureusement pour la Banque Mondiale, l'aggravation de la crise que connaissent les «Meilleurs Acteurs» du développement cités par le Rapport de la Banque Mondiale en guise de modèles – le Kenya, le Malawi, la Côte d'Ivoire, le Botswana – a remis en question l'efficacité de ces politiques et contribué à renforcer l'esprit de coopération régionale et d'auto-suffisance que renferme le Plan d'Action de Lagos.

## REFERENCES

1. FAO (1979), *Agriculture: Toward Year 2000*, (Rome).
2. Feder Ernest (1981), «Monopoly Capital and Agricultural Employment in the Third World», *Journal of Contemporary Asia*.
3. Nkom, S. (1981), «Integrated Rural Development and the Marginalization of the Peasantry in Nigeria», *Africa Development*, Vol. VI, No.4.
4. OAU (1981), *The Lagos Plan of Action for the Implementation of the Monrovia Strategy for the Development of Africa* (Addis Ababa, 1980).
5. Stryker, R. (1979), «The World Bank and Agricultural Development: Food Production and Rural Poverty» *World Development*, Vol. 7.
6. World Bank (1981 A), *World Development Report*, (Washington D.C.).
7. World Bank (1981 B), *Accelerated Development for Africa: An Agenda for Action* (Washington D.C.).

## SUMMARY

*In this article, the author compares the World Bank «Berg Report»: Accelerated Development for Africa: An Agenda for Action and the Lagos Plan of Action. Contrary to the claims of the «Berg Report», the author argues that the two documents advance totally different visions of economic development in Africa. While the LPA seeks to achieve greater regional co-operation through a regionally inward-looking strategy, the Berg Report advances an extroverted, primary raw materials export-oriented development strategy heavily dependent upon foreign capital.*

*Given the economic crisis facing African economies, the World Bank is in a better position to force through its development strategy. However the economic crisis facing countries that the Report puts forward as models – Malawi, Ivory Coast, Kenya – suggests that the option suggested by the LPA is still on the agenda in Africa.*

# DISCRIMINATION AND LABOUR MARKET SEGMENTATION UNDER CAPITALISM\*

## A General Marxist Approach to the Synthesis of Racial and Class Exploitation and its Implications for Praxis

By

*Guy C. Z. MHONE \*\**

### A. – INTRODUCTION

This paper is aimed at applying a Marxist (historical materialist) methodology to the study of the origin and development of discrimination under capitalism. The key assumption of the paper is that no group of people is inherently or innately inclined to discriminate or to be discriminated against, and, as such, the origin of discrimination cannot be located in the psychological or genetic make-up of a particular group. The basic thesis of this paper is that discrimination originates in the rationality of labor market segmentation on the basis of race (and on the basis of other factors such as sex, age, and ethnicity) for particular groups (and not necessarily the whole class) of capitalists. It will be contended that the attempt on the part of the benefiting capitalists to use economic and extra-economic measures to ensure racially segmented markets impinges upon the material (that is economic) interests of other capitalist and labor groups within the economy thereby precipitating inter and intra class conflicts among the groups. It will be argued that the contradictions and irrationalities of discrimination arise from attempts to resolve such conflicting economic interests in the political and economic spheres. Finally, it will be argued that the ideology of racism originates, and can be located, in the need for particular groups to rationalize their material interests, in so far as these interests are perceived to be enhanced by discriminatory practices.

### *THE PROBLEM*

Viewed from a purely contemporary, after the fact, perspective, the political economy of discrimination seems too complex to be analysed as anything but irrational. This is primarily a result of the fact that the functional and dysfunctional aspects of discrimination are so intertwined that they can only be meaningfully separated through historical analyses. Unfortunately, in economics, the propensity for deductive abstraction and a-historical theorizing gravely militates against the possibility of exploring contemporary phenomena from an inductive and a historical perspective. In fact, economic historians and neo-classical economic theorists of the contemporary economy rarely cross paths, to the disadvantage of both groups.

---

\* *This paper was written as part of a Research Fellowship Grant from the Research Foundation of the State University of New York.*

\*\* *Lecturer, Economics Department, University of Zimbabwe – Associate Professor, State University of New York, College at Oneonta (on leave of absence).*

Thus while the functional origins of discrimination under capitalism are starkly clear from the point of view of the economic history of the United States and South Africa for instance, theorists of contemporary economic phenomena, befuddled by the complexity of the issue from a static and an a-historical perspective, still persist in viewing discrimination as an irrational aberration in capitalist economies (1). Economic theorists therefore resort to some a priori socio-psychological assumptions about the innate (i.e. «given») behaviour or ideas of some group of economic agents that are supposed to engage in discriminatory practices. Discriminatory behavior in economic life is then perceived as a consequence of innate irrational prejudices or «tastes». It is the writer's contention that enough historical data exists to demonstrate that these prejudices and «tastes» are actually a consequence of the need to rationalize economic interests and imperatives arising from the functional nature of discrimination for particular groups under capitalism (2).

The issue can therefore be stated as follows: neo-classical theories of discrimination generally see discrimination as an irrational phenomenon arising from socio-psychological behavioral traits that cannot be explained by economics; the Marxist approach, however, being grounded in a historical materialist methodology, sees discriminatory behavior as fundamentally rooted and originating in the material, that is, economic interests of dominant groups under capitalism in a manner that is rational, and that requires, as a consequence, a rationalizing or legitimizing racist ideology. In other words, the origin of the socio-psychological prejudices and «tastes» can be explained by and through economic analysis.

### *NEO-CLASSICAL THEORIES OF DISCRIMINATION*

To date there is no aggregate and general neo-classical theory of discrimination. What we have are disaggregate theories that attempt to provide partial explanations of discriminatory behavior and its consequences. These disaggregated theories, however, have not been coherently fitted together into a single general theory that might explain the origin, role, status, and consequences of discriminatory behavior in the economy as a whole. Neo-classical theories of discrimination can be classified into two groups: those that emphasize discrimination in the demand for labor, and those that emphasize discrimination in the supply for labor (3).

Representative of the demand side of neo-classical theories of discrimination are the following: BECKER's «taste» theory of discrimination under conditions of competitive or monopolistic behavior; CAIN's and AIGNER's theory of statistical discrimination; THURLOW's monopolistic theory of discrimination; and ARROW's «risk aversion» theory of discrimination (4). In all these theories the desire to discriminate is assumed to be exogenously determined. In BECKER's and THURLOW's theories, such discrimination on the part of entrepreneurs is self-defeating since it entails a cost, unless entrepreneurs are operating under imperfect market conditions, in which case the cost of discrimination can be transferred to consumers or the groups discriminated against. In both these theories, discrimination is seen as inherently irrational and inefficient for the economy as a whole while it may benefit particular monopolistic groups.

In CAIN's, AIGNER's and ARROW's theories, discrimination arises either because race or some other such factor is conventionally used as a handy criterion for assessing and predicting the productivity and efficiency of workers, or because exogenously determined social and cultural behavioral traits differ on the basis of race or other factors. In these theories, unlike those of BECKER and THURLOW, discriminatory behavior may be «rational» to the degree that entrepreneurs can «prove» that differences in the efficiency of groups are socio-culturally determined and as such race or ethnicity may be a handy, even if a crude, screening device. It is acknowledged in these theories, however, that the socio-cultural determinants of differential productivity traits may not be autonomously determined, but may actually have been induced by past institutionalized discriminatory practices, whose origin and nature is rarely explored.

Supply side theories are generally either of the «risk aversion» and «labor force participation» variety or of the «labor competition» and «split labor» market type (5). The former theories emphasize the effect of socio-cultural factors and/or internalized perceptions and assessments of employment chances on differential auto- (or self) steering of labor supply away from or toward particular employments. To the degree that such auto-steering may be socio-culturally determined and to the degree that socio-cultural differences may coincide with racial differences, racially disproportionate occupational distributions can be seen as autonomously and rationally determined from the point of view of labor supply. Again, here, as in the demand side version of such theories, the possibility that such internalized auto-steering may actually be a consequence of institutionalized and past forms of discrimination is accepted but rarely explored under the assumption that such factors are beyond economic analysis in any case.

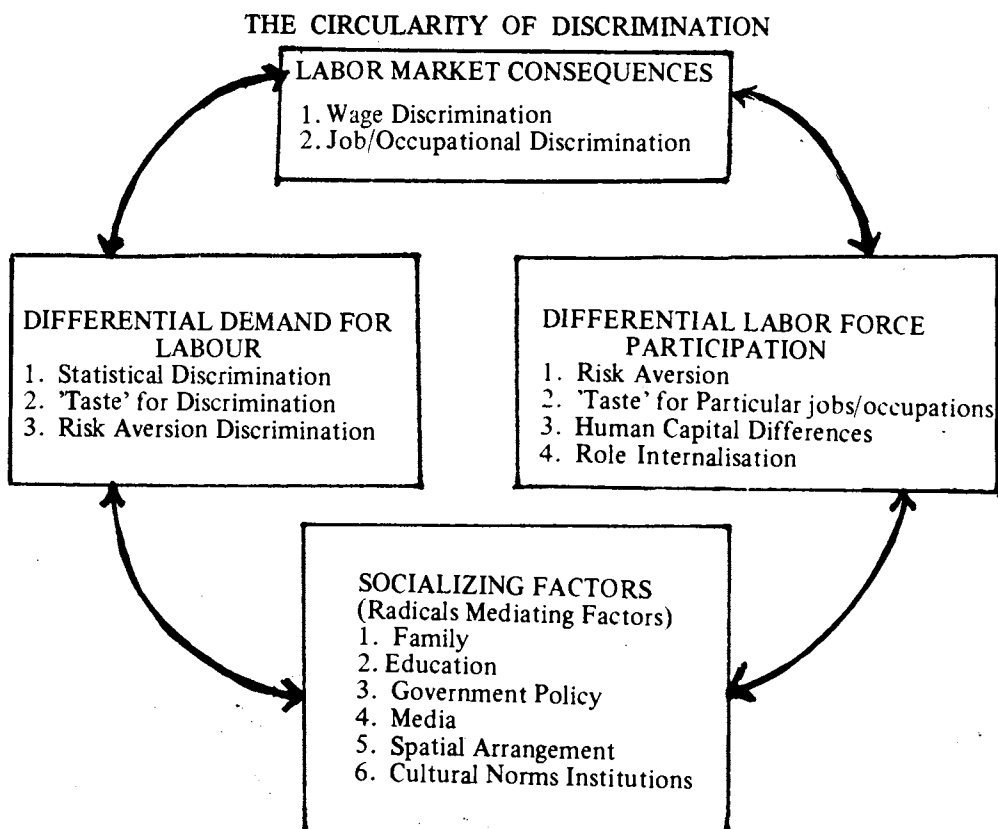
The second set of supply side theories emphasize the possibility that auto-steering as explained above implies the existence of differential acceptable minimum remuneration by different socio-cultural/racial groups, and, as such, the labor group willing to accept a lower wage will «rationally» attempt to maximize its income and employment by underbidding the labor group willing to accept a higher wage for the same job and productivity. In such a case it can be expected that the group willing to accept a higher wage for the same job and productivity will «rationally» attempt to maximize its income and employment by discriminating against the «cheaper» labor group.

Neo-classical theorists have, by their own admission, recognized the limited explanatory power of their theories in explaining the persistence of wage, and, in particular, job or occupational discrimination in the economy. The problem is that all these theories locate the origin of discrimination in the socio-cultural sphere and not in the economic sphere. Neo-classical economists to be sure, have attempted to understand the origin of economic inequalities in the socio-cultural sphere through human capital theories. These theories however, not only fail to explain why skill acquisition and the returns to them should have a consistent and persistent negative racial and sex bias, but also fail to explain whether the influences on human capital acquisition, and indeed the definition of human capital in

society, are induced by particular economic interests, or autonomous. Thus, it is no surprise then that, when education and returns are calculated on the basis of highly sophisticated mathematical and statistical neo-classical human capital theories, racial differences in returns to education persist and a significant unexplained residual in income inequalities remains.

Human capital theories have also been supplemented by theories of spatial discrimination which, also, fail to pinpoint where such discrimination originated and why it persists in the socio-cultural sphere. The problem from our point of view is that by ignoring the analysis of the historical evolution of discrimination as part of the conflict of classes and their economic interests, neo-classical theories are caught in a circular and almost tautological explanatory cycle. In order to explain discrimination in one sphere a *ceteris paribus* assumption is invoked taking as given discrimination in another sphere, leaving the source and nature of discrimination in society as a whole still unexplained. This circularity, which we contend is the consequence of the static, a-historical, and excessive deductive abstraction of neo-classical theories can be depicted as in Diagram I.

Diagram I illustrates the fact that from a static perspective discrimination in the different spheres is mutually reinforcing. Thus while the origin of discrimination may appear exogenous to a particular sphere (that is each block), discrimination itself is endogenous to the system as a whole and as such can only be properly understood historically.





## **DUAL LABOR MARKET THEORIES**

Dual Labor Market theories were developed by liberal and radical economists ostensibly to challenge neo-classical theories of labor market analysis and wage determination. According to these theories racial income inequalities are explained by the disproportionate representation of racial categories in particular occupations and particular levels of hierarchies within occupations. These theories begin by distinguishing between the monopoly, public and competitive sectors of the industrial economy on the basis of various criteria such as the kind of technology used, level of productivity, capital /labor intensiveness, management personnel tactics, marketing tactics, market size and control, etc. The monopoly and public sectors are considered primary and the competitive sector, secondary.

The labor market is similarly divided between the primary and secondary sectors on the basis of various criteria such as level of income, education, authority and prestige; the existence of tangible or intangible hiring, promotion, and productivity criteria; the level of labor turnover rates; and the level and complexity of mental/manual skill requirements. Further, a distinction is made between internal (within occupations or job categories) and external (across occupations or job categories) labor markets. In general the less desirable jobs are secondary jobs which are primarily, although not exclusively, associated with the competitive sector. Such jobs are characterized by low wages, high turnover, low skill/education requirements, and non-existent internal markets. Women, Youths, and minorities are disproportionately represented in the secondary labor market, which consists primarily of service, low, and semi-skilled jobs. The primary labor market consists of the more desirable jobs with high incomes, educational requirements and prestige in which white males are predominant. Primary jobs are mainly associated with the monopoly and public sectors of the economy.

Dual Labor Market Theorists see the industrial and labor market segmentations as structural and therefore rooted in the production and market relations of a capitalist economy which are a consequence of necessary social relations guaranteeing accumulation and expansion of capital. Why the distribution of labor in these segmented markets has to take on a discriminatory character is not properly or rigorously explained. Radical economists have suggested that the further segmentation of labor markets on the basis of race, sex and age is a conspiratorial act on the part of capitalists in their desire to weaken the working class, and that, as such, disproportionate representation is functional. In order to avoid the neo-classical type of theoretical circularity, radical dual labor market exponents have been able to base their arguments in historical analyses of the evolution of labor markets under capitalism. In this way, they have been able to garner some evidence in support of the historical functionality of market segmentation on the basis of race, for instance. Unfortunately, this evidence is mostly of a qualitative nature, and the definition and meaning of the conspiratorial activities still remain primarily anecdotal and theoretically unconvincing. It should be noted that the radical and liberal versions of dual

labor market theories differ in that the latter still seem entangled in the kind of circularity identified above. This is particularly so in that liberal dual labor market theories are attempts at arriving at an aggregate and structural synthesis of supply side and demand side neo-classical theories of discrimination.

The main problem with dual labor market, or, more generally, segmented labor market theories is that they begin on a taxonomic and descriptive level using arbitrary and numerous criteria for separating markets. Further, the explanation of discrimination seems persuasive mostly as an *ex-post* one but much less persuasive on an *ex-ante* level. Thus, for instance, while the manner in which labor market segmentation and racial/sexual segmentation of occupations interact is plausibly described after the fact, it is not clear from the theory whether these two forms of segmentation have the same origin; and it is not clear why and how these forms of segmentation have developed and changed in the past, or how they are likely to develop and change in the future. This latter problem needs to be clarified in a simple and uncluttered theory that incorporates both structural and historical factors. It is our belief that such a theory can be derived from Marxist approaches along the lines and considerations outlined below.

#### ***METHODOLOGICAL REQUIREMENTS FOR A MARXIST THEORY OF DISCRIMINATION***

In order to transcend the deficiencies in the theories discussed above, a Marxist theory of discrimination must attempt to accomplish the following: —

- a) The need to discriminate should not originate in the superstructure (the social, psychological or cultural spheres), and discrimination should not be seen as an innate or inherent trait of the discriminator or the one discriminated against.
- b) Under capitalism, the need to discriminate on any basis should be initially located in the need to maximize surplus (or profit).
- c) Since in the Marxist theory the source of surplus is the exploitation of labor, discrimination must primarily reflect the possibility of increasing surplus through the differential exploitation of labor.
- d) The conditions under which such differential exploitation of labor is possible and actually undertaken should be identifiable.
- e) Since the labor needs of capitalists are not homogenous, the conflicting interests in labor utilization among capitalists should be specifiable and predictable.
- f) The impact of the capitalist need to differentially exploit labor on sub-groups of labor should be specifiable and predictable.
- g) The origin of an ideology (superstructure) that legitimizes or rationalizes discrimination should be located in the material interests of capitalists in their need to rationalize production relations that

enhance surplus appropriation through the differential exploitation of labor, and the material interests of some labor groups in their desire to protect their incomes and wages from encroachment by «cheaper» labor.

- h) The theory should specify the conditions under which a discriminatory ideology becomes all embracing and semi-autonomous such that it acts as a fetter on further accumulation and expansion, and how forces are generated to structurally modify the form of differential exploitation of labor.
- i) The theory should be falsifiable and empirically verifiable.

It is our belief that a theory that met the above requirements would be a historical materialist one and would be an improvement over existing theories.

## **B. – RESOURCE UTILIZATION STRUCTURE UNDER CAPITALISM**

In order to investigate the origin, nature, and implications of discrimination under capitalism, it is essential to develop a framework for comprehending the nature of labor market segmentation under capitalism. The necessary framework, however, entails the need to understand the nature of resource utilization (or factor combinations) on both the micro and macro-economic levels in a given period of a particular capitalist social formation. The factor combinations or resource utilization structure characteristic of a particular period of a capitalist mode of production can be said to represent the concrete manifestation of the technical and social relations of the mode (8).

From a marginalist perspective, the idea of a resource utilization structure seems rather implausible given that factor combinations are continuously changing as a result of numerous factors that affect the profitability of investments. Changes in technological inventions and innovations, supply and demand of inputs and outputs, and subjective entrepreneurial perceptions of risk are generally in a constant state of flux within and across firms and industries. However, by singling out qualitative differences in the resource utilization configurations that are dominant or that are the tendency in a given period, it is possible on a general and abstract plane to talk about resource utilization structures. Such structures can be pinpointed a little further.

We will assume firstly, that individual capitalists are as a rule interested in maximizing the rate of surplus accumulation ( $S/(C+V)$ ). While they may not have perfect knowledge, we can also assume, secondly, that they will attempt to utilize the most efficient and least expensive combinations of capital equipment and labor categories that they know of in a given planning period. Capitalist behavior implied by these two assumptions will be said to be efficient and rational at the level of the firm. Such efficiency and rationality will be understood to imply that a particular resource combination is economically feasible.

If the resource inputs utilized in a firm are disaggregated into various types of capital equipment and labor categories (as is the case in reality, and as will be shown below) an efficient and economically feasible combination of inputs implies that the various input categories within

the firm are *complementary*. Once such complementarity persists over time, it can be viewed as constituting a resource utilization *structure* of the firm. A resource utilization structure then represents a particular combination of complementary inputs that is stable over time and that facilitates the maximum accumulation of surplus.

An initial combination of inputs will tend to be stable over time depending on a number of factors such as: –

- a) The short run specificity of inputs and production processes which results in a lumpiness of investment expenditures, relatively fixed production coefficients, a stepwise production function, and, finally a high cost of scrapping existing factor combinations;
- b) The fact that major technological breakthroughs may come in periodic waves;
- c) The stability of the relative prices of resource inputs and demand implying that supply and demand factors are stable;
- d) and the stability of perceptions of risk and length of the planning horizons of entrepreneurs which may be influenced by various macroeconomic variables let alone subjective reactions to socio-political events.

Major changes in the above factors will affect the economic feasibility of existing plans and will therefore result in a revision of investment and production plans and the establishment of a new resource utilization structure that is economically feasible under the altered conditions. If this cannot be done in the long run, the firm may have to shut down; especially under competitive conditions.

The tendency toward an efficient, rational, and thus economically feasible resource utilization structure can be extended beyond the level of the firm or the individual capitalist. A similar tendency can be postulated for particular industries as a whole regardless of their market structures as long as surplus accumulation is the primary goal. In other words, firms within a given industry will tend to evolve, over time, a relatively homogeneous resource utilization structure. Thus factor combinations will tend toward an economically desirable and feasible complementarity within firms and across firms within an industry in the long run, provided the factors identified earlier (a, b, c, and d above) hold.

A revision of investment and production plans consequent upon significant changes in the constant factors will result in a substitution of inputs and production processes causing an increase in the demand of some inputs (the new ones) and a decrease in the demand of others (the old ones) whose relative supply will now increase. It should thus be clear that in order for there to be a resource utilization structure for the economy as a whole there should be a tendency toward the *complementarity* and mutual *consistency* of resource utilization structures across firms within the industries, and across industries within the economy, provided the price mechanism is allowed ample room to act as a signaling device.

It should be possible then, using a comparative static approach, to take 'snap shots' of the economy in form of structural models representing

the dominant resource utilization tendencies in the economy for particular periods. Now, since, as mentioned earlier, the resource utilization structure is the concrete manifestation of the technical and social relations of the capitalist mode of production in a particular period under given conditions (the constant factors) a historical materialist analysis of the economy can also be undertaken at a much lower level of abstraction as will be shown below. It should be noted, however, that the tendency toward a dominant, historically specific resource utilization structure is just that, a tendency.

### C. — THE TECHNICAL DIVISION OF LABOR AND RESOURCE UTILIZATION STRUCTURE

In order to pinpoint the role of discrimination in resource utilization it is necessary to disaggregate resource inputs. To facilitate this, we need to distinguish between the social division of labor and the technical division of labor. We will define the former as a way of distributing labor across occupations or job tasks, and as such the social division of labor is common to all societies. We will take the technical division of labor to refer to the distribution of labor across diluted and fragmented job tasks and occupations for purposes of increasing the rate of surplus accumulation (9). Under non-capitalist conditions, the social division of labor generally entails the distribution of labor across wholistic and integrated tasks or occupations. Historically, the technical division of labor emerges to its fullest under capitalism. In fact, we can view the implementation of the technical division of labor as a means of increasing the relative exploitation of labor.

EDWARDS has identified the following ways (in order of their historical significance) in which the relative exploitation of labor can be enhanced: through the technical division of labor; through the capitalist's hierarchical or authoritarian control of the work place; through technological control by fragmenting, diluting and routinizing job tasks; and through bureaucratic control by using scientific methods of reorganizing the work place, job functions, hierarchical relationships, authority flows, etc.. (10). In practice, different combinations of these methods are implemented with different emphasis depending on the size of the capitalist establishment and the type of labor in question. MARX noted that the imperatives of competition and accumulation under capitalism would make relative exploitation through the technical division of labor of critical importance for the survival of firms. Further, he noted that the critical function of the technical division of labor is that it imposes on the majority of the workers a separation of the act of *conception* from the act of *execution* in job functions and tasks, wherein the former (conception) is increasingly lodged in the capitalists sphere of control (11).

The separation of the act of conception from the act of execution has several advantages for the capitalist interested in maximizing relative surplus: it increases the worker's dependency on capital by making him more expendable and substitutable; it cheapens labor by lowering skill requirements for the majority of workers; and it increases the productivity

of workers for any given outlay of C and V. In short, the technical division of labor, by lodging the act of conception in the capitalists sphere of control and relegating the worker to a mere execution of simplified and redundant tasks hastens the creation of abstract labor power. It should be noted, however, that this process has its accompanying disadvantages primarily in that worker alienation and job dissatisfaction increase directly with the intensity of relative exploitation. Thus the problem for the capitalist is to find ways of ameliorating the disadvantages without completely doing away with the technical division of labor (12).

In the separation of the acts of conception and execution, implying the destruction of the social division of labor (that is the destruction of integrated job tasks) we have a powerful historical materialist analytical postulate. In this postulate we have the conjuncture and articulation of the technical relations and the social relations under capitalism. With regard to the former it allows us to understand the processes of exploitation, accumulation and distribution under capitalism; and with regard to the latter it allows us to understand the concrete manner in which the class relations and their accompanying contradictions are reproduced under capitalism (13).

From the postulate of the tendency toward the separation of the acts of conception and execution, a simple and unambiguous criterion can be derived for segmenting labor markets under capitalism without having to postulate numerous criteria or differential occupational characteristics as is typical of dual labor market theories. From the point of view of the production process, that is, the possible ways in which labor can be utilized by the capitalist, we can distinguish between qualitatively different labor categories by looking at the degree to which job tasks are integrated, or as a corollary simplified. For the sake of simplicity, we can use the *mental/manual* dichotomy in job tasks and skill requirements as a measure of the complexity or simplicity of job tasks (14).

Now, under capitalism, labor and machines are used together in varying combinations and intensities within firms, across industries and over time. As noted by MARX, the economic and social power of the capitalist and capitalism as a self reproducing mode is embedded in the deployment of machines, or more generally in the relative increase of constant capital (C). Machines are both technical and social devices which not only increase productivity but also affect the worker in particular ways. The technical constitution of a machine can range from being a simple manually controlled one to a highly complex automated one. BRIGHT, in the chart on page 45 has undertaken to classify machine types according to their degree of complexity covering the entire spectrum of possible machine types.

Implicit in BRIGHT's classification, and what can be deduced from it, is the fact that the particular constitution of a machine type calls forth particular functions and skill requirements from labor. In the technical division of labor, the dominant tendency over time is for the capitalist and his intermediaries to see the human being as a control system with sensory devices, a computing (thinking) system and a motor behavioral system (with amplifying and mechanical linkages). The relative exploitation

Levels of Mechanization and Their Relationship to Power and Control Sources  
(as charted by James R. Bright)

Initiating control source	Type of machine response	Power source	Level number	Level of mechanization
From a variable in the environment	Responds with action	Mechanical (nonmanual)	17	Anticipates action required and adjusts to provide it
			16	Corrects performance while operating
			15	Corrects performance after operating
			14	Identifies and selects appropriate set of actions
			13	Segregates or rejects according to measurement
			12	Changes speed, position, direction according to measurement signal
	Responds with a limited range of possible prefixed actions		11	Records performance
			10	Signals preselected values of measurement (includes error detection)
			9	Measures characteristics of work
			8	Actuated by introduction of work piece or material
			7	Power-tool system, remote controlled
From a control mechanism that directs a predetermined pattern of action	Fixed within the machine		6	Power-tool, program control (sequence of fixed functions)
			5	Power-tool, fixed cycle (single function)
			4	Power-tool, hand control
From man	Variable		3	Powered hand tool
			2	Hand tool
			1	Hand
		Manual		

Source: Harry Braverman, *Labor and Monopoly Capital: The degradation of labor in the twentieth century* (New York, Monthly Press, 1974).

of labor requires that for each machine type the minimal and appropriate set of functions and skills from the control system categories be matched with the particular characteristics and functions of the machine as BRIGHT demonstrates on the following chart.

Changing Contribution Required of Operators with Advances in Levels of Mechanization (as charted by James R. Bright).

Worker contribution* or sacrifice traditionally receiving compensation	Mechanization levels			
	1-4	5-8	9-11	12-17
	Hand control	Mechanical control	Variable control, signal response	Variable control, action response
Physical effort	Increasing decreasing	Decreasing	Decreasing-nil	Nil
Mental effort	Increasing	Increasing-decreasing	Increasing-decreasing	Decreasing-nil
Manipulative skill (dexterity)	Increasing	Decreasing	Decreasing-nil	Nil
General skill	Increasing	Increasing	Increasing-decreasing	Decreasing-nil
Education	Increasing	Increasing	Increasing or decreasing	Increasing or decreasing
Experience	Increasing	Increasing-decreasing	Increasing-decreasing	Decreasing-nil
Acceptance of undesirable job conditions	Increasing	Decreasing	Decreasing-nil	Decreasing-nil
Responsibility**	Increasing	Increasing	Increasing-decreasing	Increasing, decreasing, or nil
Decision-making	Increasing	Increasing-decreasing	Decreasing	Decreasing-nil
Influence on productivity***	Increasing	Increasing-decreasing, or nil	Decreasing-nil	Nil
Seniority	Not affected	Not affected	Not affected	Not affected

\* Refers to operators and not to setup men, maintenance men, engineers, or supervisors.

\*\* Safety of equipment, of the product, of other people.

\*\*\* Refers to opportunity for the worker to increase output through extra effort, skill, or judgment.

Source: Harry Braverman, *Labor and Monopoly Capital*: The degradation of work in the twentieth century (New York, Monthly Review Press, 1974).



Using the mental/manual dichotomy criterion, the matching of machine types and labor can be simplified to yield labor segments or categories that are qualitatively different. In general, for the majority of the workers the level of the skill requirements of a worker will be inversely related to the level of complexity of a machine type. To see this, we will, for analytical simplicity, divide BRIGHT's machine types into two major categories as opposed to the seventeen on page 45 and the four on page 46. We will define as  $C_1$  highly complex and automated machines with levels of mechanization ranging from 9–17 in BRIGHT's classification. Such machines embody in themselves highly complex technology (that is, skills); thereby requiring a relatively small number of workers with the technical skills to conceive and manage them, and a relatively larger number of workers with disembodied skills to work with them (15). We will define as  $C_2$  simple machines of the mechanical range 1–8 with disembodied technology (that is, with less built-in complex technology) requiring a relatively large proportion of labor with technical skills embodied in labor itself (16).

We can proceed to categorize the labor corresponding to  $C_1$  and  $C_2$  into qualitatively different segments by using the mental/manual criterion in classifying the requisite job tasks. To do this, we resort to the U.S. Department of Labor digital classification system as presented in the Dictionary of Occupational Titles (DOT) shown on page 48. Note that the job tasks range from those that are routinely manual (levels 6 and 7) to those that require highly complex skills (levels 0 and 1). We can simplify this classification by identifying the following labor categories or segments: —

- L1 (levels 0 and 1): Labor with highly complex technical skills primarily requiring use of mental aptitudes (e.g. the professional, technical and upper and middle level managerial workers).
- L2 (levels 2 and 3): Labor with less complex skills than those for L1 but with some mental skills and primarily manual technical skills (e.g. craftsmen and traditional skilled blue collar workers).
- L3 (levels 4 and 5): Labor with simple and fragmented mental and/or manual skills (that is semi-skilled workers).
- L4 (levels 6 and 7): Unskilled or low-skilled labor.

The matching of the above labor categories with the two machine types is best shown by assuming that  $C_1$  and  $C_2$  can be used as substitutes in the production of a given output and then proceeding to identify the requisite combination of labor categories for each machine type. For a given outlay on constant capital (C) the following can be hypothesized:

- a) If the outlay is spent on  $C_1$  we would expect:
  - i) L3 to represent the majority of the workforce;
  - ii) a larger proportion of L1 than would obtain if  $C_2$  were used;
  - iii) L2 and L4 would represent a small proportion of the workforce.

- b) If the outlay is spent on  $C_2$  we would expect: –
- i)  $L_2$  and  $L_4$  to represent the majority of the workforce and one could be proportionately larger than the other;
  - ii) a smaller proportion of  $L_1$  than would obtain under  $C_1$ ;
  - iii)  $L_3$  to represent a small proportion of the workforce.

## JOB CLASSIFICATION

Labor Categories*	Data (4th Digit)	People (5th Digit)	Things (6th Digit)
L1	0 Synthesizing	0 Mentoring	0 Setting-up
	1 Coordinating	1 Negotiating	1 Precision working
L2	2 Analyzing	2 Instructing	2 Operating-controlling
	3 Compiling	3 Supervising	3 Driving-operating
L3	4 Computing	4 Diverting	4 Manipulating
	5 Copying	5 Persuading	5 Tending
L4	6 Comparing	6 Speaking-signaling	6 Feeding-offbearing
	7 No significant relationship	7 Serving	7 Handling
	8 No significant relationship	8 No significant relationship	8 No significant relationship

**NOTE:** The last three digits of the DOT (Dictionary of Occupational Titles) code number are based on the following findings of U.S. Employment Service Research:

1. Every job requires the worker to function in relation to Data, People, and Things, in varying degrees.
2. The relationship specific to Data, People, and Things can be arranged in each case from the simple to the complex in the form of a hierarchy so that, generally, each successive function can include the simpler ones and exclude the more complex functions.
3. It is possible to express a job's relationship to Data, People, and Things by identifying the highest appropriate function in each hierarchy to which the job requires the worker to have a significant relationship.
4. Together, the last three digits of the code number can express the total level of complexity at which the job requires the worker to function.

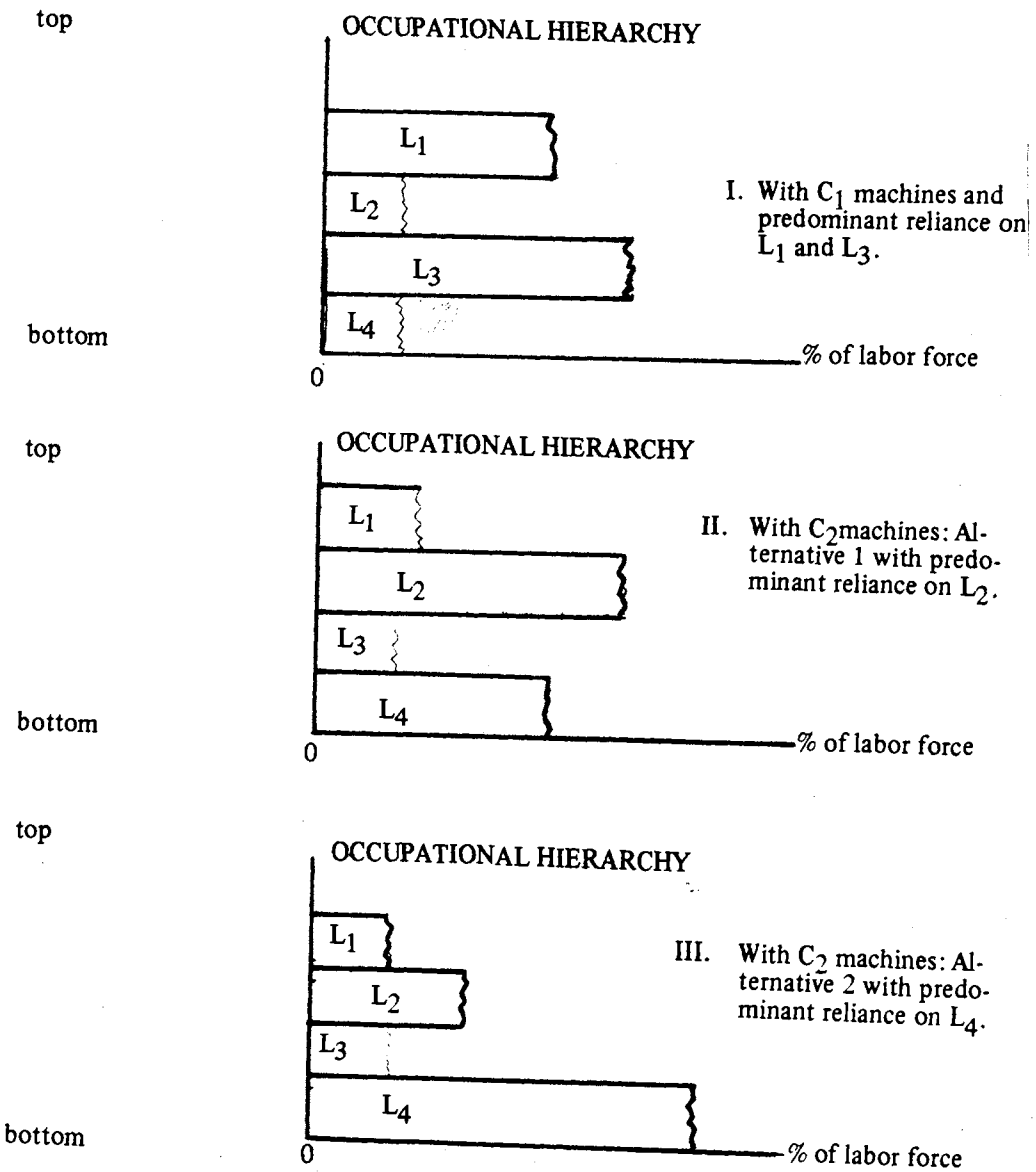
Throughout this arrangement, jobs are grouped according to some combination of required general educational development, specific vocational preparation, aptitudes, interests, temperaments, and physical demands. Each group contains (1) narrative information identifying traits and abilities required of the worker, and (2) a listing of occupations which require these factors in common.

**SOURCE:** Dictionary of Occupational Titles 1965 edition. U.S. Department of Labor.

\* The labor categorization is the author's.

Graphically, the hypothesized workforce distribution could be shown as in the following diagrams:

**HYPOTHETICAL LABOR UTILIZATION STRUCTURES**



For a given firm or industry, the particular combination of machine labor categories utilized will depend on the available technological know-how in each period and whether the combination maximizes the rate of surplus accumulation ( $S/C+V$ ) over the entrepreneurs planning period (17). In other words, the final combination has to be an economically feasible one (18). Once arrived at, the particular combination of machines and labor categories under profit maximizing conditions will constitute the resource utilization structure of the firm or industry. Thus, the resulting input combinations can be said to be complementary and mutually consistent with each other.

The stability of the resource utilization structure will depend on historically specific factors such as those enumerated on page 14, in addition to the relative power and configuration of class forces in the economy and polity. Since, in a given period, it is possible to characterize the industrial core of an economy by machine types, a unique resource utilization structure similar to one of the diagrams on page 49 can be identified for the economy as a whole. Such a structure would show the resource utilization consequences of the investment decisions of entrepreneurs in their attempt to maximize the rate of surplus accumulation. The tendency, also, would be toward a mutual consistency and complementarity in resource utilization for the economy as a whole.

The dominant resource utilization structure characteristic of a given period has at least three consequences on society. First, the dominant capitalists with an interest in the existing structure will use their economic and political power to ensure that society's formal and informal cultural and educational institutions (which impart skills to labor) are increasingly oriented to reproduce the requisite labor. Second, since the existing structure shows the differential probabilities of the chances of being employed in each labor category, the group of people dependent on the sale of labor power for their livelihood will orient itself, in terms of its career plans (that is its labor force participation) to fit into the entrepreneur's preferred segments so as to maximize the probability of employment (19). Finally, since the historically specific utilization structure distributes society's households into a socio-economic hierarchy representing unequal incomes and wealth, it also gives these households unequal access to the formal and informal ways of acquiring the requisite skills for upward mobility (20). The preceding consequences simply mean that a given economy's resource utilization structure once perceived as a surplus maximizing one by dominant capitalist interests will tend to reproduce itself.

#### **D. — HETEROGENOUS LABOR AND THE TECHNICAL DIVISION OF LABOR: RATIONALITY OF DISCRIMINATION**

##### **MARX'S THEORY OF EXPLOITATION AND HETEROGENOUS LABOUR**

MARX developed his theory of exploitation and capitalist accumulation under the simplifying assumption that the capitalist class and the working class were each homogenous. MARX identified as the basic relationship under capitalism the fact that the worker, being separated from

the means of production and the product of his labor, as capital originates through primary accumulation, is forced to sell his labor power to the capitalist in exchange for a living wage. This sale of labor power (i.e. ability to produce goods) actually represents a temporary surrender, to the capitalist, of the worker's control over his labor power and its resulting product. This incentive to employ labor lies in the fact that the capitalist, in assuming temporary control over the worker's labor power, can make the worker produce a product whose value, if realized in the commodity market, is greater than the sum of the living wage (V) paid in exchange for the labor power, and the value of the capital consumed (C) in the process of employing the labor power and producing the product. The resulting excess is the surplus (S), which is the basis for capitalist accumulation and expansion.

MARX contended that the value of V generally represented the socially necessary costs of reproducing and maintaining the working class. The value of V therefore was partly socially determined in terms of an expected remuneration for a worker to maintain an acceptable standard of living. But the value of V was also circumscribed by the fact that it could not be so high as to wipe out the surplus (and its accompanying process of expansion) or so low as to wipe out the working class. Within these constraints, MARX identified two ways in which S could be increased relative to C plus V. The most obvious and crudest way is to ensure extended hours of work and intensity of effort from labor for any given outlay of C and V in a given period. This, MARX argued, would result in an «absolute» increase in S and can thus be referred to as the absolute exploitation of labor. The second way is more sophisticated, and is achieved through increasing the technical division of labor and the capital intensity of methods of production. This latter approach, necessitating an increase in «relative» S, not only increases output, but also cheapens labor by increasing displaced surplus labor, and by cheapening the relative cost of the bundle of wage goods required to maintain the worker. The tendency toward the relative exploitation of labor (by increasing relative surplus) increasingly becomes the primary basis of accumulation and expansion in an economy constrained by resource scarcities and the exigencies of cut throat competition.

It is through the analysis of relative exploitation that MARX develops his theory of the role of the «reserve army» (consisting of the mass of hardcore unemployed, structurally displaced workers, ne'er-do-wells, and discouraged workers). The reserve army plays the role of a buffer in the inherent cyclical course of capitalism. It simultaneously provides surplus labor for surplus capital, and an automatic depressant on V in the labor market, since members of the reserve army will increasingly tend to underbid wages. The existence of the reserve army, therefore, is an inherent way in which labor's cohesiveness is broken, both as a consequence, and as a facilitator of the relative exploitation of labor (21).

## INTRODUCING DISCRIMINATION

It is our contention that the initial and fundamental role discrimination plays under capitalism is akin to, indeed an extension of the role of the reserve army. In order for this to be the case, the necessary and sufficient condition for the origin of discrimination under capitalism is *the*

*existence of an identifiable group of people, not as yet absorbed into capitalist social relations, as an actual or potential source of cheap and surplus labor.* To avoid any circularity of argument, the relative availability of a particular identifiable group as potential cheap labor should initially be explained and located outside the capitalist social reality even if the notions of relative «cheapness» and relative «availability» are based on capitalist imperatives and considerations.

The above condition can be stated more concretely as follows: *capitalists will find it in their interest to discriminate if there exists an identifiable group of people whose standard of living, and therefore, whose socially necessary reproduction costs (V), are (or can, through force, be made to be) significantly lower than those for the workers currently employed.* Under such conditions not only will capitalists develop an ideological rationalization of the discriminatory allocation of labor, but they will also, of necessity, evolve institutionalized relations of domination and subjugation to guarantee the continued cheapness and relative availability of this kind of labor.

The machine types identified above do not in themselves inherently elicit a particular kind of labor on the basis of race, sex, ethnicity or age. It should be indicated also that we cannot meaningfully postulate the inherent suitability of a particular group on the basis of race, sex, ethnicity or age for any of the labor segments. To introduce discrimination in the allocation of labor across the labor segments identified above we need to define the meaning of heterogenous labor. We will define labor as being *heterogenous if there exist two or more groups (in a given capitalist social formation) each of which has a qualitatively different socially necessary reproduction cost.* To avoid any circularity, the initial difference in these costs (or conventional standards of living to which each group is accustomed) should be located outside of the social reality determined by capitalism. Heterogenous labor as defined above can arise as a results of the following circumstances:

- a) as a result of the uneven development of autocentric (that is independent) communities which are then interconnected or brought together under one social formation by capitalism (22).
- b) as a result of inequalities and relations of domination and subjugation produced and sustained by a precapitalist social formation, which is then absorbed into the capitalist orbit (23).
- c) as a result of dependency due to youthfulness or senility in age to the degree that such dependency is biologically and socially determined (24).

Once the above circumstances exist under capitalism, the differences in socially necessary costs (conventional standards of living) are transformed, through capitalist eyes into differences in «desired» variable costs and/or remunerations both from the supply and demand sides of the labor market.

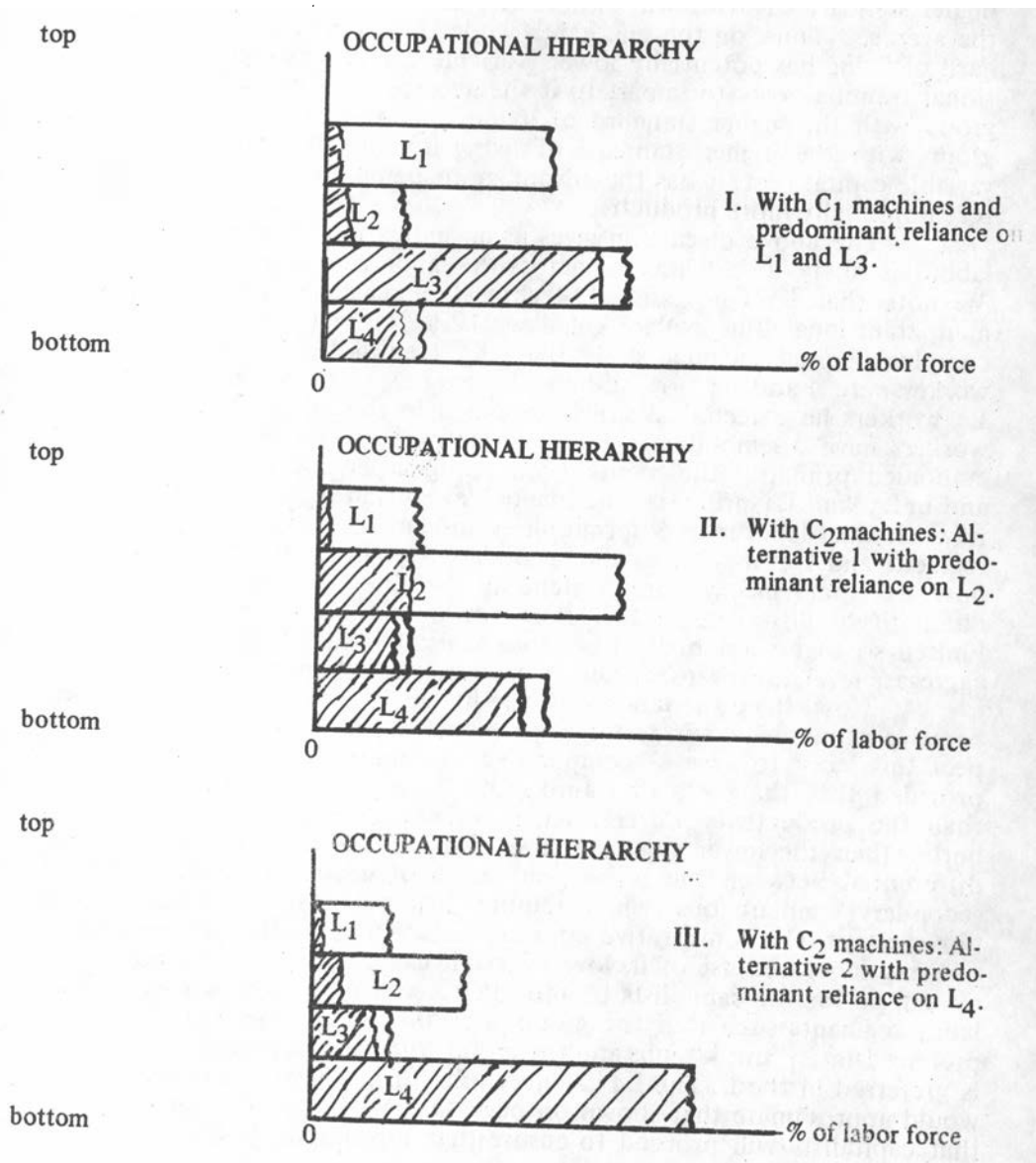
The progressive nature of capitalism as a social system implies that, in general, labor groups with a longer association with capitalism (vis-a-vis pre-capitalist modes), or labor groups in the most progressive capitalist community (vis-a-vis other capitalist communities) will have a higher conventional standard of living and, therefore, a higher, socially necessary reproduction cost in terms of variable capital expenditures (V). Under these circumstances, however, differential standards of living also imply differential levels of skill requisite for the capitalist system such that the group with the higher standard of living will of necessity have the higher requisite skills on the average. Thus, on the one hand, while the group with the lower standard of living has potentially lower variable capital costs, it requires additional training costs to impart to it the average skills characteristic of the group with the higher standard of living. On the other hand, while the group with the higher standard of living is more expensive in terms of variable capital cost, it has the advantage of being more skillful and therefore potentially more productive.

The above discussion gives us an indication of how heterogenous labour is likely to be allocated across the labor segments L<sub>1</sub>, L<sub>2</sub>, L<sub>3</sub>, L<sub>4</sub>. We note that L<sub>1</sub> (professional, technical, management) and L<sub>2</sub> (craftsmen, traditional Blue collar skilled workers, foremen, etc.) require more complex mental/manual skills than L<sub>3</sub> (semiskilled operators, service workers, etc.) and L<sub>4</sub> (low skilled laborers etc.). In other words L<sub>1</sub> and L<sub>2</sub> workers have technical skills embodied in the labor while L<sub>3</sub> and L<sub>4</sub> workers have disembodied skills; alternatively, in L<sub>1</sub> and L<sub>2</sub> workers is embodied primarily the mental/conceiving aspect of work performance and in L<sub>3</sub> and L<sub>4</sub> primarily the manual/execution aspect of work. We can now use dual labor market terminology and label L<sub>1</sub> and L<sub>2</sub> as the primary segment and L<sub>3</sub> and L<sub>4</sub> as the secondary segment. It should be noted, however, that since we are contending that the four labor segments are qualitatively different, in the short run labor mobility between them is limited so that we actually have four markets and not two. On a more aggregate level, however, the dual characterisation should suffice.

Now, since the labor with the higher standard of living has a comparative attractiveness in terms of its higher average skill level, we can expect this labor to have a «comparative advantage» in the primary market provided that the costs of training the lower standard labor are greater than the productivity differential by which the higher standard labor is better than the lower standard labor (25). Also, since the productivity differential between the higher and lower standard labor groups in the secondary segment jobs (which require little or no skills) is likely to be non-existent, the comparative attractiveness will go to the lower-standard-of-living labor because of its lower variable capital costs. Thus, the tendency will be for the capitalists to allocate heterogenous labor across the four labor segments such that the group with the higher standard of living is preferred in L<sub>1</sub> and L<sub>2</sub> jobs and the group with the lower standard of living is preferred in the L<sub>3</sub> and L<sub>4</sub> category jobs (26). The resulting distribution would approximate that shown on page 54. We can go further to suggest that capitalists will proceed to ensure that appropriate mediating market,

**HYPOTHETICAL LABOR UTILIZATION UNDER PRIMARY DISCRIMINATION.**

**NOTE:** The shaded area represents the hypothesised proportion of the lower-standard-of-living labor in each labor category. The assumption here is that this type of labor is a majority of the population. Where it is a minority its representation in L3 and L4 will be disproportionate to its size in the total population. Note that under secondary discrimination, discussed below, there would be a total absence of this type of labor in L1 and L2.





and extramarket institutions and mechanisms are developed to guarantee the heterogeneity of the labor force and its 'proper' allocation along the suggested lines. Finally, an appropriate ideology will also be developed to justify both the allocation and the mechanisms and institutions that sustain it (27). The preceding activities by the capitalist class will be said to constitute «*primary discrimination*». At this point, we can see the origin and basis of the seeming endless circularity depicted on page 38 and discussed earlier with regard to neo-classical theories of discrimination. Thus, both the labor force heterogeneity and the labor force segmentation along technical lines are incorporated in the self reproduction of the resource utilization structure of the economy.

#### **E. – CONTRADICTIONS OF DISCRIMINATION: THE EVOLUTION OF SECONDARY AND COMPOSITE DISCRIMINATION**

The above allocation of heterogenous labor as a result of primary discrimination should be understood to explain an initial allocation once heterogenous labor groups are brought together under the orbit of capital. Over time, however, the resulting allocation is likely to be modified by a number of factors such as : a) the effectiveness of the labor control mechanisms deployed to ensure the continued heterogeneity of the work force; b) the degree to which the rationalizing ideology of primary discrimination is internalized and considered legitimate by the lower-standard-of-living labor; c) the degree to which the actual and desired standard of living and level of skills increase for the lower-standard-of-living labor in the course of its utilization over time; and d) the responses of previous or traditional users of the lower standard labor if the cheap labor supply is not totally elastic. The last two factors lead us to the evolution of what we shall label «secondary» and «composite» forms of discrimination.

Factor (c) above is particularly important in influencing the future course of discriminatory practices and the rationality of the resource utilization structure guaranteed through primary discrimination. First, note that once brought under the orbit of capitalism, not only will the labor with the lower standard of living displace the labor with the higher standard of living in secondary jobs (L<sub>3</sub> and L<sub>4</sub> categories) because of its relative cost efficiency, but it will, also, in the course of time, aspire to the standard of living of those that it displaces. Second, as its absorption into the industrial system proceeds in numbers and over time, the lower standard of living labor will begin to acquire a higher level of skills. This increase in skill levels will have the effect of lowering its on-the-job training costs and of increasing its productivity. Hence, the cost and productivity disadvantage it has vis-a-vis the higher standard of living labor in L<sub>3</sub> jobs, which are initially likely to be the monopoly of the lower segments of the higher standard of living labor, will diminish. Thus the low standard of living labor will become attractive to the capitalist for L<sub>3</sub> jobs.

The above developments will lead to an increasing sense of insecurity among the higher standard of living labor compelling this group to undertake discriminatory measures to protect its incomes from being underbid and its employment from being undermined. This reaction will be particularly compelling during recessions or times of slow growth in the

economy. Thus another set of control mechanisms generally directed at obstructing or limiting the upward mobility of the lower-standard of living labor with respect to incomes, skill acquisition, and jobs will be fought for by the threatened labor (the higher standard of living labor) in L<sub>3</sub> and L<sub>2</sub> jobs. These control, obstructing or limiting mechanisms will be manifested in various formal and informal policies and behavioral stipulations in both the economic and socio-political spheres, and in the evolution of an ideology of discrimination designed to justify and keep the lower standard of living labor «in its place». Now, since these discriminatory practices arise as a response to primary discrimination they will be said to constitute *secondary discrimination* (28).

We now have two sources of discriminatory practices: those emanating from capitalists who place a premium on the lower standard of living labor as a substitute for the higher standard of living labor in their desire to maximize the rate of surplus; and those emanating from threatened labor segments in their attempt to protect their income and employment levels in the face of cheaper labor. These forms of discrimination, labeled primary and secondary discrimination respectively are rational from the point of view of the parochial perspectives of each respective group, but the two forms of discrimination together are contradictory in that each form undermines the interests of the other. However, their accompanying superstructural rationalizations in form of ideologies of domination will tend to overlap and to feed from a common well-spring of myths and half truths. Nevertheless, once the two forms of discrimination confront each other, espousers of primary discrimination will appear to have a more liberal ideology that will tend to justify the need to «uplift» the lower standard of living labor, whereas that of the secondary discriminators will appear reactionary and atavistic in its desire to keep the competing group in its place. Historically, however, the threatened group has been known to call the capitalist's bluff by taking a seemingly progressive stance in favor of «equal pay for equal work» for all groups! (30).

It should now be clear that given an initial resource utilization structure based on the allocation of a homogenous labor force (that is one that shares common referent points with regard to the standard of living and the socially necessary reproduction costs) across the labor segments L<sub>1</sub>, L<sub>2</sub>, L<sub>3</sub> and L<sub>4</sub> with either C<sub>1</sub> or C<sub>2</sub>, the introduction of the lower-standard of living labor (with the lower «socially» necessary reproduction costs) is destabilizing to the structure. The cheaper labor threatens owners of labor power and producers and sellers of machines for which it is a substitute; and it strengthens owners of inputs for which it is a complement. Thus the repercussions of the destabilizing consequences of introducing cheap labor are likely to reverberate throughout the economy affecting various fractions of labor and capital in a mixed fashion. As a consequence, some interesting coalitions of fractions of capital and fractions of labor are likely to arise in favor of primary discrimination or secondary discrimination.

Initially, for instance, on the one hand higher standard of living labor will coalesce with capitalists interested in primary discrimination if this means growth of an industry resulting in more upper levels jobs for

which the higher standard of living labor thinks it is best suited. However, once the higher standard of living labor becomes relatively expensive in the face of labor scarcities or monopolistic labor behavior in upper level jobs, and the lower standard of living labor appears a threatening substitute, the initial coalition will break and secondary discrimination will emerge. On the other hand, capitalists in traditional or peripheral industries (e.g. those in agriculture) which are likely to be the source of the cheap labor may coalesce with the labor interested in secondary discrimination so as to guarantee for themselves cheap labor in the face of its absorption into core industries through primary discrimination (31). Other scenarios are possible for different stages of the readjustment consequent upon the existence of a heterogenous labor force, but the preceding should suffice to demonstrate that contradictory interests emerge within classes and between fractions of classes which are best analysed by disaggregating the classes in a capitalist social formation into subclasses or fractions.

Needless to say, the contradictory interests will be reflected in conflicts in the economic and political spheres. The antagonisms between the various groups can be so deep seated as to result in civil wars and national revolutions of one sort or another. However, the contingent nature of many of the contradictions and antagonisms between the different fractions of classes is shown by the fact that the desired resolutions to the conflicts are politically undertaken in a manner that retains the substance of the capitalist social formation. The resolutions to the conflicts will depend on the relative economic and political power of the competing coalitions. The relative political power of the groups will depend not only on their relative sizes but also on the nature of the franchise in the polity at a given historical stage.

In the early stages of industrial capitalism when the franchise is limited to the bourgeoisie and aristocracy primarily, state intervention through the use of force and the enactment of coercive laws will tend to favor primary discrimination. But the primary discrimination may in turn tilt either toward feudal or industrial interests depending on the relative power, between the two groups. However, with the widening of the franchise to include higher standard of living labor at a later historical stage, the preceding groups may be politically overwhelmed by sheer numbers such that the state may be compelled to intervene to institutionalize some aspects of secondary discrimination. It is this attempted compromise between primary and secondary discrimination that results in gross inefficiencies in resource utilization in the economy. It is at this stage that discrimination becomes «irrational» from the point of view of some or most capitalists and their ideologues.

We shall label the attempts to compromise primary and secondary discrimination through state intervention as *composite* discrimination. It should be noted that while composite discrimination poses grave contradictions in the economic sphere, at the level of ideology, its effect is generally markedly different. Since the ideologies of domination generated by the two forms of discrimination (primary and secondary) tend to overlap substantially, precepts common to both ideologies and both forms of discrimination are now seized upon and used to mold a unified ideology commensurate with the compromise implied by the composite discrimination.

It is at this stage that, on the political level, the dominant groups whose interests are reflected in composite discrimination seem homogenous and driven by a unity of purpose. But this is only so as long as the extreme, non-overlapping aspects of the interests of the primary and secondary discriminators are discreetly kept in abeyance by each group for the sake of social peace.

The practical implications of composite discrimination are initially that the state, and various public and private bodies will begin to condone or facilitate the creation of barriers and conventions designed to give lower and higher standard of living labor differential access to jobs, formal and informal training, cultural amenities, and political privileges. In particular, capitalists interested in cheap labor will be guaranteed this kind of labor but only for specific job categories such as L<sub>4</sub> and perhaps L<sub>3</sub> jobs; higher standard of living labor will be guaranteed upper level jobs such as those in L<sub>1</sub> and L<sub>2</sub> categories. But, the ability to substitute lower for higher standard of living labor will be severely restricted by law, convention, or «custom».

Composite discrimination will generally represent an unstable alliance, or a mere temporary marriage of convenience between the major conflicting groups. The crucial contradiction will be reflected in the desire of the higher standard of living labor to fight for institutionalized feather bedding in upper level jobs and artificial guarantees of higher incomes relative to the lower standard of living labor, and in the under-employment of skilled lower standard of living labor in lower category jobs for which they are over-qualified. There will thus be a tendency for costs of production to rise and for productivity to fall or to increase slowly.

Further, composite discrimination poses a technical dilemma for the capitalist confronted with it. First, the increased employment of higher-standard-of-living labor in upper level jobs requires capital intensive production methods if the rate of exploitation ( $S/V$ ) of this kind of labor is to be enhanced. Second, however, the increased simultaneous employment of the cheaper low-standard-of-living labor in L<sub>4</sub> and L<sub>3</sub> type jobs requires labor intensive methods of production. Now since within relevant firms and industries the higher and lower-standard of living labor categories are likely to be complementary inputs utilizing a common capital equipment base, and since the key cost efficient labor is likely to be the lower-standard of living one there will be a tendency to use labor intensive methods. Such methods would further accentuate the redundancy and high cost nature of the higher standard of living labor.

Capitalists affected by these developments are likely to use their economic and political power to modify the nature of the composite discrimination so as to allow for a more efficient (i.e. rational) resource utilization structure. In particular, they are likely to fight for reductions in feather bedding among higher standard of living employees and controlled advancement of lower standard of living labor while retaining the structure of composite discrimination relatively unchanged. But, whatever the modifications, capitalists interested in maximizing surplus will tend to want to limit the employment of higher standard of living labor. Thus, under composite discrimination, there will be a tendency for costs of production

to increase, for the scale of operations to decrease or increase slowly, and for the employment of higher standard of living labor to decrease or increase slowly. Under composite discrimination, then, we would have a permanent tendency toward stagflation, which may be ameliorated during times of extraordinary booms in the economy.

Since composite discrimination is a consequence of the attempt to reconcile, at the state (political) level, conflicting interests emanating from the economic base, the state will find it imperative to intervene to resolve the tendency toward stagflation. The state will find itself attempting to initiate policies that facilitate both increased accumulation and expansion in the private sector and increased legitimization of the existing socio-economic order among disgruntled lower and higher standard of living labor.

To facilitate accumulation, the state will increase social capital expenditures on infrastructure designed to lower costs of production and encourage expansion in industries adversely affected by composite discrimination; such expenditures could also be designed to attract new industries which could employ surplus or redundant labor. Further, the state might socialize the reproduction costs of higher standard of living labor through social consumption expenditures on education, job training, housing, and subsidization of consumer goods. Such policies would lower the variable costs of employing this type of labor in high cost industries. To facilitate legitimization and social harmony, public projects may be initiated primarily to enhance the employment of redundant and surplus higher-standard of living labor. In fact, if the state is strongly committed to composite discrimination, the public sector will expand phenomenally and become the employment model, albeit a perverted one. The misallocation and unproductive use of labor in this sector will tend to be the norm. But for the state to accomplish these tasks it has to appropriate surplus from somewhere, usually the industries engaged in or benefitting from primary discrimination. Thus, it has to facilitate composite discrimination while leaning heavily on primary discrimination.

As the evolution of primary, secondary, and composite discrimination proceeds, the lower standard of living labor will not be a passive participant. In fact the increased utilization of this kind of labor is likely to hasten its differentiation into at least three groups. First, as a consequence of various spread and trickle down effects, liberal and humanitarian policies, and their own efforts at self improvement, a minority section of the lower standard of living labor will evolve as an upper stratum. This section will be overqualified for  $L_4$  and  $L_3$  type jobs and will aspire to  $L_2$  and  $L_1$  jobs from which they are excluded. This group, depending on its political clout and its perception of chances for influencing policies, may choose to fight for an outright challenge to secondary discrimination so as to integrate itself in the primary market on an «equal pay for equal work» basis (33); or it may seek to modify composite discrimination so as to enhance its own employment and incomes within the existing basic structure (34). Second, as a consequence of industrialization, a relatively large section of the lower standard of living labor will be proletarianized within the context of the secondary labor market. This group will bear the brunt of all forms of discrimination and as such may be politically a very volatile group. Last,

there will be a section of the lower standard of living labor which may be partially absorbed into the capitalist orbit and may participate in it as temporary, part-time, or seasonal labor. Such participation may not be an autonomous option. In fact, it generally will be a consciously designed component of primary discrimination as preferred by particular fractions of capitalists who profit by it, and as preferred by secondary discriminators who may see in it a way of keeping the lower standard of living labor in its place.

At this point it should be obvious from the above that once composite discrimination has evolved, the resource utilization structure that reflects it will tend to be a distorted one from the point of view of rational resource allocation under capitalism (35). Further, the economic and political basis of the structure will be inextricably intertwined, implying that the structure will be both a consequence and a determinant of class struggles amongst the different fractions and coalitions. Thus, in the final analysis, the future of composite discrimination and its accompanying resource utilization structure will depend on the nature of the contradictions it precipitates and the manner in which class forces configure to resolve them.

By way of concluding this section, some implications of the preceding analysis for some long-standing issues in working class praxis need to be indicated. First, the question has often arisen as to whether under composite discrimination the higher-standard of living labor constitutes a labor aristocracy that engages in or benefits from the exploitation of the lower standard of living labor. For this to hold, capitalists have to be forced to adhere to resource utilization structures dictated by secondary discrimination in a manner that is distorted from their point of view — that is, the rate of exploitation ( $S/V$ ) for the higher-standard-of-living labor has to be lowered as a result of an artificial increase in  $V$  due to secondary discrimination, and presumably this additional increase in  $V$  has to come from the increased exploitation of the lower standard of living labor.

Our analysis suggests that this is unlikely to hold in the long run as long as capitalists have control over reallocating resource combinations. For instance any such artificial increase in  $V$  for the higher standard of living labor will be counteracted by an increase in constant capital ( $C$ ) relative to  $V$  such that  $S$  will increase so as to leave the rate of exploitation ( $S/V$ ) the same or even higher. In fact it is even possible that by reallocating  $C$  relative to  $V$  for higher-standard-of-living labor the rate of exploitation ( $S/V$ ) for this group could be higher than that for the lower standard of living labor. Thus at the level of production (that is, that of the firm or industry) the notion of workers «exploiting» other workers does not make much sense. However, at the level of distribution of surplus through public expenditures, the higher standard of living labor may actually participate in the appropriation and consumption of surplus disproportionately. Such appropriation and consumption would be represented by various social consumption and social unproductive expenditures necessitated by composite discrimination as discussed earlier. Thus a labor aristocracy can be sustained through public expenditures at the level of distribution and as such represents a contingent and not a necessary contradiction within the working class.

The preceding issue leads to a second problem that has historically proved intractable in working class praxis. Given the existence of heterogeneous labor under capitalism, how is a unified working class movement formed? We note that the primary and secondary discrimination precipitated by the existence of heterogeneous labor under capitalism implies that within the context of capitalism, the objective (that is, the material) interests of the higher- and lower-standard-of-living labor are contradictory. On the one hand, the higher-standard-of-living labor sees the lower labor as a threat to its income and employment. On the other hand, the lower-standard-of-living labor sees the higher labor as a barrier to increasing its own incomes and employment. Is it possible under these circumstances for the two groups of labor to arrive at common income and employment tactics in dealing with capitalists?

Thus when the higher-standard-of-living labor fights for «equal pay for equal work» and increases in minimum wages in the name of working class solidarity, the majority of the lower-standard-of-living labor is likely to be suspicious since such tactics maximize incomes for a few while undermining employment possibilities for the many. Similarly, when upper echelons of the lower-standard-of-living labor fight for advancement policies through job dilution or fragmentation or fight for affirmative action, the higher labor feels threatened. Further, when the majority of the lower-standard-of-living labor shuns unionization and shows a willingness to scab to enhance its own employment, outright antagonisms and conflicts are precipitated. How then is a working class movement to be formed on the basis of mutual interest and trust?

There is no theoretically compelling answer or guideline we can think of given the analysis in this paper (36). The answer perhaps lies in suggesting that any tactics that facilitate homogenization of the work force are likely to be 'correct' tactics regardless of their short-run adverse implications to a particular group. At this stage it should be clear that the so-called «national question» in countries where the lower-standard-of-living labor is the minority (with respect to Blacks in the U.S. for instance) and the question of «minority rights» in countries where the higher standard of living labor is a minority (with respect to Southern Africa, for instance) to the degree that progressive movements have discussed or embraced them are attempts at resolving the contradictions posed by heterogeneous labor within a context of mutual suspicion.

It should be noted that this is a problem that the advent of socialism in a given country is likely to find difficult to solve since the relative equalization and homogenization of the society and thus the working class that it implies, would have to be attained on the basis of a redistribution of incomes and jobs among the labor groups as well. Since such redistribution is likely to impinge on the interests of the higher group, the redistribution will have to depend on this group's political maturity and magnanimity in allowing itself to sacrifice some of its economic and political power and status for the sake of longrun socialist goals, particularly in countries where this group is a majority. In countries where the lower standard of-living labor is a majority, such redistribution can alternatively be undertaken by force, through the same process by which the capitalists are dispossessed.

## F. – CONCLUSION

The preceding has been an attempt to outline a general Marxist (Historical materialist) approach to discrimination. It has been our contention that the nature of discrimination cannot be properly understood from a static and deductive analysis of its manifestation in contemporary economic phenomena. The problem lies in the fact that in contemporary phenomena, various facets of discrimination have become institutionalized in mediating factors, and the rationalizing ideologies of these facets have become so embedded as to make it difficult to separate what is cause or effect. In fact, since the various facets of discrimination are in the course of time incorporated as both a cause and effect in the self reproduction of capitalist social relations, a theory of discrimination that limits itself to a study of contemporary manifestations alone is likely to be partial, circular or tautological.

In this paper, we have attempted to show how a historical materialist methodology tears through this circular veneer and at the same time explains how the circularity arises. We have attempted to show that discrimination initially arises as a rational consideration in the form of primary discrimination. This discrimination arises initially as a preference for labor which has a lower socially necessary reproduction cost. Such discrimination is then institutionalized through mediating forces and is furnished with an accompanying rationalizing ideological superstructure. At this stage, primary discrimination will tend toward self reproduction partly because of the automatic steering of labor implied by mediating factors and partly as a result of the relative internalization of the ideology by the preferred groups, resulting in auto-steering.

We have argued that overtime, primary discrimination is likely to impinge upon the material interests of particular fractions of labor and capital. In attempting to protect their material interests, these groups will react to primary discrimination by engaging in secondary discrimination, which consists of developing barriers against the continued utilization of the preferred labor in higher level jobs. Similarly, attempts are made to institutionalize such discrimination against the labor preferred by primary discriminators and a legitimating ideology is also developed. Secondary discrimination, however, acts as a fetter on the rationality of primary discrimination and as such it generates conflicts among the different subclasses. The resolution to such conflicts will depend on the configuration and relative power of the struggling coalitions, but in general, some form of compromise political solution is arrived at which attempts to accommodate both primary and secondary discrimination. We have labelled such a compromise composite discrimination, which represents an unstable institutionalization of the rational and irrational aspects of the conflicting discriminations. It is this form of discrimination (composite) that becomes the historical legacy of contemporary economic phenomena.

The approach developed in this paper is original perhaps only in the manner in which we have intuitively synthesized historical experiences that are patently obvious to discriminators and the discriminated alike (but apparently not so obvious to economists). The approach is a simple one but in its simplicity it manages to make coherent the circularity shown in the diagram on page 38.



Further, it allows us to reinterpret the various partial supply side and demand side theories of discrimination as parts of our more general framework. Thus, 'taste' theories of discrimination primarily explain the behavior of entrepreneurs who have internalized superstructural ideologies rationalizing the different forms of discrimination (primary, secondary or composite); demand side and supply side risk aversion theories (statistical, labor force participation, and job research theories) simply underscore the efficacy of the institutionalized factors mediating and legitimating primary, secondary or composite discrimination; and the dual labor market (labor market segmentation) theory is developed here in a simple and uncluttered *ex ante* approach thereby making it theoretically compelling.

A further advantage of the approach suggested in this paper is that its formulation and hypothesized implications do not depend on the *a priori* postulation of a particular discriminated or discriminating group, or on the experiences of a particular country. The approach depends solely on the definition and implications of heterogeneous labor under capitalism, hence its generality. Further, in locating discrimination in objective circumstances related to technical and social relations of production, it meets historical materialist methodological precepts. And, finally, by showing the derivative nature of discriminatory ideologies from the objective (material) circumstances and by showing how they in turn become a semi-autonomous fetter or irrationality in the capitalist social formation, the approach manifests a dialectical methodology as well.

The approach presented in this paper, however, in its intuitive simplicity and its generality provides a mere analytical perspective or framework, but it does not suffice as a theoretical model. The latter can be developed from the framework by making the arguments presented here historically specific so as to facilitate the derivation of empirically verifiable hypotheses (37). It is our hope, however, that the approach is falsifiable in principle and that it succeeds in synthesizing the issues of racial and class oppression and exploitation under capitalism.

#### APPENDIX: Procedure for Applying the Approach to the Evolution of Racial Discrimination in South Africa and the U.S.A.

In order to understand the rationality and contradiction of the origin and evolution of racial discrimination, it is necessary first to periodize the political economy history of a capitalist social formation according to the technical and social relations dominant in each period. Second, for each period, it is necessary to disaggregate the industrial (capitalist firms) structure and resource (labor and machines) utilization structures into their microeconomic components, which can be approximated by disaggregations of capitalist and working classes into their respective fractions. Examples of such disaggregations for two periods in U.S. and South African history are given in Matrices 1, 2, 3 and 4.

Beginning in the first period and proceeding to succeeding periods, the following questions might be explored:

1. Why and how does a particular industrial (capitalist) structure and its corresponding resource (labor) utilization structure arise as a concrete manifestation of the technical and social relations of the capitalist social formation? To understand this, one would have to look at the production, cost, and demand structures for each fraction of capital and show how they facilitate or constrain surplus accumulation. That is, the material interests of capitalists have to be identified for each of the subclasses in each period.

2. What are the contradictions and/or constraints (that is the fetters on accumulation) giving rise to the need for some fractions of capital to engage in primary discrimination?

3. What are the mediating control factors, threat/submission system, and rationalizing ideologies that are developed to reinforce primary discrimination? In other words, how is primary discrimination institutionalized and what kind of superstructure supports this institutionalization?

4. Given the need for primary discrimination, what are the material interests of each subclass? Whose costs of production and surplus are lowered, or increased? Whose employment is complemented or threatened? Whose final demand is increased, or lowered?

5. Looking at each cell in the beginning period, how do the material interests of any two intersecting groups (row group and column group) in each cell contradict or complement each other?

6. What are the subgroups threatened by primary discrimination and how do they coalesce to engage in secondary discrimination? What mediating factors and superstructure are developed in support of secondary discrimination?

7. How are the conflicts between supporters of primary and secondary discrimination resolved into composite discrimination at the political (state) level?

8. How is composite discrimination institutionalized and what superstructural rationalizing synthesis emerges?

9. How does composite discrimination represent both a fetter on (an irrationality) or facilitator of surplus accumulation?

a) for the economy as a whole?

b) for particular fractions of capital?

It is our belief that if the above approach were undertaken for a comparative study of discrimination in the U.S. and South Africa, striking similarities would be unearthed with regard to the origin, evolution, rationality and contradictions of racial discrimination under capitalism.









NOTES

1. This view arises from the fact that most economists take the «taste» for discrimination as exogenously and autonomously determined. Just how this «taste» originates in the psyches of particular groups is rarely explored. Even the seemingly endogenous theorizing of supporters of 'risk-aversion' or 'statistical' theories of discrimination fails to explain why it is that certain behavioral traits are perceived, rightly or wrongly, to correlate with race, sex, age or ethnicity.
2. See for instance W.D. Jordan's *White Over Black* (Penguin Books, 1968); Eugene Genovese's *The Political Economy of Slavery* (New York, Random House, 1967); Immanuel Wallerstein «American Slavery and Capitalist World Economy from 1790 to 1860», *American Journal of Sociology*, Volume 31, 1971; Eric Williams' *Capitalism and Slavery*; Jay Mandle's *The Roots of Black Poverty* (Duke University Press, 1978); Spero and Harris' *The Black Worker*, (Columbia University Press, 1931); Guy C.Z. Mhone's *The Political Economy of a Dual Labor Market in Africa*, (New Brunswick, N.J. Associated University Presses/Fairleigh Dickinson University Press, 1982); and Frederick A. Johnstone's *Class, Race and Gold: A Study of Class Relations and Racial Discrimination in South Africa* (Routledge and Kegan Paul, 1976).
3. To the writer's knowledge no theory has so far been able to adequately and compellingly integrate the two sources of discrimination into one general approach, a task we attempt to undertake in this paper.
4. See C.S. Becker, *The Economics of Discrimination* (Chicago University Press, 1957); Dennis J. Aigner and Glen G. Cain «Statistical Theories of Discrimination in Labor Markets», *Industrial and Labor Relations Review*, Volume 30, No. 2, 1977; Lester Thurow, *Poverty and Discrimination*, (Brookings Institution, 1965); and Kenneth Arrow «Some Mathematical Models of Race Discrimination: A Survey and Critique», in Anthony Pascal editor *Racial Discrimination in Economic Life* (D.C. Heath, 1972).
5. See Edna Bonavicich, «Advanced Capitalism and Black-White Race Relations in the United States: A Split Labor Market Interpretation», *American Sociological Review*, Volume 41, February 1976; Edna Bonavicich, «A Theory of Ethnic Antagonism, The Split Labor Market», *American Sociological Review*, Volume 37, October, 1972, and David H. Swington, «A Labor Force Competition Theory of Discrimination Over Time», *American Economic Review*, Volume 67, Number 1, 1977. A Marxist version of such theories is presented by John E. Reomer, «Divide and Conquer: Microfoundations of a Marxian Theory of wage Discrimination», *Bell Journal of Economics*, Volume 10, 1979.
6. For a discussion of the limitations of human capital theories see Welch, «Human Capital Theory: Education Discrimination and Life Cycles», *American Economic Review*, Volume 63, Number 2, 1975; Bowles and Gintis «The Problem With Human Capital Theory: A Marxian Critique», *American Economic Review*, Volume 63, Number 2, 1975; Bowles and Gintis, *Schooling in Capitalist America* (Basic Books, 1977) and Ohlin Wright *Class Structure and Income Determination* (Academic Press, 1979). Welch in the above cited article has commented that «I for one, do not think we have gained much insight of discriminatory mechanisms either from theories of discrimination or from measures of wage differentials», page 71.
7. See P. Doeringer and M. Piore, *Internal Labor Markets and Manpower Analysis* (D.C. Heath, 1971); David M. Gordon, *Theories of Poverty and Underemployment* (D.C. Heath, 1973); and Richard Edwards, David Gordon, and

- Michael Reich editors *Labor Market Segmentation* (D.C. Heath, 1975).
8. The idea here is to develop a framework for identifying patterns of resource utilization typical of a particular period for the economy as a whole very much along the lines suggested by Ludwig M. Lachman with respect to capital in his *Capital and its Structure* (Sheed Andrews and McMeel Inc, Mission, Kansas, 1978).
  9. In this respect, the technical division of labor is a particular manifestation of the social division of labor, the latter being a more general and supra-historical phenomenon. But the technical division of labor is qualitatively a capitalist phenomenon since it is this mode that lives by continuous accumulation and expansion, which the technical division of labor facilitates, but which other forms of socially dividing labor (for example noncapitalist forms) may not facilitate.
  10. See Richard Edwards, *Contested Terrain: The Transformation of the Workplace in the Twentieth Century*, (Basic Books, Inc., 1979).
  11. See Marx, *Capital*, Volume I, Part IV and Volume III, Part I; and Harry Braverman, *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century*, (Monthly Review Press, 1974).
  12. This of course is the task the burgeoning fields of personnel management, human resource management, labor relations management and the Japanese management models (Theory Z) are designed to concern themselves with.
  13. As will be shown below, this conjuncture and articulation allows us to pursue the analysis of discrimination within the context of a general theory of human resource allocation that satisfies Bowles' and Gintis' requirement that such a theory «must comprise both a theory of production and of social reproduction», in «The Problem with Human Capital Theory», *American Economic Review*, Volume 63, No. 2, 1975, page 75.
  14. The assumption here is that integrated tasks require relatively complex skills, which in turn imply the use of mental powers.
  15. In Marx's terminology, such machines embody a greater qualitative amount of «dead labor».
  16. The distinction between C1 and C2 roughly refers to the degree of automation, with C1 machines being more automated and C2 machines being more mechanical. For simplicity we have ignored including simple tools in our classification. Also we have ignored the discussion of complex organisations as a form of capital infrastructure.
  17. The above classification of machine and labor types may seem relevant only to the contemporary economy. But once the classification is understood to represent relative levels of complexity, then it becomes clear that for each given period of capitalist development, it is possible to identify the machine and labor categories hypothesized. One only need refer to the now classic characterizations of capitalist production and the predictions made of such production by Adam Smith in the *Wealth of Nations* (his description of the division of labor in the pin factory) and Karl Marx in *Capital* (on the tendency for constant capital to increase). Admittedly, what may seem complex in one period, particularly an earlier one, may not be so relative to technologies deployed in a later period.
  18. Economic feasibility here refers to the profitability of a particular combination of factors given relative factor prices and commodity prices.
  19. It is the tendency toward these two consequences which if valid completely debilitates human capital theories and which shows these theories as so cir-



- cumscribed by capitalist mystification as to constitute mere apologetics for the system. That these consequences have an empirical basis has been adequately demonstrated by Bowles and Gintis in *Schooling in Capitalist America*. And, to wit, supply side labor force participation and risk aversion (auto-steering) theories are good proofs for the second consequence.
20. See Bowles and Gintis, *Schooling in Capitalist America*.
  21. For Marx's theory of exploitation see *Capital* Volume I parts III, IV, V and chapter 25, and *Grundrisse* (Vintage Books, Random House, 1975) pp. 250 – 401, and 459–471.
  22. Circumstance (a) refers to the absorption of precapitalist modes of production into the capitalist orbit as occurred under Imperialism and Colonialism, and as has occurred in the absorption of domestic peripheries within capitalist countries. But it also refers to the absorption of other capitalist economies that are at a lower level of development, for instance the integration of the labor from southern Europe and Ireland into the U.S. economy, and of Southern European labor into the Northern European economy. It should be obvious that since uneven development also implies uneven military, socio-economic, and political power, such absorption can and has taken place through force.
  23. Circumstance (b) refers to the absorption of groups subjugated prior to capitalism, for instance women, peasants, serfs, slaves etc.. under precapitalist modes of production who are now brought under the capitalist orbit. In this particular circumstance, we may seem to be following the neo-classical form of reasoning whereby we are assuming discrimination in one sphere to explain discrimination in another. We do not see this as a problem here since in this particular circumstance, the forms of subjugation envisioned are those that originate outside of capitalism and are not assumed as given from another sphere within capitalism. Further, while it is not our intention in this paper, what would need to be shown, in order for circumstance (b) to fit into our approach is that the precapitalist subjugation of the above groups has a material basis and that the subjugation implies a lower socially necessary reproduction cost for the subjugated group. However, while these conditions are easily conceived to hold for the feudalistic oppression of peasants, the issue is somewhat more controversial for the oppression of women. Our view is that the two conditions have been adequately demonstrated in the radical feminist literature dealing with the role and status of women in precapitalist social formations; see related works cited in URPE's *Reading Lists in Radical Political Economics*, (Union of Radical Political Economics, N.Y.) Volume 3 Winter, 1977 – Section VI: Women.
  24. In this particular circumstance, we have in mind dependency relations that do not originate in relations of domination and subjugation. Such dependency can be said to be true of children and the aged and implies that some of their maintenance cost is subsidized by primary workers in the family. Thus when capitalists seize upon such labor, they will tend to offer lower wages, and when such labor «offers» itself or is compelled by circumstances, as is often the case, to offer itself on the labor market it is most likely to «demand» lower wages for equivalent tasks undertaken by secondary wage earners on whom they are dependent. In the extremes, this labor's dependency is biologically determined, but often, notions of dependency are social conventions from precapitalist social formation. We are referring here to the social divi-

sion of labor on the basis of age and to social conventions about taking care of children and the aged even when these groups may be capable of independent living. Circumstance (c) should be compared and contrasted with circumstance (b) with regard to women.

25. It should be noted here that Becker and Milton Friedman have in their writings resorted to a discussion of such comparative advantages to explain how a mutually beneficial segregated distribution of labor might arise. The crucial question, however, is whether the initial skill endowments leading to the Heckscher/Ohlin type of occupational specialization are in the course of time autonomous or induced. Our contention is that if circumstances a, b, and c hold, then the *initial* allocation is based on autonomously determined and exogenous factors but once a particular allocation of labor is adopted by capitalists, it will tend to be reproduced in an induced and endogenous fashion as will be argued below, and, as such, any succeeding resource allocation or specialization cannot be perceived as autonomously or exogenously determined.
26. In other words, the productivity edge of the higher-standard-of-living labor has to be greater than the low-cost edge (on-the-job training costs included) of the lower-standard-of-living labor in primary jobs, while the reverse is true with regard to secondary jobs. Note that unlike dual labor market theorists or risk aversion and statistical discrimination theorists, we do not have to postulate any behavioral, attitudinal or ascriptive traits such as race, sex, etc.. to arrive at a dual labor market characterization.
27. For examples, see the literature cited in Note 2 above, to which should be added the book by Bowles and Gintis, the article by Michael Burawoy, «The Functions and Reproduction of Migrant Labor: Comparative Material from Southern Africa and the United States», *American Journal of Sociology*, Vol. 81, No. 5, and the burgeoning literature utilizing Marxist inspired interpretations of apartheid now being undertaken in South Africa, for instance, as represented by articles in the *South African Labor Bulletin*.
28. The point here is that secondary discrimination is not autonomous as the split labor market and labor competition theorists would have it. It is endogenous to capitalism and induced by the capitalists discriminatory practices – to eliminate one you need to eliminate the other. Both forms of discrimination originate in the existence of heterogeneous labor under capitalism thus they do not require separate theories. The confusion over these two forms of discrimination has led W.J. Wilson in *The Declining Significance of Race* (University of Chicago Press, 1978) to argue that the «Marxist approach» to discrimination only applies to the early phase of U.S. economic history while in the second phase the theory is inadequate and superceded by split labor market theories. The «Marxist approaches» Wilson is referring to are inadequate if they dichotomize the two forms of discrimination as autonomous and separate. Marxists would tend to insist that the fact that, at some points in capitalist history, secondary discrimination becomes more conspicuous and pervasive does not in itself mean that it is an autonomous force. The roots of secondary discrimination in primary discrimination during Wilson's second phase of U.S. capitalism are quite obvious from Spero's and Haris's *The Black Worker* and Woodward's *The Strange Career of Jim Crow* and from various other works on blacks and labour unions. A compelling demonstration of the roots of secondary discrimination in primary discrimination as applied to South African apartheid can be found in Johnstone's *Class Race and Gold*.

Incidentally, Marxists are probably correct in insisting that the tendency to represent secondary discrimination as an autonomous factor may also be a capitalist diversionary tactic that succeeds in directing attention away from issues related to primary discrimination and labor exploitation in general (something labor unions have increasingly recognized since World War I) and toward internecine conflicts within the working class, thereby weakening its bargaining strength.

29. See Jordan's *White Over Black* for an excellent account of this development in the American experience.
30. This was the case in Southern Africa: see Johnstones' *Class Race and Gold*, and Guy Mhone's *The Political Economy of a Dual Labor Market in Africa*. In the United States this is best represented by primary labor support for increases in minimum wages and extension of unions and union wages to non unionized industries. These tactics, like the call for «equal pay for equal work» tend to nullify the capitalists' need to engage in primary discrimination by equalizing or narrowing the «socially necessary» wage costs hitherto implied by the existence of heterogeneous labor. For an appreciation of the confusion the two forms of discrimination pose for Marxist praxis see J. and R. Simons *Class and Color in South Africa* (Penguin Books, 1969).
31. Historians of the Southern economy in the U.S. and of the Southern African economy have clearly documented these trends in the early phases of capitalist growth in these countries.
32. For an analysis of such contradictions see Mhone, «Factor Combinations and the Distribution of Product in a Dominance Subjugation System», *Journal of Southern African Affairs*, Volume I, 1976.
33. The support for affirmative action by aspiring minorities is one example.
34. The support for African advancement, the floating colorbar and Africanization in Southern Africa (South Africa, Rhodesia now Zimbabwe, and Zambia) by aspiring African middle classes represents this tendency.
35. By this, we simply mean that left to their own designs, the core capitalists in the economy will tend to prefer the total elimination of secondary and composite discrimination in favor of primary discrimination, particularly if the lower-standard-of-living labor is a majority in number (e.g. in South Africa) or a significant minority (as in the U.S.).
36. This issue has been hotly debated in socialist movements. See for instance the historical differences between the Communist Party (U.S.A.) and the Socialist Worker's Party; and those between the Pan African Congress, the African National Congress and the Communist Party (South Africa). For an account of the search for an appropriate strategy by the South African Communist Party see Simons, *Class and Color in South Africa*.
37. One possible way of proceeding is given in the Appendix. For verifiable applied models approximating our framework, or aspects of it, see Johnstone's, *Class Race and Gold*; Stanley Greenberg's comparative study of South Africa, the U.S.A. and Israel in his *Race and State in Capitalist Development* (Yale University Press, 1980); and Guy Mhone, *The Political Economy of a Dual Labor Market in Africa*, and Guy Mhone, «Factor Combinations...», *Journal of Southern African Affairs* Volume I, 1976. The present writer is currently engaged in researching the evolution of labor market segmentation and apartheid in South Africa along the lines suggested in this paper.

## RESUME

*Cet article a été rédigé aux fins d'appliquer une méthodologie Marxiste (celle du matérialisme historique) à l'étude de l'origine et de l'évolution de la discrimination sous un régime capitaliste. Le postulat clé de l'article est qu'aucun groupe d'individus n'est naturellement ou foncièrement enclin à exercer la discrimination ni à la subir. Ainsi, l'origine de la discrimination ne peut être localisée ni dans l'appartenance génétique ni dans le façonnement psychologique d'un groupe donné. La thèse fondamentale de cette étude est que la discrimination trouve son origine dans la rationalité de la segmentation du marché du travail sur la base de la race (et sur la base d'autres facteurs tels que le sexe, l'âge et l'ethnie) pour des groupes données (et pas nécessairement par toute une classe) appartenant à un système capitaliste. L'auteur soutient que la tentative des capitalistes au pouvoir d'utiliser des mesures économiques et extra-économiques pour s'assurer des marchés segmentés sur une base raciale se heurte aux intérêts matériels (c'est-à-dire économiques) des autres capitalistes, et des classes ouvrières ; et ceci accélère les conflits internes des groupes ainsi que les luttes entre les différents groupes. Une argumentation portera sur le fait que les contradictions et irrationalités de la discrimination découlent des tentatives de résorber ces divergences d'intérêts économiques au niveau des sphères politiques et économiques. L'argument final sera que l'idéologie du racisme trouve son origine — et peut être localisée — dans le besoin de groupes donnés de rationaliser leurs intérêts matériels, d'autant plus que ces intérêts sont perçus comme pouvant être accrus par des pratiques discriminatoires.*

# EMPLOYMENT AND INCOME GENERATION IN THE PETTY COMMODITY SECTOR OF THE URBAN ECONOMY: THE CASE OF THE CENTRAL REGION OF GHANA\*

By

P.W.K. YANKSON\*\*

## INTRODUCTION

Employment as an issue in development is gradually dawning on development planners in developing countries. It has been realized that the large scale modern sector institutions and economic activities cannot generate adequate employment for the ever expanding labour force. In recent years, attention has been drawn to the existence of a third or intermediate sector between what are labelled «traditional» and «modern» sectors. The importance of the «informal sector»: small scale fabrication, services, construction, transport, trading enterprises in income and employment generation in rural Africa has been noted by Liedholm (1973) but their importance can be magnified in the urban areas of Africa.

There have been a lot of discussions on the informal sector. These include conceptual issues, problems of measurement and the size of the sector in the urban economy, income and employment characteristics and in particular the issue of the ability or otherwise of the economic units in the sector to generate and sustain income and employment. (1) Interest in the informal sector has been sustained through various researches particularly those sponsored by the International Labour Office (I.L.O.). The I.L.O.'s employment missions to some developing countries and the selected case studies of cities have generated a lot of literature on the informal sector. In all the reports the «intermediate» sector or the petty commodity sector has been shown to have potential for generating enough employment and income especially for the urban poor.

In Ghana, an economic study of the «intermediate» sector by Steel (1977) suggests that this sector has that potential. Most of the studies on this sector have focused on the major urban centres of various countries, although Steel's work in Ghana is an exception. For the purposes of geographical and planning analysis it is interesting to examine the employment and income characteristics of the Petty Commodity sector and to consider the factors that promote these in regional, district and rural centres. This is an essential first step in examining the possible rôle the Petty Commodity sector can play in the generation of economic activities with wider spatial and economic linkages with the urban and rural economies. This paper addresses itself to this task. It also attempts to examine the relationships between the size of urban/rural centres, types of activities and

---

\* *This Paper is based on a research carried out by the author in the Central region of Ghana between September 1977 and April 1978.*

\*\* *Dr. P.W.K. Yankson is a lecturer at the Department of Geography, University of Ghana, Legon.*

the size of employment and income generated. Finally, an attempt is made to explain the variations observed in the size of employment, the income generated in the sector through a multiple regression analysis.

### **TYPE OF ACTIVITIES INCLUDED IN THE STUDY**

In this study, Petty Commodity enterprises were simply defined as the small-scale industrial and service units which were largely privately owned and which employed thirty people or less. These included modern as well as traditional enterprises. The enterprises included were bakery, cement block making, carpentry, dressmaking and tailoring, metal working, smithing, auto repairs, milling and food preparations, repair and other related service units such as photography, hairstyling, watch repairing and shoe repairing.

### **SURVEY METHODS:**

Published data on the «unorganized sector» is generally lacking in Ghana as it is in most other developing countries. The data collection machinery for the industrial sector generally does not cover such enterprises. Small-scale operators generally feel reluctant to release information concerning the operations of their enterprises probably because of the fear of taxation. Some do not have fixed working places and therefore these cannot be reached easily. It is difficult to know the total number of units operating. It thus became necessary to carry out a census survey, which formed the sampling frame from which a sample was chosen for detailed study. Only enterprises with fixed places of work were included in the census survey.

The emphasis on only the units with fixed places of work arose from the belief that such units had some semblance of permanency of business and were more likely to employ labour and also to train others to become master craftsmen in the future. Above all, it is to such enterprises that any government policies either in the form of taxation, financial incentives or any aid programme can easily be directed.

The census survey was carried out in 9 urban and rural centres in the central region. This region was chosen for the study largely because it is one of the nine administrative regions with a number of urban centres ranging from what in the national term may be described as medium sized centres to small centres located in close proximity to each other (Fig.1). In addition, most of the urban centres (2) showed either no growth, negative growth or slow growth rates between the census years of 1960 and 1970 (3) and one wondered whether this was related to employment problems. Above all in many ways the region is representative of the regions in the country in terms of demographic structure, employment structure and other economic activities.

The nine centres were chosen for their present and potential population size, socio-political and economic functions, population growth rates between 1960 and 1970, accessibility and also balance of centres

in spatial terms. The centres chosen were Cape Coast, (51,653), Winneba (30,778), Swedru (21,522), Saltpond (11,549), Elmina (11,401), Fosu (7,249), Asikuma (6,948), Komenda (5,966) and Mankesim (4,412). After the census survey, a detailed study of 595 units was done. The analysis below is a combination of the results of both the census and detailed sample surveys.

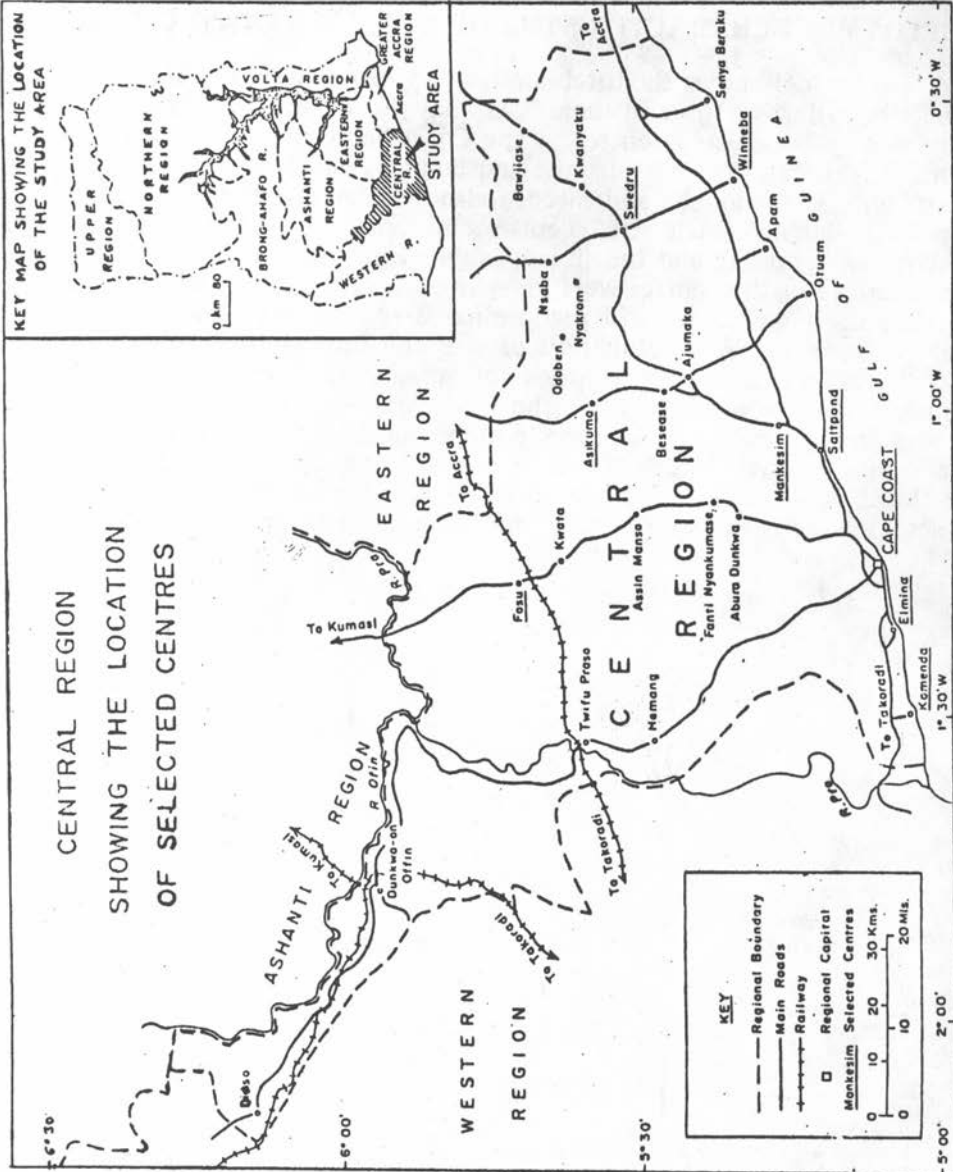
### EMPLOYMENT CHARACTERISTICS OF THE ENUMERATED UNITS

Table 1 shows the total number of enumerated units and the total size of labour force in them. As may be expected there were variations among the selected centres. Cape Coast being the largest centre contained the largest number of units and employees. However, the medium sized centres of Winneba and Swedru also overshadowed the other centres, which are largely small sized centres, in terms of both the number of enterprises operating and the size of labour force in them. Table 2 shows that even when the centres were categorized into large, medium and small centres, the large centre still predominated (4) in the operations of small scale enterprise. A combination of size and important urban functions may have generated opportunities for small-scale operators in the large centres. On the other hand, in the medium sized and the small centres, it was likely that local economic opportunities for petty commodity production derived largely from the agricultural activities and money in the local economy rather than from say administrative, commercial and educational activities of the large, may have been more important factors.

TABLE I

*Total number of enumerated enterprises and the size of total labour force in the selected centres*

Centres	Number of Enterprises	Size of Labour Force
1. Cape Coast	343	806
2. Winneba	146	512
3. Swedru	188	465
4. Saltpond	88	241
5. Elmina	86	138
6. Fosu	40	138
7. Asikuma	49	200
8. Komenda	29	70
9. Mankesim	37	88
TOTAL	1,006	2,658





**TABLE 2**  
*Distribution of the Petty Commodity units in the large, medium sized and small centres*

Size of Centres	No. of Enterprises Enumerated	% of the No. of Enumerated Enterprises	Total Size of Employment	% of Total Employment
1. Large Centre (ie 50,000*)	343	34.3	809	29.9
2. Medium sized centres (20,000-49,999)	334	33.4	980	36.3
3. Small Centres (20,000)	326	32.2	909	33.7
<b>TOTAL</b>	<b>1003</b>	<b>100%</b>	<b>2698</b>	<b>100%</b>

However, there seemed to be no evidence to suggest that there was a relationship between the total number of employees in the enumerated enterprises and the size of population of the selected centres. The sampled survey brought out the characteristics of labour and income generated in the sector.

#### **EMPLOYMENT CHARACTERISTICS OF THE SAMPLED UNITS**

Employed generation in the petty commodity sector is a major aspect of all studies on the petty commodity producers. It is interesting to note the average size of employment per an enterprise and the likely changes in the total number of employees that may have taken place since the various enterprises were set up. It is also important to note the proportion of each type of employees as this gives an indication of the type of labour force dominating the sector and also the likely impact on employment generation in the future.

#### **MEAN SIZE OF LABOUR FORCE PER INTERPRISE**

In general most of the enterprises started with less than 10 employees. No significant differences were observed among the enterprises in the various centres (Table 3). The mean figures observed, however, concealed

important variations among the centres. A breakdown of the magnitude of the urban initial employment showed that 92% of all the sampled units began with less than 10 employees. 72.4% began with less than 5 employees. It was only the cement block manufacturing units and the auto repair unit which generally started with more than 5 employees per enterprise.

One would assume that with years as the operators find their feet in operating the various enterprises they will employ more hands. At the time of the survey, the mean size of employment per unit was about four people (see table 3). Again, a variance analysis test showed that the observed differences among the centres were not significant.

## **TYPES OF EMPLOYEES**

Type of employees include the size of permanent or full time and part time employees per establishment, the proportion of apprentices, skilled workers and family members. Table 4 shows the percentage distribution of the types of employees in the sampled units. Most of the enterprises had at least one or two full time employees. Part time employment was not a significant form of employment neither were family employees. Most of the family employees were children and other relations of entrepreneurs who helped their parents and relations run their workshops on part time basis, particularly during school vacations. By far the most significant form of employment in the industrial sector was the apprenticeship system (66%). The system is common among carpentry, tailoring, dress-making, metal working, auto and electrical repairing. Only 35% of the sampled enterprises employed wage labour most of whom might have completed their apprenticeship training. In general, the mean size of permanent employees per unit was greater in the large than in the medium sized and small centres and variance analysis test shows that this observed difference was significant.

## **INTENSITY OF EMPLOYMENT**

It is difficult to calculate precisely the extent of which operators in the petty commodity production sector are employed in their activities owing to the nature of organisation of the enterprises. There are no specific conditions of work or no regimentation with respect to the number of days and hours one needs to work in a specified period. To obtain average figures of the number of hours and days worked in a period would require long periods of observation and recording. This was what Liedholm and Chuta (1976) did in their study of small-scale industries in Sierra Leone. In a study of informal sector manufacturing in Kumasi, Ghana, Aryee (1976) used output as a measure of the «intensity» of employment in the sampled enterprises. He assumed that:

*«Given other factors of production, entrepreneurs who have higher levels of productivity could be judged to have higher degree or intensity of employment than those with lower productivity level» (Aryee 1976 p.5).*

TABLE 3 - MEAN SIZE OF EMPLOYMENT IN ALL SELECTED CENTRES\*

Towns	Cape Coast	Winneba	Swedru	Saltpond	Elmina	Fosu	Asikuma	Komenda	Mankesim	All Centres
Mean	4.2 (5.91)	3.47 (5.0)	3.76 (5.64)	3.45 (3.93)	5.43 (4.43)	1.30 (3.45)	3.39 (6.12)	2.29 (3.07)	11.19 (5.81)	3.998 (5.81)
S. E.***	0.357	0.537	0.33	0.49	0.585	0.089	0.476	0.194	2.67	0.187
S. D.***	4.735	4.946	3.724	3.22	3.878	0.564	3.334	0.726	10.647	4.567
S. S.+	176	85	127	44	44	40	49	14	16	595

\* Mean size of employment for enterprise at the time of the sampled survey.

\*\* S. E. - Standard Error

\*\*\* S. D. - Standard Deviation

S. S.+ Sample Size.

TABLE 4 - DISTRIBUTION OF THE TYPES OF EMPLOYEES IN THE PETTY COMMUNITY IN ALL SELECTED CENTRES\*

Type of Employee	Number of Employees						Total
	None	1-2	3-4	5-10	10+		
Part-time	69.4 (413)	16. (100)	8.4 (50)	4.1 (24)	1.4 (8)	100 (595)	
Full-time	19.5 (116)	38.8 (231)	23.2 (138)	13.7 (22)	4.8 (24)	100 (595)	
Skilled	65.5 (390)	26.3 (157)	4.6 (27)	2.5 (14)	1.2 (7)	100 (595)	
Apprentices/ Unskilled	27.9 (116)	30.81 (183)	22 (131)	14.6 (87)	4.7 (28)	100 (595)	
Family	53.1 (328)	35 (208)	7.1 (42)	2.6 (16)	0.2 (1)	100 (595)	

\* No. of respondents in brackets.

One cannot, however, rely very much on figures of output and income for the simple reason that such figures cannot be very reliable since most small-scale entrepreneurs do not keep records of expenditure and in most cases only recall figures from memory. In addition, such data need to be collected over a long period to enable one to discern the patterns and variations within them from period to period. Thus cross-sectional study like this one can only tell part of the story. «Intensity» of employment was calculated by means of the number of days of work in a week, number of months of business operation in a year, the number of «very busy» months and the number of «very slow» months.

The mean number of days worked per unit was about 6 days in a week. 82% of the units operated 6 days schedule and this predominance was recorded in all the centres. This schedule is typical of all the enterprises except in the bakeries in which the number of days worked depends very much on the availability of raw material inputs and rate of sale.

In all centres, all the sampled units operated fully for about 9 months of the years and closed or remained virtually inactive for 3 months of the year. In the small centres, where some of the entrepreneurs or operators were part time farmers and traders the «slow period» could be used profitably on their farms or in retail shops. During the months of operations, there were recognized peak periods for various activities. For instance, in the case of tailoring, dressmaking and industrial and personal services such as photography and hairstyling, the units usually experienced increased patronage just before and during periods like the local festivals, Christmas, weddings and funerals.

In all the 9 selected centres, the mean months of operation was about 5 months but this differed from centre to centre. In general about 29% of all units sampled were busy for between 1–3 months; about 33% between 4 and 6 months; 32% between 7–9 months. A large proportion of bakers (84%), cement blocks makers (92%), auto repairs (76%), electrical repairs (72%) and food preparation (94%) were busy for between 4–9 months, while most of the other units such as tailoring (83%), dressmaking (76%) and smithing (83%) were busy for only 1–6 months. Broadly, most entrepreneurs reckoned they operated below normal working schedule for between 1–3 months in a year.

### INCOME GENERATION (5)

A discussion of employment generation in the petty commodity units without the earnings of the enterprise would not present a complete picture of the entire Petty Commodity sector. If anything at all turnover is an indication of the level of output in each enterprise. However, to obtain reliable data on turnover requires long periods of observation and enquiry and it is generally difficult to obtain any reliable figures. In general the mean weekly income for the sampled unit was ₦156. This compared favourably with the national minimum wage of ₦150 per month at the time of the survey (Table 5).

TABLE 5  
MEAN WEEKLY TURNOVER IN THE PETTY COMMODITY SECTOR  
CENTRES (in Cedis)

States	Cape Coast	Winneba	Swedru	Salipond	Elmina	Fosu	Asikuma	Komenda	Mankesim	All Centres	Large	Medium	Small
Mean	236.7	162.06	229.06	62.43	340.89	62.8	44.47	143.29	95.5	185.8	236.69	202.57	125.42
S.E.	36.99	20.11	41.31	7.68	196.27	13.23	12.66	29.75	17.89	20.61	36.99	26.08	42.38
S.D.	490.76	185.36	465.56	50.97	1301.89	83.67	88.58	111.33	71.57	563.24	490.76	379.69	609.77
S.S.	176	85	127	44	44	40	49	14	16	595	176	212	207

As table 5 shows, there was a close relationship between the mean weekly turnover and the size of centres. An analysis of variance showed that the observed differences in the mean weekly turnover among the large, medium sized and small centres are statistically significant. It thus suggests that there are greater opportunities for the generation of more income in the small-scale units in the large centres than in other centres. It is important to isolate the major factors that directly or indirectly have impact on income and employment generation in the petty commodity sector in the region. In such an exercise there are obviously a number of factors, or variables one may consider. These factors include type of human and sources of material and capital inputs used in the productive process and in particular entrepreneurial characteristics such as their educational backgrounds their age patterns, length of period of operating their enterprises et cetera. The emphasis on the entrepreneurs is justified on the grounds that they are nuclei around which the whole petty commodity sector revolves.

In discussing these factors, a model which brings together the variables enumerated above is developed. The variables are combined as independent variables in a basic multiple regression model. The same model is used for the size of income and employment generated.

Multiple regression analysis allows one to study the linear relationship between a set of independent variables and a number of dependent variables while taking into account the interrelationship among the independent variables. The linear combination can then be used to «predict» the value of the dependent variable.

The difference between the value of the dependent variable and the value predicted by the linear combination of the independent variable, is known as the residual (Norman H. Nie et al S.P.S.S. McGraw Hill 1970).

Analysis was done for all enterprises and all the centres combined and then disaggregated into main enterprises and centres and combination of centres.

By examining the signs and sizes of the regression coefficients one can become aware of the variables which have and are likely to have positive or negative impact on income and employment in the future. This may indicate policies which may be needed to promote the expansion of income and employment in the enterprises or to remove constraints to such objectives in areas where they can be applicable. The purpose of developing the models is not to attempt to use it to predict the future size of income and employment since it would be hazardous to undertake such an exercise but rather to examine the «direction» of relationships.

In such an exercise one cannot consider all possible variables in the model because most of them cannot be quantified or reduced to the form suitable for a regression analysis. It is in the light of this that the socio-economic characteristics of the entrepreneurs, which might shed light on their ability to operate their enterprises profitably, have to be emphasized. Thus there are several characteristics which can be hypothesised to have important effect on the size of income generated and employment in the enterprises studied. First the number of years during

which an entrepreneur has been operating an enterprise is significant. (6) All things being equal it is expected that entrepreneurs with considerable years of experience in operating their enterprises would have overcome the constraints to the smooth running of their enterprises. Normally in the early years of any business, entrepreneurs, particularly those starting on small-scale mainly through their own effort, face problem. However over the years, most of them make an effort to overcome most of the initial problems. They manage to build up contact networks for the supply of raw materials and spare parts and also they are able to obtain reliable sale outlets and sources of finance. Against this background, it is hypothesised that the value of income generated and the present size of employment are related to the number of years in business.

Related to the above is the age distribution pattern of the entrepreneurs themselves. (7) It may be assumed that the «older» entrepreneurs have been operating their enterprises for a much longer period than the «young» ones and thus apart from the experience that they may have acquired in running their enterprises, it is also likely that they have built up considerable internally generated resources for running and expanding their businesses. However, it may be said that the age pattern of the entrepreneurs alone may not be a useful guide in the discussion of the possibility for the expansion and/or the survival of certain petty commodity production units. The survey shows that «older» entrepreneurs were on the average more prevalent in the «traditional» and virtually «dying» units such as smithing whereas comparatively young «entrepreneurs» were found mainly in the «modern» petty production and repair units. Despite this relationship it is quite useful to examine the relationships between age of the entrepreneurs and the level of income and employment generation in the units studied. It is thus hypothesised that the age of an entrepreneur is positively related to the amount of income generated and the size of employment in an enterprise.

Another potentially important characteristics of the entrepreneurs is their level of education and type or source of their industrial training. (8) An acquisition of some form of education and training can contribute to an entrepreneur's managerial, organizational and technical skills and therefore, all things being equal, these variables should have positive impact on their productive capacity and thus on the size of the income and employment generated in each enterprise. However, it is difficult to assess the impact of formal education on the success of small enterprises. It could be true that some of the most essential attributes of a good craftsman can be acquired through formal education and training, yet it can also be true that such training cannot be substituted for flair and experience. Formal education can equip an entrepreneur with certain techniques and methods for solving problems but as to whether these have significant relationship with the success of small business cannot be easily ascertained. Some studies elsewhere have not found strong relationships between education and business success. (9)

In this study it was found that those with post middle school education obtained on an average higher weekly turnover (£378) than those without any education at all (£150) and those with up to middle

school education (C159). However, a very weak simple correlation coefficient of 0.113 was found between the level of education and the size of employment and an even weaker correlation coefficient of 0.06 was found between the level of education and turnover. Despite these low coefficients it is possible that in the long run, the educated operators have some advantages over their uneducated counterparts. Increased education may «widen» the information field of the operators not only in seeking knowledge on prices and marketing of their products but also in dealing with the financial institutions in arranging for the necessary funds when the need arises. With this background, it is hypothesised that in general an educated entrepreneur has advantages over an uneducated one and thus, all things being equal, he or she should be able to achieve a higher level of turnover and employment than the uneducated counterpart.

Training is also an important factor for the success of small business especially the artisanal activities. It was found out in this study that most of the master craftsmen were trained through the traditional apprenticeship system. It is quite likely that an entrepreneur trained through this system is more likely to employ more apprentices than say skilled workers (as the case may be with those trained in the formal sector institutions). It is thus assumed that training in the formal sector confers more advantages on an entrepreneur than his counterpart who was trained in the traditional system.

It was found out that some operators were operating more than one business and thus were spreading their energies and resources. It is assumed that the operator who concentrates on one business is likely to devote all his time and financial resources on that business and thus should be able to expand production and hence turnover as well as employment in his enterprise.

In addition to the operating characteristics of the operators themselves, some inherent characteristics of the enterprises were also used as independent variables in the model. These included the notion of work sharing or subcontracting among the enterprises and between them and the large scale or modern sector. «Worksharing» comes about when one enterprise is «overloaded» with work and thus divert part of the «excess» workload to other units. This occurred among a few auto repair units. Though worksharing was not a significantly marked feature of the sampled enterprises, it has in-built advantages. It could ensure that enterprises engaged in such arrangements have work to do and therefore they should be able to maintain higher levels of turnover and probably employ more people than those who do not benefit from such an arrangement. Similarly those units which have subcontracting arrangements with formal sector institutions through direct sale of goods or services are assumed to obtain higher turnover and generate more employment than those without such arrangements.

Other variables considered are sources of capital and raw material inputs. Capital is very crucial to the survival of any economic undertaking, particularly for the very small-scale operator who normally finds it difficult to obtain capital from the formal sector sources. (10) It is thus hypothesised that given the imperfect capital market, one would expect



considerable advantages to accrue to entrepreneurs who had «direct» access to capital from formal sector sources. This advantage would enable operators to start their business on a larger scale and thus, all things being equal, they should be able to generate higher turnover or income and this could enable them reinvest part of the profits in their business. This in turn may directly or indirectly influence the size and nature of employment in the petty commodity sector. Again, operators who run their enterprises with only the internally generated capital would have lower economic profits than those who obtained capital from «formal» sector sources (Liedholm and Chuta 1976).

The same argument can be advanced in the case of the sources of raw material and spare parts inputs. Thus it is hypothesised that operators who obtained their inputs from the formal sector sources should be able to make more profits than their counterparts who had to rely on middlemen and other informal sector sources. (11)

Finally, the size of labour force per enterprise should be directly related to the income generated. Thus the bigger the size of the labour force, the more income or turnover is expected to be generated. (12) On the other hand it may not hold that the size of income generated would have direct and positive impact on the size of the labour force because not all operators were interested in employing more people despite their expected level of profits. (13) It is however expected that the level of income generated can have some positive influence on an operator's decision to employ a few more people in his enterprise.

In discussing the variables in the model, both income and employment have been discussed. However, in the model each of these would be used in turn as dependent variables. The hypotheses are examined empirically with the assumption that the characteristics are quite independent of each other. The hypotheses are examined together by statistically estimating single equation for each of the dependent variables of the following form:

$$(1) \quad O_E = a + b_1 AG_P + b_2 AG_E + b_3 Ed_E + b_4 T_E \\ + b_5 PRMoc + b_6 S_F + b_7 W_s + b_8 I_o + b_9 R_o + b_{10} \\ RM_s + b_{11} S_L + R$$

$$(2) \quad S_L = a + b_1 AG_P + b_2 AG_E + b_3 Ed_E + b_4 T_E + b_5 PRMoc \\ + b_6 S_F + b_7 W_s + b_8 I_o + b_9 R_o + b_{10} RM_s + b_{11} O_E + R$$

*where: a is a constant and  $b_1, \dots, b_{11}$  are co-efficients to be determined. Most of the data are qualitative in nature and are therefore used as dummy variables.*

AG<sub>p</sub> is the age of each enterprise. It was assumed that all enterprises set up before 1970 generate more income and perhaps employment than those set up after that date. Thus the dummy variable of one is assigned to those set up on or before 1970 and Zero to those set up after 1970. AG<sub>E</sub> is the age of the operators.

Ed<sub>E</sub> is the educational levels of the operators. A dummy variable of one is assigned to all with education (irrespective of the level of education) and Zero to those without any form of education at all.

T<sub>E</sub> is the type of training received; a dummy variable of one is assigned to those who received training from the formal sector institutions and Zero to those who were trained under the traditional apprenticeship system.

PRMoc was the main occupation of the operators at the time of the survey. A dummy variable of one is given to those who were fully engaged in the enterprises sampled and Zero to those who had other major activities other than the sampled units.

S<sub>F</sub> is sub-contracting or sale of products and services to formal sector institutions; a dummy variable of one is allocated to those with such arrangements and Zero to those without.

W<sub>S</sub> is worksharing among informal sector enterprises; a dummy variable of one is assigned to those who share work among themselves on regular basis and Zero to those who do not.

I<sub>C</sub>, R<sub>C</sub> and RM<sub>S</sub> represent sources of initial capital, capital for running the business and raw material/spare parts respectively. Dummy variables of one each to those enterprises whose operators obtained the initial capital to start their units mainly from the formal sector and Zero to those whose operators obtained their initial capital from informal sources. O<sub>E</sub> is turnover. S<sub>L</sub> is the size of the total labour force per enterprise. R is the residual.

## RESULTS OF THE REGRESSION ANALYSIS

### INCOME:

Table 6 presents the results of stepwise regression analysis. The squared multiple correlation coefficient or coefficient of determination ( $R^2$ ) is very low and is thus a poor fit for variations observed in income of all the 595 units in the 9 selected centres. The regression line explains only 13% of the variations in income generated. Thus the 87% of the variations is accounted for by the residual. Some of the salient factors include the patterns of growth of the national economy and the problems associated with operating small enterprises. However, despite being low the  $R^2$  is found to be statistically significant.

The low  $R^2$  or explanatory power of the regression equation can be attributed to a number of factors. Perhaps the most important is the quality of data. It has already been pointed out that it is generally difficult to obtain reliable data on income from small-scale operators who do not normally keep records of day to day transactions and proceeds from sales and expenditure. A way out of this problem would have been to use time series analysis with data obtained for a number of years. It was impossible to use time series data so this study had to resort to the use of Cross-Sectional data. Also the use of dummy variables is a factor. This was reflected in the generally weak correlations between the dependent and independent variables in a correlation matrix generated in the analysis of the data. The highest positive correlation coefficient (0.24) was obtained for those enterprises whose operators have had some form of industrial training in the formal sector before setting up their enterprises. This is followed by the factors of main sources of raw materials and parts (0.19).

The low  $R^2$  may also be due to the fact that most of the independent variables are not significant or because most of the relationships may not be linear given the complexities of the real world situation. The F-distributions obtained for the variables in equation show that only four variables can be considered to be significant. These are training, source of raw materials and parts, main present occupation of the operators and the size of the labour force enterprise (at the time of the survey). The rest are not significant because the F ratios obtained are below the theoretical ones for 5% and 1% level of significance. Due to the very low correlation coefficients obtained, one has to be cautious in using the terms «significant» and «insignificant» in describing the variables in the models.

An important aspect of the regression analysis is the size and sign of the intercepts. From table 6 it can be seen that the positive signs were obtained for training, sources of raw materials and parts, size of present employees, and subcontracting or sale of goods and services to formal sector institutions and enterprises. This may suggest that training is essential for increasing income generated in the Petty Commodity sector. The above four variables seem to support the hypotheses set. All others do not seem to have significant impact on income and employment generation in the Petty Commodity sector.

When each of the centres was examined separately it was found that the highest  $R^2$  (0.99) was obtained for the enterprises operating in Elmina and the lowest  $R^2$  (0.15) for those in Fosu. Both centres are categorised as small centres. Variations were also found among the various units covered in this main petty commodity study. The highest  $R^2$  (0.99) was obtained for cement block manufacturing and the lowest for tailoring and dressmaking (0.19). Part of the differences in the  $R^2$  observed in terms of both the units studied and the centres covered may be due to the sample sizes.

### *Size of Employment*

Like the  $R^2$  for income, a very low  $R^2$  (0.15) was obtained for the size of employment. It is also found to be statistically significant. The reasons for low  $R^2$  are the same as those discussed for income. Table 7 shows

that the main independent variables are the primary occupation of the operators, work sharing, income and linkages with the formal sector through sales of goods and services. Other variables do not have any significant association with labour force as hypothesised.

Variations in the explanatory power of the regression model were found among all enterprises in the various centres. The highest  $R^2$  was obtained for enterprises in the large centre (0.47) and the lowest (0.17) for enterprises in the small centres. Among the various enterprises the highest  $R^2$  was obtained for cement block manufacturing (0.96) and the lowest for those in the bakery industry (0.22). The differences in  $R^2$  may partly be attributed to the differences in the sampled sizes.

The low  $R^2$  obtained in the two models is an indication of the complexities of the real world situation. The results indicate that no direct relationship exists between the dependent and independent variables. However, very low  $R^2$  of 0.09 and 0.12 were obtained for income and size of employment respectively through log transformation. Therefore the models need to be extended to include other variables. These could include types of employees, nature of demand pattern and seasonality of activities and perhaps the peculiar characteristics of the selected centres. In addition it would be necessary to consider the problems or constraints facing operators in this sector. These possible variables cannot be quantified and hence much of their explanatory power could be lost. It would be interesting to see how much these variables can add to the explanatory power of the models.

VARIATIONS IN INCOME OF THE PETTY COMMODITY ENTERPRISES:  
REGRESSION MODEL (ALL THE 9 CENTRES)

TABLE 6

Dependent Variables	Constant Term	AGP	AGE	EDE	TE	PRMoc	SF	WS	IC	RC	Rms	SL	R <sup>2</sup>
	121.01	-57.68	-1.45	-18.90	57.85	-14.21	70.55	-25.04	-	-15.94	17.53	17.58	0.3
	*	1.79	0.59	0.16	27.02	7.98	1.71	0.24	-	1.97	17.86	18.75	

- No regression coefficient calculated

\* F-ratios

TABLE 7

VARIATIONS IN SIZE OF LABOUR FORCE OF THE PETTY COMMODITY ENTERPRISES: REGRESSION MODEL (ALL THE NINE CENTRES)

Dependent Variables	Constant Term	AGP	AGE	TE	PRMoc	SF	WS	IC	RC	RMS	OL	EDE	R <sup>2</sup>
SL	3.26	0.65	-0.01	0.08	0.31	1.11	1.11	0.01	0.18	0.02	0.002	0.71	0.15
	*2.23	0.22	0.53	40.12	4.23	13.59	0.11	2.26	0.23	0.23	18.72	2.17	

\* F-ratio

## SUMMARY AND CONCLUSIONS

The analyses presented in this paper suggest that the size of income and employment are largely related to opportunities for operating informal sector enterprises rather than to the mere size of an urban/rural centre. The size of employment in all the sampled enterprises shows the characteristic smallness of the petty commodity enterprises. A significant difference was found to exist between the three broad groups of centres in terms of the mean size of employment per enterprise at the time of the surveys.

Attempt has been made to build simple models to explain variations in income and size of employment observed among the various petty commodity units sampled. The main variables used in the models are characteristics of the operators and other salient operating characteristics of the enterprises. A number of variables were assumed to have significant impact on the dependent variables. Relevant hypotheses were set and the rationale behind them briefly discussed. The  $R^2$  obtained for income (0.13) and size of employment (0.15) were low but statistically significant. However, for both dependent variables different  $R^2$  were obtained for enterprises operating in different centres and also for the main enterprises sampled.

In terms of income, the main or significant independent variables obtained from the regression analysis are: industrial training, direct resources of raw materials and spare parts from formal sector sources, the main occupation of the operators and the size of labour force. In the case of employment, the main occupation of operators, worksharing, income and linkages with the formal sector were found to be the main variables. In both regression models the residual explained over 80% of the variation observed among the enterprises. The results of the regression analysis indicate that it is difficult to isolate major factors influencing income and employment generation in the petty commodity sector largely because of the complexities of the real world situation. One thus has to look elsewhere especially operators perception of the prospects for their business in the future, the probable mobility patterns and also in particular the problems they face in operating their enterprises. In particular the problems of inputs, finance, marketing, labour, physical, and managerial. Indeed the nature and the pattern of growth of the urban, regional, and national economy need to be considered.

## NOTES

1. The literature on the informal sector is extensive. See for instance: Hart (1970, 1973), Sethuraman 1976, Merrick (1976), Mazumdar (1975), Webb (1975), Souza and Tokman (1976), Dasgupta (1973), Gerry (1974), Bose (1974), King (1974), Bromley (1978), Moser (1978), Bienefeld (1974), Weeks (1975), Remy and Weeks (1973), Muenchi (1977), Allen (1976). See also «The urban informal sector: critical perspectives» *World Development* Vol.6 No.9/10 Sept./Oct. 1978 for a series of articles on the informal sector.
2. All settlements with population size of 5000 or more are officially designated towns in Ghana.

3. The last nationwide census was held in 1970.
4. All centres which had population of 50,000 were labelled as large centres (Cape Coast is the only such centre in the sampled centres). All settlements with populations between 20,000 and 49,999 as medium sized centres. (In this respect Winneba and Swedru were categorized as the medium sized centres); all other centres were categorized as small centres.
5. Income is used here to mean, total receipts from the sale of goods and services. The term «profit» could have been used but with restricted meaning to total receipts over total expenditure. However, most small-scale operators do not keep records of accounts and may rarely distinguish between personal and business accounts.
6. About 66% of all units sampled were set up between 1966 and 1975 so that most of them had been operating for roughly between two to eleven years before the survey in 1977/78. Those enterprises set up before 1966 included smithing, bakery, carpentry, whereas most of the modern repair and production units were set up after 1966.
7. 52% of all the entrepreneurs were between the ages of 25 and 40. After this age group the proportion of entrepreneurs in other age groups decreases.
8. 25% of the operators have never been to school, only 13% have had more than 10 years of elementary school education.
9. Marris and Somerset (1971) p. 215, Mafziger (1970 p.349–60), Kilby (1965 p.92) quoted by De wilde (1971 p.17), others have indicated that some positive relationship exist. See Harris (1965) quoted by De wilde (1971 p.13), Aryee (1974, p.14).
10. 65% of all the sampled operators used their own savings and other private sources of capital to run their business.
11. Only a few petty commodity units obtained much of their supplies direct from the formal sector sources. These included cement block making and some units in the bakery industry. A large proportion of the sampled enterprises obtained their raw materials and spare parts inputs from varied sources (including both the formal and informal sector sources).
12. The size of the labour force is not the only issue here. The issue of labour rests also with the type of employees. The number of skilled viz a viz the number of apprentices can influence the quality of work produced by an enterprise and therefore, the level of patronage and hence the income generated in an enterprise: Secondly, it depends on the proportion of permanent viz a viz the number of part-time workers in an enterprise. In the analyses of the data, a weak correlations between weekly income and various types of employees were found. A weak correlation of 0.18 and 0.25 were found between weekly income and total labour force and weekly income and total full-time employees per enterprise respectively.
13. A large proportion of the sampled operators did not wish to increase their work force in the future despite the fact that some of them really had plans to physically improve or expand production in their enterprises. However, differences were observed among operators in the various units. In general a significant proportion of operators interviewed in what may be termed «modern» Petty Commodity enterprises like dressmaking (64%), tailoring (50%), hairstyling (67%), auto repair (42%) would like to employ extra hands if operating conditions improve. Comparatively small number of entrepreneurs operating the «older» enterprises (ie. those generally set up before 1970) wished to expand employment in the future.

14. The use of dummy variables as proxies for variables which cannot be quantified or measured in any particular manner; as proxies to qualitative factors (eg. — education, training, subcontracting, worksharing or as proxies to numerical factors (eg. age of enterprise) and other uses in regression model have been explained by A. Koutsoyiannis (1977 p.281–285, 18) and J. Johnston (1972, p.176–186).

## REFERENCES

- Allen, H.: «The informal urban industrial sector and growth: some thoughts on a modern mythology». *I.D.S. working paper*. University of Nairobi, 1976.
- Aryee, G.: *Effects of Formal Education and Training on the Intensity of Employment in the Informal Sector: A Case Study of Kumasi*. World Employment Programme WEP, 2–18/WP.14 (Geneva, I.L.O. 1976).
- Aryee, G.: *Small-scale Manufacturing Activities: A Study of the Interrelationships Between the Formal and Informal Sectors Kumasi, Ghana*. I.L.O. WEP 2–19/WP, 23 (Geneva I.L.O. 1977).
- Bienefeld, M.A.: «The Self-Employed of Urban Tanzania» *I.D.S.*, University of Sussex, Discussion Paper No.54, 1974.
- Bose, A.N.: *The Informal Sector in the Calcutta Metropolitan Economy*. W.E.P. Urbanization and Employment Research Programme, Working Paper No.5, (Geneva, I.L.O. 1974).
- Bromley, R.: «The Urban Informal Sector; why is it worth discussing?» *World Development* Vol.6 No.9/10 pp.1033–1039. Pergamon 1978.
- Dasgupta, B.: «Calcutta's Informal Sector» *I.D.S. Sussex. Bulletin* Vol.5 No.213, 1973.
- De Wilde, J.: *The Development of African Private Enterprise*. I.B.R.D. Vol.II, Country Annexes 1971).
- Gerry, C.: *Petty Producers and the Urban Economy: A Case Study of Dakar*, Geneva, I.L.O. W.E.P. Working Paper 1974.
- Hart, K.: «Small-scale Entrepreneurs in Ghana and Development Planning» *Journal of Development Studies*, Vol.6 1970.
- Hart, K.: «Informal Income Opportunities and Urban Employment in Ghana» *Journal of Modern African Studies* Vol.II (1), 1973.
- Johnston, J.: *Econometric Methods*. McGraw Hill 1972.
- King, K.: «Kenya's Informal Machine Makers: A Study of Small-scale Industry in Kenya's Emergent Artisan Society» *World Development* Vol.2 1974.
- Koutsoyiannis, A.: *Theory of Econometrics* McMillan London, 1977.
- Liedholm, C.: *Research on Employment in the Rural Non Farm Sector in Africa*. African Rural Employment Paper No.5. Department of Agric. Economics, Michigan State University, East Lansing, 1973.
- Liedholm, C and Chuta, E.: *The Economics of Rural and Urban Small-scale Industries in Sierra Leone*. African Rural Employment Paper No.14, East Lansing 1976.
- Marris, F. and Somerset, A.: *African Business: A Study of Entrepreneurship Development in Kenya*. Routledge and Kegan Paul, London, 1971.
- Mazumdar, D.: *The Urban Informal Sector*. World Bank Working Paper No.211. July 1975.
- Merrick, T.W.: «Employment and Earnings in the Formal Sector in Brazil. The Case of Belo Horizonte» *Journal of Developing Areas*. Vol.10 April 1976.



- Munch, L.: A final demand approach to the informal sector and implication for public policies» I.D.S. Univ. of Nairobi, Workshop on the Informal Sector 1977.
- Moser, C.O.N.: «Informal Sector or Petty Commodity Production: Dualism or Dependence in Urban Development?» *World Development*. Vol.6, No.9/10 Sept/Oct., 1978.
- Nafziger, W.E.: «The Relationships between Education and Entrepreneurship in Nigeria». *Journal of Developing Areas*. Vol.4 April 1970.
- Nie, N et al.: *S.P.S.S.* McGraw Hill, 1970.
- Remy, D and Weeks, J.: «Employment, occupation and inequality in a non industrial city» in Karl Wohmuth (ed) *Employment Creation in Developing Societies. The situation of labour in dependent economics*, Praeger, New York 1973.
- Sethuraman, S.V.: «The urban informal sector: concepts, measurement and policy» *International Labour Review*. Vol.114 No.1 July–August, 1976.
- Souza P. Tokman V.: «The informal sector in Latin America» *International Labour Review*. Vol.114, No.3, November–December, 1976.
- Steel, W.F.: *Small-scale Employment and Production in Developing Countries: Evidence from Ghana*. Praeger, New York, 1977.
- Webb, R.: *The Urban Traditional Sector in Peru* I.B.R.D. Mimeo 1975.
- Weeks, J.: «Policies for expanding employment in the informal sector of developing economies» *International Labour Review*. Vol.III June 1975.  
«The urban informal sector: critical perspectives». *World Development*. Vol.6 No.9/10. Sept./Oct. 1978.

## RESUME

*Dans cet article, l'auteur essaie d'examiner les caractéristiques de l'emploi et du taux de création de revenus dans le secteur des petits commerces tels qu'on les trouve dans les centres ruraux et urbains de la région centrale du Ghana.*

*Les facteurs responsables des différences remarquées parmi les entreprises, dans divers centres, sont examinés dans une analyse de régression, en tenant compte des caractéristiques des entreprises en tant que variables indépendantes. Il existe plusieurs facteurs : certains ne sont pas facilement identifiables. Les plus importants seront donc : le cycle du commerce, la qualité du travail, la capacité des entrepreneurs à évaluer les possibilités d'expansion de leurs entreprises dans l'avenir, et surtout les problèmes qu'ils rencontrent dans la gestion de leurs entreprises particulières. Le pouvoir de ces petites entreprises de créer un nombre d'emplois et des revenus appréciables dépend aussi de l'état de l'économie nationale*

## TOWARDS RENEGOTIATING THE LOME REGIME: SOME (NON-) POLICY OPTIONS CONSIDERED

By

NANTANG JUA\*

Lome II, a development cooperation agreement, signed between the European Economic Community (EEC) member-states and 63 African, Caribbean and Pacific (ACP) countries in 1980 is due to expire in March 1985. Negotiations for a successor to Lome II are scheduled to start in September 1983. Consequently, any speculations, similar to those raised after Lome I was broached, that the ACP-EEC umbilical cord would be severed at the end of the Convention (1) are unwarranted. In the face of the reification of the ACP-EEC relationship, this paper analyses the performance of Lome II and puts forth certain (non-) policy options (2) that should be taken into consideration in negotiating Lome III.

The 1972 Declaration of the Paris Conference of the Heads of State of the EEC urged its member-states to progressively implement a global co-operation policy while at the same time strengthening its regional cooperation policy. (3) Whereas Lome as well as other Community instruments are anchored to this document, it has been questioned whether the EEC activity «in the development field, rich in instruments and potential though it may be, has really acquired the coherence and consistency of a policy»? (4) This observation is symptomatic of the increasing conviction that Lome III should be qualitatively improved. Failing this, it can be argued that Lome III would not be the new kind of social compact (5) forged between developed and developing countries that is a sine qua non for the development of the latter. It is patently obvious that for such a situation to be obtained, Lome III should be characterized not only by incremental but also radical changes. This paper would explore the possibility of such a change granting the present economic malaise in which the European as well as the world economy is mired.

It has been argued that African development can only be fostered through regionalism, thus relegating anachronistic concepts such as Eur-Africa «into the museum of antiquities, by the side of the spinning wheel and the bronze axe». (6) Granting this scenario, it would be imperative that the economies of these countries be revamped so as to arrest the inelasticity that now prevails in the demand for their primary products. During this transitional phase, these states would have to grow enough staple crops to guarantee food sufficiency for their populations. Rightly, it is further submitted that this scenario, which is tantamount to delinking, can be effected only by enlightened leaders. (7) Prudence, if not

---

\* *Dr. NANTANG JUA is attached to the Centre for Research in Social Sciences of Yaoundé (Cameroun). The views expressed in this paper do not reflect those of the Centre or the General Delegation for Scientific and Technical Research.*

pragmatism, dictates that even enlightened leaders only rock the boat or adopt salami tactics rather than burn their bridges. Delinking only to delink is not commendable. Those who favor delinking so as to pursue a wholly South-South policy also patently overlook the difficulties that hinder regionalism in the Third World (TW). (8) This exclusionary disjunctural approach – Regionalism or North-South linkage – is not a realistic option for TW development. Further, advocates of delinking fail to come to grips with certain questions, to wit – Is delinking feasible for countries that are heavily indebted?; How would delinking affect imports of capital goods or technology? (9) As far as the ACP states are concerned, delinking should be a non-policy option at this present time.

Regionalism should not be exclusionary; rather it should complement North-South linkages. This has been amply recognized at international fora. (10) In the case of EurAfrica, as an example of North-South linkage, which is supposedly sustained on «complementarity» and «interdependence», the benefits have been heavily skewed in favor of Europe, being based on unequal exchange. No doubt, this is inevitable granting that the complementarity is artificially induced and asymmetrical interdependence is the order of the day. However, it would be mistaken to posit that *faute de mieux*, a rigorous adherence to the Ricardian Theory of Comparative Advantage coupled with a liberal trading system would not help provide Africa with much needed foreign exchange. This would help solve the liquidity, if not the solvency, problems of these states, thus ensuring a take-off and/or progress in their development process. Consequently, the incorporation of the economies of the ACP states into the world capitalist system, grace à Lomé, should not necessarily stymie development in the former. The relevant question here as I see it, is how should the Lomé policy be shaped so as to ensure that ample benefits accrue to the ACP States.

## TRADE

Whereas neoprotectionism has become pervasive, Lomé grants free access to 99.5% of ACP products. It would be supposed that this apparently liberal trading policy would enable the ACP states acquire foreign exchange, thus helping them alleviate their debt burden which has grown from \$36,709 million in 1971 to \$41,526 million in 1981. (11) But this has not been the case. The ACP share of total EEC imports has continued to slip, whereas other LDCs that do not benefit from the Lomé regime have maintained their share of the market.

The drop in the ACP share of the EEC market between 1980 and 1981 is all the more alarming because it was accompanied by a corresponding rise in the EEC share of the ACP market. The volume of EEC exports to the ACP states rose from 15,700 Million European Currency Units (MECU) in 1980 to 18,000 MECU in 1981. (12) This rise negated the positive trade balance that the ACP States had with the EEC in 1980 (3,200 MECU) into a negative of 1,700 MECU in 1981. (13) Following

TABLE I  
TRENDS IN EEC's EXTERNAL TRADE (%)

COMMUNITY IMPORTS	1973	1977	1978	1979	1980	1981
ACP (– petroleum products)	7.4	7.3	6.7	6.8	7.1	5.5
OTHER LDCs (– OPEC)	19.7	19.7	18.5	19.1	18.8	–

Source: EEC Statistical Office and CA/CP/304

trade theory, it can be postulated that the dismal performance of the ACP States, despite the liberal trading policy, can be attributed to the relatively low «income elasticity of demand» for their products – «that is, the percentage increase in quantity demanded will rise by less than the percentage increase in national income». (14)

ACP primary products being exported to the EEC have fallen victim to this syndrome. To accredit the drop in the value of ACP commodities to the «income elasticity of demand» is valid but not definitive. The impact of this decline in ACP exports to the EEC on the economies of the former has been compounded by a continuing decline in the prices of their commodities. Commodity prices declined in real terms by 13% in 1981 and by a further 17% in the first three quarters of 1982. (15) This decrease in commodity prices has been attributed to

*the stagnation or even decline in the level of the real output of developed countries, coupled with the decline in inventories caused by the exceptionally high interest rates, the continuing displacement of natural by synthetic materials, and the rising self-sufficiency ratios in developed countries due to the increase in subsidized local production of agricultural commodities.* (16)

If the share of the ACP imports into the EEC market continued to shrink, it was also characterized by a stubborn persistence in concentration of exports.

TABLE II  
ACP EXPORTS TO THE EEC IN 1980

OIL AND PETROLEUM PRODUCTS	INCLUDED		EXCLUDED	
	Percentage	Million \$	Percent.	M\$
FOODSTUFFS	22.3	5,820	43.7	5,820
ENERGY PRODUCTS	48.9	12,750	–	–
RAW MATERIALS	25	6,526	49	6,526
MANUFACTURED GOODS	3.8	952	07.3	952
	100		100	

Source: ACP/CCE/38/82, pp.9–10.

From the above table, it can be gleaned that the bulk of ACP exports to the EEC continues to be concentrated in food stuffs and raw materials. Europe, on the other hand exports mostly manufactured goods to this group. Thus, whereas the ACP states' exports to the EEC that are made up of manufactured goods amounted only to a dismal 3.8% in 1980, 85.8% of EEC exports to the ACP group was made up of manufactures. (17) Further, the percentage of ACP exports to the EEC that consists of manufactured goods is distorted as a result of re-exports. (18) Granting the volatility in the prices of the bulk of ACP exports to the EEC – they have a tendency to decline – as opposed to the steady or increasing prices for manufactures, ACP–EEC trade provides a perfect recipe for unequal exchange. It should be reiterated that the call for the establishment of a New International Economic Order (NIEO), which Lome embraces, strives to redress this unequal exchange through the institution of a new international division of labor.

In the ACP–EEC economic sub-system, a new international division of labor can be obtained through the promotion of an aggressive manufacturing drive in the ACP states. Whereas this is advisable in the long-run, I would submit that it must be pursued simultaneously with an effort to boost the production of primary products in the short-run. Already contentions that «Africa is gradually being pushed to the sidelines as a commodity producer and exporter by other, more aggressive Third World nations» are becoming commonplace. (19) Pursuing an aggressive manufacturing policy to the total detriment of commodities would be mistaken. Not only do these countries have the comparative advantage in the latter, but the 99.5% duty-free access into the EEC market, granted them under Lome, covers these goods which are actually exported rather than potential exports. (20) Further, World Bank projections (as opposed to predictions) show an annual increase of 2.9% for 22 non-fuel commodities that include – coffee, cocoa, sugar, groundnuts, groundnut oil, palm oil, beef, bananas, maize, timber, cotton, tobacco and rubber – of great importance to Africa in the 1980s decade. (21) Thus, a best case scenario would call for a perfect blend of policies that promote both manufacturing and the production of these non-fuel commodities. Parenthetically, it should be pointed out that coffee, cocoa, sugar, groundnuts and groundnut oil, timber and rubber accounted for 32.91% in the total of ACP exports in the EEC between 1976–1978. (22)

The World Bank projections should not spur the ACP states to focus inordinately on the production of these non-fuel commodities. It has been cautioned that agricultural products are purchased in the future markets of New York and London commodity exchanges by brokers and a concentrated group of transnational corporations. (23) Possessing a monopoly of the most current and often unpublished market information as well as the trading position of the other traders, these purchasing companies are also the sole nexus between the outlets and the consumer markets. This monopoly situation guarantees them enormous powers, thus affording them the opportunity to manipulate both prices and the quantity of goods purchased. In the case of the ACP–EEC exchange, UN studies have shown

that many transnational companies engaged in this exchange are reducing their dependency on ACP materials by diversifying their operations to include other lines. (24) Given this pattern, EEC demand for ACP exports is likely to be static or characterized by a nominal increase – this virtually negates the effect of tariff elimination.

The concentration of ACP exports in a number of products is accompanied by a corresponding dominance of a few ACP countries in the ACP–EEC exchange. Whereas the ACP group compose about half of the Group of 77, only 20 states possess a stranglehold over ACP–EEC trade. (25) The least developed developing countries (LDDCs) are conspicuous by their poor performance. Claude Cheysson alluded to this in May 1980 at Nairobi when he observed that whereas the trade situation between the ACP and the EEC had improved, the situation vis-à-vis some countries had deteriorated. (26) This LDDC group constitutes countries which can be described as being at a predevelopmental stage that precedes the take-off stage to development. Not surprisingly, an increase in the export performance of these countries would have an overwhelming catalytic, if not a determinative, effect on their development plans. This is ordained by the fact that private banks, which are now the most important source of finance for the LDCs are apt to increase their external exposure only to those with buoyant economies as opposed to those at the predevelopmental phase. For those LDDCs which pass the litmus test administered by these banks, their country limit would still be low. (27) In the face of the dismal performance of the LDDCs in ACP–EEC trade, should the LDDCs opt out of Lome and strive to benefit only from other programs, inter alia, the substantial New Program of Action (SNPA), broached at the Paris Conference on LDDCs in 1981 and UNCTAD programs? Is it a policy or non-policy option for the LDDCs?

Opting out of Lome would be a «faux pas». It is not the solution for the problems that buffet the LDDCs, especially as other programs designed to benefit them at other international fora remain largely preambular. For example, the developed countries agreed at the Paris Conference on LDDCs «either to double their aid to the 31 LDDCs, or to guarantee them 0.15% of their GNP in their overall aid budget *in the coming years*». (28) This resource transfer was supposed to complement LDDCs' efforts to bring the SNPA to function. However, it has been determined that ODA to LDDCs would not attain the prescribed figure by 1985. Since only a real increase of circa 30% in overall ODA flows to LDDCs can be expected by 1985, from the 1980 level, only \$8.1 billion in ODA (at 1980 prices) would flow to these countries in 1985, thus failing to double ODA as envisaged in SNPA. (29) Furthermore, as the ACP states continue to see their demands for or the safeguarding of certain provisions of Lome as a right, the EEC could also make it incumbent on them to implement programs in favor of the LDDCs as a corresponding obligation. For example, the realization of the integrated planning approach which «aims at promoting and consolidating cooperative arrangements between landlocked countries and their transit neighbours» (30) would provide a vital boost to the economies of the LDDCs. At present the flexibility of these countries to respond

timely to the vicissitudes of the international commodity markets is limited by their remoteness. This disadvantage is further exacerbated by the fact that they invariably incur other costs that result from the maintenance of higher levels of inventories and thus of greater storage facilities due to the unpredictability of transit traffic flows and from the development and maintenance of alternative «insurance» routes. (31) Definitely, this takes a heavy toll on their already-meager foreign exchange. Thus, the EEC should insist on the implementation of the integrated planning approach and other measures, that benefit the LDDCs within the context of the Lome Convention. Failing these, it would still be asinine for the LDDCs to unilaterally «abrogate» Lome. Such a move would presuppose a narrow definition of Lome, whereas trade is only one of the instruments of the Convention.

As indicated earlier, the causes for the slack in the growth of ACP trade with the EEC, despite the 99.5% duty-free access they enjoy, are multivariate. The Convention is laden with loopholes and exemptions that enable the EEC countries to raise non-tariff barriers (NTBs) on a volitional basis. Conspicuously, Lome II contains no clause prohibiting the imposition of Voluntary Export Restraints (VERs) and Article 10(1) permits member states as well as the EEC to take necessary safeguard measures to redress any disturbances in any one sector of the economy brought about by excessive imports. This is a tool, if not the very essence, of neo-protectionism. It has been argued that leaders from developed countries now prefer to enact ostensibly liberal trade schemes that are «flawed» by enough loopholes and exemptions «to facilitate the management of international trade to protect their national interest». (32) The ACP states have already complained about the detrimental effects of these NTB's — they affect not only the ACP–EEC exchange but also intra-ACP trade. (33)

Duty free access is supposed to cover goods that are actually exported as well as potential exports. However, a list of NTBs applied by the developed countries shows that NTBs that could be invoked by the EEC (34) are apt to deter the production of some of these potential products in the ACP states. In the realm of agriculture, the EEC has been adamant in its refusal to make any concessions on products that are covered by the Common Agricultural Policy (CAP). At present, the EEC has been called upon to «pursue a policy on trade in agricultural products compatible with its development policy in general and with its commitments under the Lome Convention in particular.» (35) The EEC has been further urged to grant free access to strawberries originating from the ACP states into the EEC market during off-season periods and to apply, liberally, the provisions of the Convention governing the importation of horticultural products, including flowers, from the ACP group. (36)

It has also been contested that other factors having no bearing to specific government policy often reinforce governments' protectionist objectives. ACP–EEC exchange is characterized by a high concentration of transnational corporations involved in the production of ACP products. (37) It had been earlier pointed that these companies, such as Unilever and Nestle, act as the sole intermediaries between the ACP producers and the EEC consumers. This monopoly situation is unfortunate



as their decision to expand imports are governed solely by corporate interests, thus relegating the national interests of the producers and perhaps the duty-free provisions written into Lome into the background. (38)

Granting all these NTBs that impede ACP-EEC trade, Lome III promises to have an «aura» of «déjà vu», if the growth and use of these NTBs are not checked. In this respect, the renegotiations of Lome could profit from guidelines that are being established under the auspices of the General Agreement on Trade and Tariffs (GATT). Whereas the 1979 Multilateral Trade Negotiations (MTN) or the so-called Tokyo Round had failed to agree on a code for safeguards, the 1982 GATT Ministerial Declaration mandated the Council to conclude an understanding for adoption by the Contracting Parties not later than their 1983 session. (39) This understanding is supposed to encapsulate measures that would ensure «an improved and more efficient safeguard system which provides for greater predictability and clarity and also greater security and equity for both importing and exporting countries, so as to preserve the results of trade liberalization and avoid the proliferation of restrictive measures». (40) The incorporation of these guidelines, if they are realized, into the new Lome Convention would be instructive.

## STABEX

The volatility in the prices of primary commodities in the 1970s made it a harrowing decade for the LDCs. Lome sought to cushion these fluctuations in the case of the ACP group through the introduction of the stabilization of export earnings (STABEX) scheme. The scheme was endowed with 350 MECU under Lome II, to make up for loss of export earning for 44 commodities listed in the Convention. To the uninitiated, the scheme is triggered when a commodity which accounts for at least 6% of a country's total export earnings, (2% in the case of the poorest ACPs) on a single product suffers from a shortfall of 6% (2% in the case of the poorest ACP states) below the reference level. The reference threshold for any product is the average level of earnings for the past four years. STABEX which was meant to serve as a «first palliative» is already ailing. Whereas this can be attributed to deficiencies intrinsic in the scheme, it must also be pointed out that the situation prevailing in the world commodity markets has impacted negatively on STABEX.

Critics of STABEX had contended as far back as Lome I that the scheme was financially deficient. In the first year of the application of Lome II, it became apparent that this indictment was not just a red herring. In 1980, the ACP states demanded for transfers amounting to 216,107,143 ECU. (41) Lome II provides for annual instalments of 110 MECU for STABEX with a provision that a 20% advance could be brought forward from the following year. Yet funds derived as a result of this, coupled with 6 MECU carried over from Lome I and the repayment made by some of the richer states amounted to only 138 MECU. Given the deficit of 123 MECU in the transfers requested by the ACP States, Article 34 of Lome II providing for a reduction in the amount of funds to be transferred was

triggered. It was as a result thereof, that the ACP-EEC Committee of Ambassadors decided to meet 59.9% of the demands of the LDDCs that totalled over 1 MECU and 47.4% in the case of the other ACP states, and claims of up to 1 MECU were to be met in full. (42)

The funds allowed to be brought forward from the following year per Article 34, having already been used up, it was evident that only the annual tranche of 110 MECU would be available in 1981. This situation was averted, thanks to repayment, thus raising the 1981 tranche to 208.7 MECU (43) However, total demands for 1981 from the ACP group came up to 422 MECU. Granting the discrepancy between the funds available and the demands, another compromise was reached. It was agreed at the ACP-EEC Council meeting at Libreville, that 46.5% of the claims from the LDDCs would be met as opposed to 41.9% from the rest of the ACP states, and transfers of up to 1 MECU were to be met in toto. (44) As the scheme continues to be plagued by a shortage of funds, the ACP states have registered their resolve that STABEX should not be aborted before 1984 and that they should be compensated for the shortfalls that have been denied them in 1980 and 1981. (45)

The performance of STABEX under Lome II shows that the scheme is inadequate as a damage control mechanism. This is echoed by a Eurocrat thus

*STABEX was initially designed to make up for sudden and even cyclical fluctuations in ACP export earnings. We have discovered however, that the problems facing African exports are structural, and STABEX... – just cannot cope with such long term and fundamental problems. (46)*

If STABEX is anaemic, it is neither dead nor should it be allowed to die. Whereas the Group of 77 (G77) has contended that the scheme has been of only limited assistance to the LDCs, especially in compensating for the impact of the present widespread recession, it also acknowledges that the scheme has served some useful purposes. (47) This observation by the G77 can easily be rebutted on the grounds that STABEX leads to a fossilization of the development process in the ACP states by promoting the production of raw commodities. Yet, abandoning the scheme would be detrimental to these LDDCs which are least able to diversify their economies and already suffer from the inavailability of foreign exchange. (48)

In Lome II, the decision on how to use STABEX resources was left to the discretion of the recipient state «subject to compliance with the objectives laid down in Article 23». It was stipulated that the requesting ACP state had to inform the Commission «of the probable use to which the transfer will be put» and shall thereafter «inform the Commission of the use to which the funds transferred have been put» per Article 41. However, it has been established that the recipient states have a tendency to use these transfers for other ends. A recent study of 39 transfers shows that only two of these grants were used in the commodity sector that had triggered the transfer, whereas one third of all the grants were allocated and used wholly for expenditure unrelated to the product concerned. (49) This does not augur well for the farmer and can be marshalled as evidence in

support of the argument that transfers triggered as a result of a drop in volume of exports are caused by the internal policies of the government. Whereas the price of agricultural inputs have been rising since the 1973 oil crisis, agricultural prices have not generally reflected this. (50) No doubt, this has served as a disincentive to the farmer. It must also be pointed out that states that have pursued an aggressive agricultural promotion policy, such as Ivory Coast, have not benefitted from STABEX in some instances despite the drop in the prices of their commodities, largely as a result of an increase in the volume of their exports. Thus, it is not enigmatic that Ivory Coast and Kenya have argued unflinchingly for guaranteed prices for ACP exports. (51)

If some of the ACP states have prostituted the intent of STABEX, the scheme is also flawed on the level of conceptualization. The lack of specific guidelines in the method to be used in calculating transfers or in taking statistics has led to friction between the ACP and EEC. This is amply illustrated in the case of Ethiopia's claims. Whereas Ethiopia submitted claims to the EEC of circa 80 million BIRR, the Commission argued that Ethiopia's legitimate claims should not surpass 48 million BIRR. Consequently, there is a need to establish yardsticks that are to be used in calculations so as to deal a death blow to the arbitrary method that reigns now. (52) There are also indications that the EEC would be adamant in its persistence in the next convention that the funds received under STABEX must be channeled to the commodity sector that triggers the transfers. (53) Yet, for these transfers to have their desired effect, there is a dire need to suppress the notion of annual tranches. The implementation of the latter would enable the EEC to be able to meet all the shortfall needs of any particular state. This, it is realized, raises possibility that the scheme could go bankrupt before the period for which it is negotiated expires. The likelihood of such an occurrence would be reduced not only by endowing the scheme with more funds but also by the realization of an International Program for Commodities (IPC). STABEX should complement the IPC.

The IPC was proposed by the G77 in its Manila Declaration in February 1976 that served as its position paper at UNCTAD IV in Nairobi in March 1976 (54) An agreement on the fundamental elements of the Common Fund, the linchpin of the IPC, was reached in March 1979. The first window of the fund designed to finance international buffer stocks and other International Commodity Agreements (ICAs) associated with it was to have a capital of \$400 million. The «second window» envisaged to cater to measures other than stocking, was to be endowed with \$350 million. (55) The \$400 million capital of the «first window» should not be confused with the originally proposed \$6 billion of the stocking requirements which it was supposed to provide. The former is only meant to enhance the creditworthiness of the fund so as to enable it to borrow money as well as to furnish it with the finance needed for operational and administrative costs. (56) The Fund which was supposed to become operational on 31 March 1982 failed to do so because the condition, calling for any 90 states which had initialled the Fund and accounted for two-thirds of its directly contributed capital to ratify it by then, had not been satisfied. (57) This prerequisite remains to be fulfilled. Already, the EEC states have pledged

that they would make every effort to ratify the agreement on the Common Fund by 30 September 1983. (58) Should this come to pass, the challenge would then be on the ACP states to follow suit. Within the G77, only 30 of the 68 states that signed the Agreement have ratified it.

Included in the number of G77 states that have ratified it are 18 of the 37 African countries that signed the Agreement. (59) By and large, the renegotiated Convention should register the resolve of the Parties to strive unselfishly for the realization of the IPC.

The ultimate implementation of the IPC should not be looked upon as the final solution to the commodity problem. The IPC only establishes certain thresholds above or below which commodity prices are not allowed to fall. Thus, it would be prudent to continue with the STABEX scheme in Lome, which stabilizes export earnings. It should be accompanied by a broadening of product coverage. Under Lome II, STABEX covers only 44 products. The community has already declared its willingness to include nutmeg, mace and shea nuts in STABEX, while stipulating that in the case of sisal products, the establishment of the broad guidelines of an international agreement is a *sine qua non* for their inclusion in the scheme. (60) On the other hand, ACP states' demand that citrus fruit and tobacco also be covered by STABEX has been consigned to the back burner due to the disagreement among the EEC states on this issue. (61)

## **SYSMIN**

A mining system (SYSMIN) was included in Lome II 'to assist states in their efforts to remedy the harmful effects on their income of serious temporary disruptions' in certain mineral products per Article 49. SYSMIN will not compensate any country for a loss in export earnings brought about by a fall in world prices. Six products – copper and cobalt; phosphates; manganese; bauxite and alumina; tin; iron pyrites and iron ore – are covered by SYSMIN. A special financing facility of 280 MEUA was set up for the system. For a state to benefit from SYSMIN, it has to derive at least 15% of its export earnings from a product in the four preceding years. The aid which is project-linked, is not triggered until a state can document that it forseees or records a fall of at least 10% in its capacity to produce or export the said product.

The Commission received applications from Zaire and Zambia for the period under review. Zambia with a largely monocultural economy has been granted 55 MECU for its copper and cobalt industries so as to enable it stabilize capacity and production costs. (62) Already, the ACP states are agitating that more products should be included in SYSMIN. (63) Broadening product coverage *per se* should not be the only issue. Rather, there is a need for the EEC to prove its commitment to the obligations that devolves on it as a result of SYSMIN. Recently, Senegal asked for \$900 million from the EEC to enable it develop the iron ore mines in Falémé. The project is expected to produce circa 12 million tons of iron annually for forty years. (64) At same time, the EEC has shown interest in

the Mount Nimba iron ore reserves in Guinea and the Belinga deposits in Gabon. Yet, one is apt to question the genuineness of the EEC's interest. This is predicated on its ambiguous attitude – whereas on the one hand, the EEC is ostensibly interested in iron ore deposits in certain ACP states, on the other, it is prone to finance iron ore mining projects beyond the confines of the ACP group – to this end, the EEC has contributed \$600 million to the Carajas project in Brazil. (65) This decision is puzzling – granting that priority should be given to the ACP states.

## THE SUGAR PROTOCOL

Under the Sugar Protocol annexed to Lome, the EEC undertook to purchase 1,321,500 tonnes of sugar from the ACP states at guaranteed prices. The price of this ACP sugar is guaranteed in reference to the price that is offered to the European sugar producer. Thus, the Protocol embraces the notion of semi-indexation. Whereas this is laudable, it must be pointed out that the Protocol as implemented is riddled with problems. Consultation as provided for in the Protocol has been consistently short-circuited. Consequently, the EEC has arbitrarily imposed prices on the ACP states. This has incensed the latter especially as the price offered them for their sugar is often below that offered the EEC producers. This is manifested by the fact that whereas since 1976/1977, the price of EEC sugar producers has increased by 32%, the increase has only been 26% in the case of ACP exports. (66) The negative impact of this discrepancy is exacerbated by the fact that refining and freight costs increased by 250% and 60% respectively within this same period. (67) Thus, it can be surmised that consultation would have granted the ACP group a forum on which to impress on the EEC the need to take into consideration all economic factors involved in the production of sugar, as well as the rising cost of invisibles.

Despite repeated ACP attempts to activate the consultation procedure, the EEC remains adamant in its refusal to budge. Not only has the EEC refused to «negotiate» the price of sugar with the ACP, they have also embarked on the production of more sugar. It should be noted that the Sugar Protocol was broached at a time when the EEC was a net importer of sugar. The situation has since changed as the area of farmland under beet sugar cultivation increased by 25.7% between 1968/1969 and 1978/1980, thus boosting sugar production from 8.1 to 12.2 million tonnes. (68) This increase in beet sugar production was accompanied by an increase in the production of isoglucose, a sugar substitute. The production of isoglucose increased from 82,593 tonnes in 1976/77 to 164,217 tonnes in 1977/1980. (69) Granting the increase in beet sugar and isoglucose production (100 kg of isoglucose is equivalent to 71 kg of refined sugar), it has been postulated that sugar production increased by 50% between 1968 and 1980. (70) This was not matched by an increase in sugar consumption which increased only by 5.3% in that same period. (71)

Sugar surpluses accrued in the EEC as a result of this unbridled production. Subsequently, the EEC has flooded the world market with its

surplus sugar. The EEC alone exports 4–5 Million tonnes of sugar annually. (72) This has contributed to a decrease of the LDCs share of the sugar market in developed countries which dipped from 88% in 1970 to 64% in 1978. (73) The debilitating effects of this decrease are further aggravated by the fact that for the same period, the sugar surpluses of the developed countries enabled them to capture a large share of the burgeoning LDC market; their share of this market stood at 46% in 1978 as compared to 24% in 1970. (74) Yet, if the industrialized countries were to accept a new international division of labor, they would shift out of sugar production as the comparative advantage has shifted to the LDCs. In the case of the EEC, it has been established that whereas sugar production accounts for only 2.7% of its total agricultural production, the Community devoted between 10 to 20% of refund expenditure in this sector between 1977 and 1979. (75)

The concomitant result of this overwhelming surpluses in the world market has been a drop in the prices of sugar. This does not augur well for the LDCs that are largely dependent on sugar, as it throws their development plans off the desired trajectory. This would be especially true in the case of Mauritius where cane sugar accounted for 65.4% of the total exports in 1978, Fiji 51.4%, Swaziland 37.2% (1977) and Guyana 35%. (76) Whereas it would be easy to suggest that these ACP states restructure their economies, it must also be accepted that such a move would provoke tremendous social hardship in these states. Further, it would defeat the purpose of NIEO within the ACP–EEC economic subsystem by obviating rationalization of the economies. Already, the refusal of the EEC to restore the quotas of certain ACP states, inter alia, Congo, Uganda and Surinam which it revoked during Lomé I can serve as an indication of the EEC's lethargic attitude to rationalization in the ACP–EEC economic subsystem. The EEC's attitude can only be fully understood when it is realized that the Tate and Lyle sugar factory in Liverpool which buys up most of the ACP cane sugar is threatened with an imminent closure. The loss of the British market would mean that the EEC would have to buy up ACP sugar. The ACP states, however, see intervention as a temporary mechanism and fear that the loss of British commercial buyers would make it imperative on the EEC to start buying increasing quantities of ACP sugar each year. As a result, they risk becoming a financial burden on the Community «which will then be a source of reproach against us». (77) This fear is buoyed by the fact that there is a strong body of opinion within the Community that regrets the introduction of the Sugar Protocol and one former Commissioner has described it as «the greatest mistake the Commission ever made». (78)

If Lomé is to serve as a model for NIEO, it would be imperative that the Sugar Protocol be included in the renegotiated Convention. NIEO, it should be reiterated, is committed to the introduction of a new international division of labor. The ACP states, having the comparative advantage in the production of sugar, it becomes evident that the EEC has to start restructuring out of sugar production. This can easily be realized under the International Sugar Agreement (ISA) guidelines. The EEC refused to accede to the ISA in 1977 because it thought that the quota that was

accorded it was unrealistic. An ACP-EEC Joint Committee report sees accession of the EEC to the ISA as «a political and moral obligation which the Community must respect if it wishes to retain its credibility vis-à-vis its trading partners, and more particularly, in the eyes of the developing countries.» (79) However, the EEC seems to be playing to a different tune. It has argued that any new ISA must take into cognizance such factors as, to wit, the upheaval in production and marketing and the emergence of the EEC as a substantial supplier, and the decline of the raw sugar market and the expansion of the white sugar trade. (80) This seems to serve notice that the EEC would not accede to a new ISA that does not substantially augment the quota that it refused in the 1977 Agreement. Yet, accession of the EEC to the ISA is the only way of solving the intractable «sugar problem». Probably, real consultation, in establishing the price of ACP sugar as provided in the Sugar Protocol cannot be realized heretofore.

## INDUSTRIAL COOPERATION

The Industrial Cooperation title in Lome promised to unfreeze the *status quo* which had relegated the ACP states to «drawers of water and hewers of wood» in the ACP-EEC economic sub-system. Thus, entrenched in the title was a determination «to promote the development and diversification of industry in the ACP states and to help bring about a better distribution of industry both within those states and between them» per Article 66. This title added a new dimension to development cooperation. It promised to give the ACP states the necessary push that they needed so as to satisfy the target assigned them under the Lima Declaration and Plan of Action on Industrial Development and Cooperation. (81)

To facilitate the task of industrial development, the Center for Industrial Cooperation (CID) and the Committee on Industrial Cooperation (CIC) were set up. It did not take long to realize that the effectiveness of these bodies would be marred by the dearth of financial resources (25 MEUA) with which they were endowed. As much as 50% of this fund is used for the payment of salaries and other administrative costs. (82) However, this financial constraint is not purportedly the sole hindrance to industrialization in the ACP states. This is sparked by the contention that an industrial mentality still needs to be created in these states. (83) This is reminiscent of the now discredited thesis that local farmers are not receptive to change. Granting the CID's conviction that the ACP states have to be imbued with an industrial mentality, the Center has further argued that this mentality could be nurtured through the promotion of small and medium sized enterprises (SMEs). (84)

In its efforts to foster industrialization, the CID has concentrated on SMEs that cater to the processing of the raw materials of the ACP states and agro-food industries that assure the maximum use of local materials. (85) No doubt, this begins to implement the call for processing of raw materials in the LDCs as was urged in UNCTAD IV. The importance of deepening

cannot be overemphasized as it has been established that there is a tendency for the prices of most commodities to rise and fall at the same time. (86) Thus diversification-cum-processing is a solution to the endemic liquidity problems that confront LDCs. An accent should be put on processing as it adds significantly to the farm-gate value of a commodity. The importance of this value-added would be considerably whittled down, if it is not accompanied by a corresponding rise in exports. So far, the imposition of cascading tariffs by the industrial market economies has discouraged trade in processed goods. Thus, this issue needs to be tackled during the renegotiation of Lome III.

ACP's skepticism of the CID's emphasis on the promotion of SMEs is further fanned by the inordinate influence that the Directorate General for Development exercises over it. The Directorate General has indicated its preference for the promotion of import-substitution in the ACP states. (87) Industrialization characterized by an inward-looking posture and at odds with export promotion as encouraged under the Second International Development Strategy (IDS II) promises to have serious repercussions on the industrialization of the ACP states. It has been argued that it would circumscribe the ACPs' technological research and developmental horizon as «products of low quality become the order of the day» and the repercussions of this would be the frustration of any chances that the ACP states might have of producing for the EEC market. (88) But it can be wondered whether the promotion of the export of industrialized goods was ever a goal of Lome which grants duty-free access to goods that are already exported rather than potential exports.

Failing a change in the present structure of ACP states' exports to the EEC (manufactures make up only 3.8% of the total), and granting the inability of most of them to telescope the industrialization process, it has been postulated that most of the ACP states would not draw substantial benefits from Lome. (89)

Thus, the expansion of the manufacturing sector (as distinguished from processing) and their export capabilities are essential for accelerated economic development in the ACP states. There are already indications that the expansion of export capabilities is not necessarily a logical sequel to the expansion of the manufacturing sector. This has been highlighted in the case of ACP textile exports to the EEC.

Under the Yaounde regime, the EEC promoted the development of textile industries in the Association of African States and Malagasy (AASM). This industry witnessed a marked growth because its exports to the EEC were exempt from the Multi-Fiber Agreement (MFA). Consequently, when the Lome Convention came into force, Ivory Coast, Senegal, Cameroon and Mauritius were exporting textiles to the EEC. By and large, the ACP group accounts for only 1.8% of the EEC textile imports, while the EEC exports more than three times the amount of its ACP imports to the latter. (90) Despite the meager share of the ACP in the EEC textile market, the EEC is already threatening to impose ceilings on the exports of some ACP states. It was as a result thereof that Mauritius was asked to cut back on the number of garments that it was selling to the EEC; thus



it was simply penalized for doing too well. (91) This may illustrate some of the internal contradictions that abound in the EEC. On the one hand, it strives, at least ostensibly, to promote industrialization in the ACP states while on the other it is determined to curb the inflow of goods produced as a result thereof into its markets. The fallout of the latter policy is devastating. This is buttressed by the fact that a non-adherence to the principle of Standstill in international trade, coupled with the economies of scale that prevail in these countries, has meant that most of the already existing industries are being forced to look only at 50% of their full capacity. (92) These are «labor-intensive, low-skilled industries» in which the ACP states now possess the comparative advantage. This is a pertinent case of the EEC's refusal to bear the costs of structural adjustments that are a prerequisite for the introduction of a new international division of labor.

It has been asserted that the EEC's development cooperation policy needs to be complemented with an industrial development policy that takes into account the progress of the Third World. (93) Yet, for such a policy to be effective, it has to be dynamic as opposed to static. It should be noted here that CAP, the EEC's only other noteworthy achievement, has been indicted as being static and failing to take into consideration the interests of others. That self-interest rather than altruism guides the EEC is also demonstrated by its threats to renege on its MFA commitments by imposing the antisurge clause which would prevent a country that under-uses its quota in one year from doing so fully in the next. (94) This casts an aura of uncertainty over export possibilities, thus it is a deterrent to private investors who are spurred mainly by the profit motive. The full detrimental effects of such a policy reversal can hardly be ascertained in the case of the ACP-EEC economic subsystem, where the ACP rely heavily on private European entrepreneurs for their industrialization. I would submit that the reluctance of these entrepreneurs to invest in the ACP group can be attributed to this uncertainty as regards market access rather than to political instability per se as contended. (95) It has even been argued that the political instability thesis is a myth. Referring specifically to the case of oil, it has been posited that African oil producing states have scarcely changed basic legislation governing company-state relations, at arms-length or otherwise, over the past ten years and that «political pressure is stronger on oil firms in the North-sea than in most African countries». (96) For the most part, these observations can be said to hold true for other sector of the economy. Thus, the onus is on the EEC to prove that it can enter into trade agreements in «good faith» and respect the engagements devolving upon it thereby. These obligations, failing any renegotiations, are supposed to be respected even in cases of «rebus sic stantibus». Moreover, if industry is to be developed in the ACP states to the level where it becomes a locomotive for development, an industrial development fund, as demanded by the ACP states during the negotiations of Lome II, would have to be introduced.

**AGRICULTURAL DEVELOPMENT**

Although Lome is basically a trade and aid agreement, an Agricultural co-operation title was written into Lome II. This accentuation of agriculture was no surprise considering that agricultural production in the ACP states which kept pace with population growth in the 1960's had dipped to 1.4% in the 1970's while population growth was 2.8%. (97) To enable the ACP States realize this goal – agricultural development – provision was made in Lome II for the establishment of a Technical Center for Agricultural and Rural Co-operation (TCARC). It would be at the disposal of the ACP states in order to provide them with better access to information, research, training and innovations in the agricultural and rural fields per Article 88. However, the TCARC has still not been set up. At present, it is temporarily based at Vageningen in Holland. It has been rightly suggested that the Center should be located in an ACP state so as to «ensure the application of agronomic research on the spot». (98)

Granting the research oriented focus of this Center, its contribution to the growth of agricultural production promises to be phenomenal. It should enable agriculture in these countries to make the great leap from mostly subsistence method that now prevails to mixed and diversified farming. The latter is a logical first step from subsistence to specialized production. During this stage, farmers produce both staple and cash crops and engage in simple animal husbandry. On the whole, mixed farming allows for flexibility that deals a serious blow to «disguised unemployment», that prevails during the slack in farm workloads. (99) The utility of this Center is further demonstrated by the fact that the results of investments located in rural areas have not been hortatory. A pertinent example here is the deterioration of the food situation in Africa despite the allocation of 42% of the resources of the European Development Fund (EDF) to the development of rural areas (100) granted most of this money has been invested in the production of motive crops.

Some have argued that the chapter on agricultural cooperation should be so loosely interpreted to include the EEC's major responsibility to help improve food-stuffs supplies to the ACP states. (101) Food aid and purchasing must only serve as stop gap measures. Food aid in particular has been responsible for taste transfers. In the case of the EEC, it has been suggested that food aid from the Community can cause damage to rural development. (102) This indictment is sustained in the case of cereals, where the EEC, having only softwheat and wheatflour to offer, as opposed to rice, sorghum, millet and maize which are in high demand in the ACP states simply notes in its food aid application that cereals from the EEC, having met Community standards, are ipso facto, suitable for human consumption in the receiving countries. (103) This Procrustean approach is apt to have a negative impact in the countries that seek food aid. In Africa where the import of cereals has increased in leaps and bounds, these cereals have been accredited with the introduction of «largely artificial patterns of consumption and economic practices into a process of urbanization

which is becoming potentially explosive and uncontrollable». (104) These negative effects can only be checked by co-ordinating food aid and local policies in the interest of increased self reliance. (105)

Food aid received by the ACP states from the EEC does not satisfy all their food requirements. These states have sought to make up for the remaining deficit by purchasing more food from the EEC. The ACP states have been able to buy grain on annual contracts from the EEC at world market prices and in EEC currencies. Plans have already materialized to extend this scheme to dairy products, rice and sugar. (106) Conscious of the pitfalls in the present procedure, the ACP group in a March 1977 memorandum to the EEC advocated multi-year contracts at specially subsidized prices which would be paid for in local currencies. (107) The proposals have still not been accepted by the EEC. (108) The refusal by the EEC to adopt the ACP group memorandum is puzzling. The EEC, it should be noted, already sells food to Poland on concessional terms and has a penchant to dump large amounts of its surplus food on the Soviet Union. (109) Consequently, there is a dire need that the ACP states impress upon the EEC the cardinal importance of their 1977 memorandum. Adoption of this memorandum would help to alleviate the inordinate strain that food purchasing now puts on their already negligible foreign exchange.

## THE EUROPEAN DEVELOPMENT FUND

Reminiscent of the negotiating that led up to Lome II, the European Commission has proposed that the renegotiated Convention be for an unlimited duration and the EDF be «Communautized». (110) The latter, it should be reiterated is to a large extent the linchpin of Lome. If the Convention is to be for an unlimited duration, the EDF would be one of the titles that would have to be reviewed at agreed intervals. Under Lome II, the EDF package amounted to 5,227 MECU. The ACP states which had asked for 10,830 MEUA believed and still do believe that the EDF V package was/is inadequate. (111) This has contributed markedly but not wholly to the «effectiveness problem» that now confronts Lome.

To this end, the ACP states have pointed out and are particularly incensed about the cumbersome procedures and the long pipeline that exists between commitments and disbursements. (112) Their concern is borne out by the fact that in December 1980, that is after Lome I had expired on 29 February 1980, only 87% of the funds allocated to EDF IV had been committed and disbursements stood at a dismal 37%. (113) Granted, this is a peculiar problem that haunts most aid agreements. But Lome is not just any aid agreement; it is supposed to serve as a new «model for relations between developing and developed countries». (114) The disbursements of EDF at a rate similar to that of lava curling down a mountain, do not aid the ACP states which are also burdened with technical advisers or «cooperants» to guide the execution of these EDF financed projects. Moreover, the effectiveness of these «cooperants» has been impaired by their failure to adapt their designs and techniques to suit the local milieux. For example, in Ivory Coast, which is located in the heart

of the topics, the buildings they designed for the National Institute for Public Health had flat roofs which «cannot stop water seeping in from the torrential downpours». (115) This smacks of a case of an indiscriminate transfer of technology, and is a blatant violation of the cost-effectiveness principle. The attractiveness of the renegotiated Convention would be hinged on the extent to which it is able to curb these «pitfalls». The EDF mechanism needs to be overhauled. Granting that the ACP and EEC states are «equal partners» in this Convention, tenders from either group should be examined using the same criteria, and technical advisers should be chosen on an objectivity basis.

Elsewhere, it has been argued that Lome was/is not supposed to address the issue of international monetary reforms. (116) Such an argument is simplistic, if not spurious, at the level of the ACP-EEC economic subsystem. The essence of international monetary reforms narrowly defined, is the quest for a solution to the balance of payments problems that plague the LDCs. In the ACP-EEC context, it has been suggested the EDF should also be used to overcome balance of payments problems. This is predicated on the fact that the ultimate success of projects funded by the EDF, in the long run, is contingent on the existence of a healthy economic environment in the country where the project is located. Besides EDF support to help redress balance of payments problems is vital because the conditionality clause that accompanies IMF aid, as well as aid from other international organizations, often makes the adoption of policies that are «incompatible with the interest of the people of the ACP countries» (117) inevitable.

The creation of the European Monetary System (EMS) and its monetary unit, the ECU, would guarantee a certain measure of stability to the ACP states that decide to peg their currencies to the ECU. Fluctuations in the currencies of the ACP states have often taken a toll in the transfers that they receive from the EEC. These transfers, as in the case of STABEX, are often made in European currencies. In the case of countries that belong to the CFA Zone, such a move would assure that their trade with the other EEC countries, France excluded, would not continue to be affected by the fate of the French franc. The purchasing power of the CFA franc has dropped from 73 to 69.9 in 1983 as a result of the fluctuation of the French franc. (118) An added advantage of this pegging for all the ACP countries would be that European banks and other loaning institutions offer a growing range of loans and investment possibilities in the ECU. (119) This availability of credit could also lure the Franc zone countries as it would serve as a substitute for the narrowly conceived French Treasury's 'Operations Account'. For the African countries in particular, this linkage to the ECU would also facilitate financial and monetary cooperation which are a paramount objective of the proposed African Monetary Fund (AfMF). (120)

## CULTURAL COOPERATION

The ACP states have posited that the renegotiation of the Convention «should take account of the cultural dimension of development, particularly research, information and communication, cultural exchanges, the development of tourism, the role of women in development, intra-ACP

cooperation and the situation of ACP students and migrant workers residing in the EEC member states». (121) The development of a systematic community approach in this realm, especially as regards ACP students and migrant workers in Europe would be of invaluable importance to the ACP states. However, claims that the question of ACP students and nationals do not fall within the competence of the EEC (122) are symptomatic of the fact that the road to an agreement is fraught with a lot of hinderances.

As regards migrant workers, attempts are already underway to forge a European law for migrant workers in general. Whereas some would argue that most migrant workers in Europe are not ACP nationals, I would submit that a European law as regards these workers would still be of paramount importance to some ACP states. Here, it is instructive to point out that workers remittances as a percentage of merchandise exports were fixed at 59.6% and 33.0% in the case of Upper Volta and Mali respectively in 1978. (123) The importance of a European law in this realm is due to the fact that the level of remittances is closely related to the number of workers outside and the salary or wage scales. Recently, the trend in the EEC states has been to curb down the number of migrant workers; in some cases, discrimination has even become a blatant issue. (124) As governments adopt austerity budgets, their funding of education has been considerably sliced. As a result, the educational costs of the ACP students in Europe have continued to gallop. In some cases, to wit Britain, financial discrimination has been an unintended result of the new stringent measures taken against foreign students. (125) Granting the myriad of problems that confront ACP students and migrant workers in Europe, it is imperative that the renegotiated Convention include a Charter of the Rights and Duties of these ACP nationals.

## SOUTHERN AFRICA

South Africa and Namibia remain the only areas of white redoubt in Africa. South Africa, through frequent incursions, has sought to destabilize the Front-line states. Concern about South African scheming led to the establishment of a fact-finding mission by the Joint Committee in 1981 which was to obtain information on the countries affected by the consequences of South African acts of aggression. (126) In the wake of its visit to the Front-line states, the fact-finding mission proposed that the EEC policy vis-à-vis Southern Africa take a two-pronged approach.

It proposed that the EEC provide short-term economic assistance to the Front-line states as well as help them repair and restore infrastructure and equipment destroyed by South Africa. (127) That these countries are in dire need of this aid is demonstrated by the case of Angola which is forced to allocate 40% of its budget for defence. (128) EEC aid to the Front-line states was supposed to be accompanied by aid to the Southern African Development Coordination Conference (SADCC) so as to enable the member states decrease their economic dependence on South Africa. It has already been indicated that this aid would take two forms: technical assistance would be provided in the following areas: infrastructure, energy

and mining; agriculture and food production, industrial development and education, and the EEC would also provide advice and guidance to SADCC's specialized Committees in the drawing up of programmes. To help accomplish these goals, US \$850 million has been earmarked under Lome II. (129)

On the other hand, the fact-finding mission stressed the urgency of a solution to the Namibian problem and the need for a coherent policy, designed to overcome apartheid, in the longer term. (130) As regards the Namibian question, it should be pointed out that the Contact Group has overwhelmingly endorsed the linkage of Namibian independence to the withdrawal of Cuban troops from Angola. Only France has come out overtly in opposition to this linkage. The renegotiation of Lome should provide the ACP states with a forum where they can bring pressure to bear on the other European members of the Contact Group to accept that Namibian independence should be based solely on Resolution 435 of the United Nations. As regards South Africa itself, the ACP states need to dissuade the Community from entertaining any relationship with South Africa. This can be accomplished through the imposition of sanctions despite the debate as to their effectiveness. Further, the EEC, having a cooperation policy with Israel, could also bring moral, if not political, pressure to bear on Israel so that it reviews its relations with South Africa. Such pressure would not be tantamount to a violation of the political integrity of Israel. Rather, the EEC would be registering its reluctance to treat with a state that has relations with South Africa that practices apartheid, a crime against humanity à la Nuremberg guidelines.

An insistence by the ACP states that the issue of Southern Africa be dealt with in the context of Lome, must also be accompanied by a willingness, on their part, to submit themselves to a moral x-ray. Contentions by the ACP states that they have signed and/or adopted inter alia, the UN Declaration on Human Rights, the Banjul Charter on Human rights (131) should not be accepted. The inclusion of clauses dealing with human rights, the non-material component of any basic needs strategy, would assure that Lome has taken a holistic approach as regards Basic Needs. The fact that issues such as human rights and apartheid are discussed at the UN should not, ipso facto, be precluded from Lome. After all, discussion and resolutions on several fronts can only add to the saliency of an issue.

Mere tinkering would not be enough for the potential benefits of Lome to be realized. This conviction is a necessary but not a sufficient condition. The state of the European economy would act as a strong intervening variable. Post-World War II growth rates that hovered around an enviable average of 4.7% per annum has tapered off. (132) This has been accompanied by an average annual inflation rate of 9.6% between 1970-1981. (133) The effects of this trend are made more ominous by the unemployment rates that accompany it. In March 1983, the overall unemployment rate for all 10 EEC member states stood at 10.7%. (134) Any chances that employment trends would change in the near future are bleak.

Automation which has contributed to the elimination of jobs, coupled with the diminishing pool of retiring workers since those nearing 65 come from the lean birthrate years of the 1920's and the global recession put a seal on the unemployment hotwax. This is a bad omen as forecasts show that between 1975 and 1985, the EEC population of working age will increase by 0.8% annually, or three times more rapidly than the 0.25% growth from 1955-1975. (135) Already overall unemployment for those below 25 hovers at around 26.4% in the EEC - 10 ranging from 14.9% in West Germany to 35% in the Netherlands. (136) The foregoing factors present a perfect recipe for neomercantilism. Granting that the successor to Lome would be negotiated under the duress of this circumstance, one can only wonder whether the EEC would possess the political will needed to revamp Lome or hope that the ACP states deflate their expectations.

All indications point to the fact that the mercantilist flag would not fly at full mast. Lome II, it has been shown, is anaemic. If the renegotiated Convention is to be exemplary, - to fulfil the aspirations embodied in the NIEO Declaration and Program of Action - it has to be broadened and deepened. To this end, two sets of policy considerations have been proposed herein:

1. A quantitative and qualitative improvement of Lome, per se :
  - a) broadening of duty free access to include potential access;
  - b) STABEX's coverage needs to be expanded and the scheme endowed with more funds;
  - c) the promotion of industrialization that is both inward - and outward - looking;
  - d) a dire need to respect the letter as well as the spirit of Lome, to wit, respecting the Consultation procedure provided for in Sugar Protocol;
  - e) a simplification of the cumbersome procedure that now haunts the EDF and a judicious implementation of EDF sponsored projects;
  - f) and ACP states should be enabled to purchase food at concessional prices and food aid should blend in with and complement policies designed to promote food self-sufficiency.
2. The renegotiated Convention could also incorporate initiatives that are being carried out in the broader framework of the North-South dialogue or UNCTAD. These initiatives, if realized, could be boosters to Lome.
  - a) The quick implementation of the Integrated Program for Commodities
  - b) The realization of the goals stipulated in the Special New Program of action for LDDCs.
  - c) The quick implementation of the Integrated Planning Approach adopted in the Libreville Memorandum on trade and development.

If the above set of policy proposals, especially 2, which are intrinsic to NIEO, are a sine qua non for a qualitative improvement of Lome, it would be submitted that failing NIEO, Lome would remain emasculated, to

a certain extent. Consequently, not only the renegotiation of Lome is important but also the realization of NIEO, which has now taken a back seat to East – West negotiations. EEC member states being some of the principal actors who wield a lot of influence in these sets of negotiations, can help guarantee that East – West negotiations are not detrimental to the North–South dialogue.

## FOOTNOTES

1. William I. Zartman: «Europe and Africa. Decolonization or Dependency?» *Foreign Affairs*, Vol. 54, No. 2, January 1976.
2. In this context, a policy option is one that is beneficial to any of the parties. Whereas a non-policy option is detrimental to their interests.
3. Commission of the European Communities, «The Development Cooperation Policies of the European Community», Brussels: Commission of the EEC, April 1977, p.2.
4. *The Courier*, No. 76, November–December 1982, p.15.
5. The World Bank: «*Accelerated Development in Sub-Saharan Africa*» Washington D.C., 1981, p.7.
6. Friedrich Engels quoted in Guy Martin «Africa and the Ideology of EurAfrica; Neocolonialism or Pan-Africanism» *The Journal of Modern African Studies*, Vol. 20, No. 2, June 1982, p.238.
7. *Ibid.*
8. Andrew Axline: «Underdevelopment, Dependence and Integration: The Politics of Regionalism in the Third World». *International Organization* Vol. 31, No. 1, Winter 1977.
9. UN, ECOSOC, E/AC. 54/1983/L.1, 24 March 1983, p.12.
10. See, UN C.A. Resolutions 3201 and 3202 (S–VI) in UN G.A.O.R. S–VI, Suppl. No. 1 (A/9559), 1974.
11. *The London Times*, 30 May 1983, p.6.
12. *Vergeer Report*, ACP/CCE/38/82, 3 November 1982, p.9.
13. *Ibid.*
14. Michael P. Todaro: *Economic Development in the Third World*, New York, Longman Inc., 1977, p.338.
15. UN, ECOSOC, E/ECA/OAU/TRADE/1, 2 March 1983, p.7.
16. *Ibid.*
17. *Vergeer Report*, ACP/CCE/38/82, 3 Novembre 1982, p.9.
18. *Ibid.*, p.10.
19. *South*, October 1982, p.71.
20. *The Economist*, 11 December 1982, p.57.
21. The World Bank: *Accelerated Development in Sub-Saharan Africa*, Washington D.C., 1981, pp. 22 & 23.
22. Nantang Jua: «The ACP–EEC Lome Regime: Implementing the Comprehensive Development Strategy», State University of New York at Buffalo, Unpublished dissertation, May 1982, p.121.
23. Kojo Yelapaala: «The Lome Convention and the Political Economy of the Trade Provisions». *Journal of International Law and Politics*, Vol.13, No.4, Spring 1981 p.83



24. UNCTAD Study cited in *Ibid.*
25. For further discussions, see Nantang Jua, *op. cit.* pp. 120–124.
26. Europe Documents, No. 2904, 9 May 1980, p.9.
27. World Bank: «Private Capital Flows to Developing Countries and their Determination», Washington D.C., World Bank Staff Working Paper, No. 489, August 1981.
28. For further discussions, see Nantang Jua: *Op. cit.* pp.23 – 24.
29. UN, ECOSOC, E/ECA/OAU/TRADE/1, 2 March 1983, p.53.
30. *Ibid.*, p.86.
31. UN, ECOSOC, *op.cit.*, p.85.
32. Kojo Yelapaala: *Op. cit.*, p.843.
33. Vergeer Report, *Op. cit.*, p.12.
34. For the list of products, see Kojo Yelapaala, *Op. cit.*, pp.847–848.
35. ACP–EEC Consultative Assembly Resolution in *Working Documents*, ACP/EEC/38/82/A, 3 November 1982, p.6.
36. *Ibid.*, p.7.
37. Helleiner: «Lome: Market Access and Industrial Cooperation», *Journal of World Trade Law* No. 13, 1979, pp. 180–185, *Africa Now*, September 1982, p.90.
38. Kojo Yelapaala, *Op. cit.*, p.853.
39. «GATT: Ministerial Declaration» in *Journal of World Trade Law*, Vol. 17, No.1, January–February 1983, p.70.
40. *Ibid.*
41. *The Courier*, No. 68, July–August 1981, p.VI.
42. *The Courier*, No. 69, September–October 1981, p.VI.
43. *Vergeer Report*, *Op. cit.*, p.25.
44. *Ibid.*, p.26.
45. *Le Monde*, 24 May 1983, p.3.
46. *South*, October 1982, p.71.
47. UNCTAD, TAD/INF/1425, 3 February 1983, p.5.
48. *The Courier*, No. 78, March–April 1983, p.7.
49. *South*, October 1982, p.71.
50. The World Bank: *World Development Report* 1981, p.79.
51. *Vergeer Report*, *Op. cit.*, p.27.
52. *The Courier*, No. 77, January–February 1983, p.II.
53. *Le Monde*, 24 May 1983, p.3.
54. For further discussions, see Nantang Jua, *op. cit.* pp 20–23.
55. UN, TD/221/Rev. 1, 1980, pp. 7 and 8.
56. *Ibid.*, p.8.
57. *The Courier*, No. 72, March–April 1982, p.66.
58. UN Press Release, TAD/1248, 3 May 1983, p.3.
59. UN, ECOSOC, E/ECA/OAU/TRADE/1, 2 March 1983, p.9.
60. *Vergeer Report*, *Op. cit.*, p.28.
61. *Ibid.*
62. *The Courier*, No. 73, May–June 1982, p.I.
63. *Vergeer Report*, *Op. cit.*, p.28.
64. *Africa Report*, Vol. 27, No.6, November 1982, p.27.
65. *Ibid.*

66. *Vergeer Report*; Op. cit., p.35.
67. *Ibid.*
68. *Ibid.*
69. *Ibid.*
70. *Ibid.*
71. *Ibid.*
72. *The Economist*, 11 December 1982, p.57.
73. The World Bank, *World Development Report* 1982, p.54.
74. *Ibid.*
75. *Vergeer Report*, Op. cit., p.36.
76. *Vergeer Report*, Op. cit., p.39.
77. Ambassador Chasle of Mauritania in *Europe/Documents*, No. 3098, 14 March 1981, p.14.
78. For further discussions, see Nantang Jua, Op. cit., p.144.
79. *The Courier*, No. 77, January–February 1983, p.XVII.
80. UN, Press Release, TAD/1251, 5 May 1983, pp.2–3.
81. For details see, UN., ID/CONF. 3/31 9 May 1975, especially pp.45–47.
82. *Vergeer Report*, Op. cit., p.40.
83. *The Courier*, No. 77, January–February 1983, p.10.
84. *Ibid.*
- 85.
86. The World Bank, *World Development Report* 1982, p.56.
87. For details, see Nantang Jua, *Op. cit.*, p.146–148.
88. Dr. Akinrele, Deputy Director of CID in *The Courier*, No. 68, July–August 1981, p.12.
89. UNCTAD, TD/229/Supp. 2, 28 March 1979, p.21.
90. *European Report*, No. 734, 6 December 1980, pp. 9–10.
91. *African Textiles*, October/November 1982, p.11.
92. *Vergeer Report*: Op. cit., p.41.
93. *The Courier*, No. 76, November–December 1982, p.20.
94. *African Textiles*, October–November 1982, p.11.
95. *The Courier*, No. 77, January–February 1983, p.11.
96. *South*, January 1983, p.61.
97. *Europe/Documents*, No.3143, 21 May 1981, p.13.
98. ACP–EEC Joint Committee resolution in CA/CP/280, 10 June 1982, p.32.
99. Michael P. Todaro, Op. cit. p.273.
100. *The Vergeer Report*, Op. cit., p.48.
101. European Parliament *Working Document*, ACP/EEC/38/82/A, 3 November 1982, p.9.
102. *The Courier*, No. 61, May–June, 1980, p.51.
103. *Working Documents*, Doc 1 – 341/80/Annex 1, 15 September 1980, p.79.
104. *The Courier*, No. 76, November–December 1982, p.21.
105. Timothy Raison, British Overseas Development Minister in *West Africa*, 4 April 1983, p.12; also see Edgar Pisani in *The Courier*, No. 76, November–December 1982, pp.7 and 27.

106. *The Economist*, 18 April 1981, p.52.
107. Vide, Nantang Jua, Op. cit., pp.206–207.
108. European Parliament, *Working Documents*, ACP/EEC/38/82/A, 3 November 1982, p.10.
109. for further discussions, see Nantang Jua, Op. cit. pp.208–209.
110. *The Courier*, No.76, November-December 1982, pp.22 and 26.
111. See Nantang Jua, Op. cit., p.87 and *The Courier*, No. 77; Jan.–Feb., 1983, p.I.
112. *The Courier*, No. 74, July–August 1982, p.32.
113. *The Vergeer Report*, Op. cit., p.51.
114. *The Courier*, No. 31, March 1975, pp.7 and 29.
115. See Report of the Court of Auditors in *the Courier*, No. 78, March–April, 1983, p. IX.
116. See Nantang Jua, Op. cit., p. 163.
117. European Parliament, *Working Documents*, ACP/EEC/38/82/A, 3 November 1982, p. 18.
118. *West Africa*, 23 May 1983, p. 1250; *Jeune Afrique*, No. 1164, 27 April 1983, pp. 48–49.
119. *The Courier*, No. 76, November–December 1982, p. 26.
120. UN, ECOSOC, E/ECA/CM.9/9, 8 February 1983, p. 2.
121. *Chasle Report* quoted in *The Courier*, No. 77, January–February 1983, p. II.
122. *The Courier*, No. 77, January–February 1983, p. II.
123. The World Bank, *World Bank Report* 1981, p. 51.
124. See *Jeune Afrique*, No. 1144, 8 December 1982, pp. 73–76 and No. 1150, 19 January 1983, pp. 51–53.
125. *The Courier*, No. 77, January–February 1983, p. 34.
126. *Ibid.*, p. 7.
127. ACP–EEC Consultative Assembly, CA/CP/280, 10 June 1982, p. 22.
128. *Ibid.*, p. 24.
129. Edgar Pisani in *The Courier*, No. 78, March–April 1983, p. XII.
130. *Ibid.*, p. 22.
131. For further discussions, see Nantang Jua, Op. cit., pp. 104–105.
132. *Europe in the 1980s* Geneva: Business International, Feb. 1979, p. 15.
133. *The Economist*, 18 Dec. 1982, p. 65.
134. *Newsweek*, 9 May 1983, p. 10.
135. Michel Godet and Oliver Ruysen: *The Old World and New Technologies*, Brussels: The European Perspective Series, 1980, p. 75.
136. *Newsweek*, 9 May 1983, p. 10.

**RESUME**

*Les Négociations pour Lomé III ont été finalement entamées en Octobre 1983. Cette communication examine un certain nombre de propositions de (non) pratiques qui amélioreraient Lomé III sur le plan qualitatif. Dans le monde des échanges commerciaux l'on estime que les états ACP ne devraient pas se concentrer sur l'industrialisation au point d'en faire pâtir l'agriculture bien que Lomé prenne acte de la résolution de la CEE d'œuvrer à la mise en place d'une nouvelle division internationale du travail dans le cadre du sous-système ACP/CEE. Quelle que soit la nature des exportations des ACP vers la CEE la restriction que les barrières non-tarifaires continuent à imposer à leur développement est mise en exergue. Le STABEX qui devait servir de mécanisme de contrôle en cas de sérieuses difficultés s'est affaibli considérablement et l'on pense que sans la ratification du Fonds Commun son efficacité restera limitée. La CEE, semble-t-il, continue à accorder sa préférence au financement de projets autres que ceux du groupe ACP, malgré SYSMIN, un «cousin pauvre» du STABEX. Pour ce qui est du Protocol Sucrier truffé d'échappatoires, il ressort des discussions que sans l'accession préalable de la CEE à l'Accord International Sucrier, le problème du sucre ne saurait être résolu. L'absence de volonté politique que nécessite la mise en œuvre de Lomé transparaît également dans le domaine de la coopération industrielle où la CEE menace actuellement de limiter les importations en provenance des pays ACP en imposant des barrières non-tarifaires; ce qui décourage toute installation d'entrepreneurs de la CEE dans les états ACP. La CEE, par contre, préfère mettre cette attitude sur le compte de la thèse de la stabilité politique, un mythe.*

*En matière de coopération agricole l'on est convaincu que la création du Centre Technique de Coopération Agricole et Rurale va permettre de remédier à la situation alimentaire des pays ACP, qui est en dégradation, malgré les fonds substantiels injectés par la FED dans ce domaine. Quant aux achats de produits alimentaires, l'adjonction à Lomé III de l'adoption du mémorandum des ACP de 1977 prônant des contrats pluri-annuels à des prix spécialement subventionnés aurait un effet positif, avance-t-on. La relation engagement/paiement existant de longue date et la tendance de l'un et de l'autre à dépendre fortement des «coopérants» annulent l'efficacité du Fonds Européen de Développement et de ses projets. Si l'on admet que les droits de l'Homme sont essentiels à toute conception adéquate du développement, avance-t-on, Lomé III devrait adresser les questions des citoyens des ACP à la CEE et à l'Afrique du Sud. L'on estime, en général, que le malaise économique dont souffre la CEE dans son ensemble pourrait faire obstacle aux chances d'amélioration de l'aspect qualitatif de Lomé III.*

## **BOOK REVIEWS – REVUE DES LIVRES**

---

*World Economic Outlook 1983 – A Survey by the Staff of the I.M.F. Occasional Paper No. 21, IMF, Washington D.C., 1983 – 242pp. \$8.*

**Reviewed by Dr. Mbui WAGACHA\***

The great inflationary bubble of 1979–1980 marked the beginning of an unusual era for policy-makers everywhere. In response to a general fear that the series of oil-price increases in 1978 and 1979 would culminate in a second oil shock of major proportions, the developed market-economy countries led the way by switching their policy choices from a pattern which had been successful from the 1960s to the 1970s.

The leading policy objectives of the previous two decades were the growth of output and employment under conditions of price stability. Measured by the levels of growth achieved under this policy stance which involved a primary role for fiscal policy with a supportive monetary policy, the choices were well justified by the results. Between 1963–1972, the real GNP of all industrial countries grew at the average compounded annual rate of 4.7 per cent. By comparison, the rates for oil-exporting developing countries and non-oil developing countries – excluding the Peoples Republic of China – were 9 per cent and 6 per cent respectively. These separate achievements by industrial and developing countries were linked by an evolving mosaic of interdependence between economic performance and trade relations. Between 1963–1972, world trade volume expanded at the compounded annual rate of 8.5 per cent. Although this interdependence was supportive of the development process in poor countries particularly by absorbing their primary commodity exports, it was also underpinned by a fundamental and increasing asymmetry in which developing countries had a marginal influence on international economic policy-making while industrial countries could apply endogenous policy actions with international repercussions. This asymmetry had never been better demonstrated than during the recession which began in 1978–79.

The deliberate policy choices of industrial countries in 1978–79 involved a new role for monetary policy in applying demand restraints. Fiscal policy was assigned a supportive role in the new policy combination whose objective was to bring down inflation as a precondition for a resumption of the growth and employment objectives of the two earlier decades. Many economists would argue that the policy-mix was bound to be a costly and painful way to fight inflation in industrial countries when less excruciating alternatives, such as an «incomes policy» approach involving negotiated wage and price increases, could have been examined. In the event the

---

\* *Dr. Mbui WAGACHA works in the Research Department of the African Centre for Monetary Studies in Dakar, Senegal. The views expressed in this essay are his own and not those of the African Centre for Monetary Studies.*

anti-inflation process has continued in industrial countries since 1978–79 through most of 1982, and the pay-offs in terms of the resumption of economic growth by 1983 did not yet look impressive or lasting. *The World Economic Outlook, 1983* (WEO) is presented in the background of problems in the policy-mix, the relative economic costs of the recession to industrial, oil-exporting and non-oil developing countries, and the prospects for 1983.

The policy-mix problem in industrial countries arose from the difficulties, particularly of the United States, in withdrawing substantial fiscal stimuli which have acquired a para-legal status over time. This implied, from the beginning, that monetary policy had to bear the greater burden of restraint. The hidden costs of this problem were that interest rates rose to much higher levels than would have been the case if fiscal policy had been supportive, and the repercussions to debt-holding developing countries were devastating. The impacts of the policy-mix problem were further exacerbated by falling export earnings and deteriorating terms of trade related to recession. In the Industrial Countries themselves the excess burden on monetary policy and the resulting high interest rates have contributed to a serious retrenchment in fixed capital formation and therefore in future production capacity.

The WEO focuses on six aspects of economic activity: output and employment, inflation and interest rates, trade and protectionism, current account movements, the debt of non-oil developing countries and exchange market developments. There is also an «overview» of the global economic scene as well as detailed sections on each of the country sub-groups. The relative impacts of the recession on economic activity are shown by the changes in output performance during the anti-inflation period as compared to the averages for 1963–1972 cited above. Changes in output during 1981 and 1982 were 1.2 per cent and -0.3 per cent for industrial countries, -4.3 per cent and -4.8 per cent for oil-exporting countries and 2.5 per cent and 1.4 per cent for non-oil developing countries. The prospective growth rate for 1983 were 1.9 per cent, 2.3 per cent and 2.5 per cent respectively. (1)

The statistics on economic activity do not however unmask the draconian burden of adjustment which the anti-inflation process of the industrial countries imposed on their trading partners in the oil-exporting and non-oil developing countries. The gains of the former group from the 1978–79 oil price increases which contributed to a policy switch by the industrial countries, have been wiped out by the recession. The combined surpluses of the oil-exporters amounted to \$114 billion in 1980, were halved by 1981 and disappeared altogether in 1982 as a result of lower demand and softer oil-markets. In most oil-exporting countries, particularly larger ones such as Nigeria, the erosion of export earnings has forced a massive and destabilizing retrenchment in investment programs including raw-material imports. The recession-induced fall in export demand and

---

(1) *The growth rate for oil-exporting countries refers to the non-oil sector. The oil-sector was projected to decline by 5 per cent in 1983.*

deterioration in the terms of trade of non-oil exporting countries compounded by the decline in official and private capital flows have similarly imposed far greater expenditure adjustment requirements than the above GNP movements indicate. The WEO does not show a perception of the massive erosion in living standards in non-oil developing countries particularly after taking account of population growth. The marginal propensity to consume, known to be high at low income levels, implies that the substantial fall in per capita incomes in non-oil developing countries reduced private consumption far more than equivalent income reductions did in industrial countries. Furthermore while compensating flows from welfare programs in industrial countries supported private consumption, developing countries have to await effects of global recovery (and higher per capita incomes) for private consumption to rise again.

Although the WEO examines the six aspects of economic activity stated above, the most dramatic changes have occurred in current account movements which are an important channel for external shocks. Since 1980, the combined current account of industrial countries has moved from a deficit of \$40.1 billion to approximate balance in 1981 and 1982 and was projected to show a surplus of \$16 billion in 1983. These improvements are explained principally by falling demand and price in the oil-market and have correspondingly taken place at the expense of oil-exporting countries whose own combined current account moved from surpluses of \$114.3 billion and \$65.0 billion in 1980 and 1981, respectively, to a deficit of \$2.2 billion in 1982 and a further projected deficit of \$27 billion in 1983. The improvements in the industrial countries have also been at the expense of the current accounts of non-oil developing countries. As their terms of trade and export demand worsened with recession in industrial countries, their current accounts deteriorated from \$89 billion to -\$107.7 billion for 1980 and 1981, then improved to -\$86.8 billion in 1982. A further projected improvement to -\$68. billion was expected in 1983.

The above current account improvements, including the movements for oil-exporting countries do not reveal the massive costs which are implied for the future of developing countries. For non-oil developing countries in particular, the improvements have been achieved at the cost of a draconian compression of imports made inevitable by export earnings short-falls, costs of debt and the instigations of the IMF on its borrowers to restrain demand. These import compression requirements came after a decade of increasing import-content of production in developing countries as non-oil members pursued export processing and import substitution programs and oil exporters diversified their production from oil to investments in sectors such as agriculture and utilities. It was inevitable that imports compression would affect production and investment. One can thus state that the shocks from the recession in industrial countries and the particular policy-mix used to deflate their economies have been the cause of an unprecedented reversal in the development process. Having presented a refined analysis (WEO p. 19 and Appendix A7) which shows that the debt of non-oil developing countries is related to their support of the imports-investments-growth link rather than to consumption, the IMF does not seem to have learnt as much either in its lending and conditionality practices during the recession or in the prescriptions for the future.

First the WEO does not review the key issue of the appropriateness of the policies used by the industrial countries to deflate their economies in 1978/79. Other choices for deflating the economy are known to avoid the massive external-sector repercussions discussed above, particularly the massive transfers from the developing countries which higher interest rates implied for debt. Second the WEO shows the persistence of the IMF in its demand restraint policies during the recession in spite of the statistical evidence showing that correction of external imbalances in developing countries was not reducing so-called excessive demand as much as it was destroying investment plans and achievable growth via imports compression. Third the IMF seems to wear different pairs of glasses in surveying the policy choices for industrial countries relatively to the developing world. While the preferred «central» scenario for industrial countries envisages a perseverance with the anti-inflationary policy stance of the last four years, together with efforts to deal with fiscal and other structural rigidities, the developing countries are exhorted to position their economic policies such that economic recovery which begun in industrial countries in 1983 will stimulate economic activity again. As if nothing was learnt from the special circumstances of the recent recession for poor countries, the usual tool-kit of demand restraints is recommended again: (WEO, pp. 16–22) financial policy actions to cut fiscal expenditure including *crucial* investments, cuts in public sector employment, higher prices for goods and services via cuts in subsidies, cuts in public stimulation of economic activities whose international competitiveness is not assured. These demand restraints fall broadly on government investment and on private consumption even of home goods. The policy bias of the IMF is particularly alarming on the latter.

In theory, reductions in the disposable incomes of poor countries reduce private consumption by far greater amounts than similar reductions for higher-income industrial countries. Nevertheless the IMF does not hesitate to recommend these cuts while remaining completely silent on the common public policy stances of industrial countries on disposable incomes. In industrial countries, massive public programs exist to augment production and private consumption or support low incomes. What would the IMF say if African Countries formed a common agricultural policy (CAP) on the same lines as the EEC? Or if such a policy increased intra-African trade and achieved self-sufficiency in agricultural production such that public authorities could start food programs (food stamps) for lower income groups? And what is to be done to improve the international competitiveness of developing countries just after the terms of trade have worsened against them by two-digit figures for the past few years and industrial countries have added protectionism to the shocks which have reduced growth?



# **FOCUS ON RESEARCH AND TRAINING INSTITUTES PLEINS FEUX SUR LES INSTITUTS DE RECHERCHE ET DE FORMATION**

---

## **CENTRE NATIONAL DE COORDINATION ET DE PLANIFICATION DE LA RECHERCHE SCIENTIFIQUE ET TECHNIQUE**

### **I. — PRESENTATION DU CENTRE**

Au Maroc, l'infrastructure de Recherche et Développement Expérimental (R&D) est assez décentralisée. En effet, différents organismes publics, semi-publics et privés ont des activités de R&D : d'un côté, le développement de la recherche scientifique est l'une des missions dévolues aux Universités ; de l'autre, les écoles et les instituts de formation des cadres dépendant des Ministères techniques ont également des activités de R&D.

Pour renforcer cette infrastructure et augmenter sa cohésion, le Centre National de Coordination et de Planification de la Recherche Scientifique et Technique a été créé par le Dahir portant loi No. 1-76-503. Etablissement public doté de la personnalité morale et de l'autonomie financière, il est ainsi chargé de coordonner, d'orienter et de développer les recherches scientifiques et techniques de tout ordre et dans tous les domaines et ce, dans le cadre de la politique définie par le Gouvernement.

### **II. — LES FONCTIONS DU CENTRE**

Certaines tâches essentielles, telles que la coordination, la planification, la gestion, la promotion et le développement des activités de recherche sont indispensables à la réalisation des objectifs de la politique scientifique et technologique, partie intégrante de la politique globale de développement du pays.

#### *1/ — La Coordination*

L'inventaire du Potentiel Scientifique et Technique national est l'outil d'analyse de base pour coordonner les activités scientifiques et technologiques nationales, et pour toute prise de décision cohérente en la matière.

Cette opération consiste à faire le recensement :

- des unités de recherche scientifique et technique nationales ;
- des projets de recherche ;
- des travailleurs scientifiques ;
- des unités d'information et de documentation.

2/ – *La Planification*

La planification de la recherche scientifique et technique – activité permanente – s'appuie sur un certain nombre d'éléments :

- \* L'exploitation des données de l'inventaire du potentiel scientifique et technique ;
- \* Les objectifs définis par les plans nationaux de développement socio-économique ;
- \* La collecte d'un ensemble de données et d'informations spécifiques ;
- \* L'élaboration et la mise en œuvre de méthodes de planification, de programmation et de budgétisation.

A partir de la mise en place d'une base de données informatisée pour le développement scientifique et technologique et de l'établissement d'un portefeuille de projets en science et technologie, cette planification permet de :

- déterminer les axes et les grandes lignes des programmes de recherche ;
- de programmer les activités scientifiques et technologiques à moyen et long termes ;
- élaborer le plan scientifique et technique national.

3/ – *La promotion et le développement des activités de recherche*

Pour répondre aux besoins les plus urgents du pays, l'éventail des activités de R&D doit être étendu progressivement et mis au service des secteurs de la production, afin que la recherche joue un rôle primordial dans le développement national.

Le Centre entreprend :

- a) *la création de laboratoires spécialisés* : au service de tous les utilisateurs nationaux, aussi bien au niveau des études, de la recherche, du développement des applications, de la production qu'au niveau de la formation.
- b) *les études pour le renforcement du réseau national de R&D* : l'extension du réseau national actuel consiste à mettre en place les outils nécessaires pour exécuter des travaux de recherche et de développement qui soutiennent les actions de développement et les secteurs de production et qui forment, par la recherche, des cadres qualifiés.
- c) *l'organisation du secteur de l'information scientifique et technique* : compte tenu de l'importance croissante de l'information et de la documentation scientifique et technique, le Centre est à même de fournir les services suivants :
  - l'information que l'on peut qualifier de «stratégique» indispensable pour les actions de planification de la recherche ;
  - l'information au service de la recherche par l'établissement des liaisons avec les bibliothèques spécialisées et les banques de données :

- la création de l'information nécessaire pour la diffusion des résultats de la recherche et leur vulgarisation.
- d) *les actions de soutien aux programmes de R&D* : ce soutien se fait par la mise en place de moyens appropriés permettant de mener à bien des études et des recherches présentant un intérêt particulier pour l'avancement et l'application de la Science et la Technologie aux différents secteurs de l'activité économique, sociale et culturelle du pays :
- création de liens entre le secteur de production et celui de la recherche, de manière à ce que ce dernier puisse contribuer efficacement au développement ;
  - augmentation des ressources budgétaires en faveur de la science et la technologie, par la mise en place d'instruments de soutien tels la Fédération Royale des Sciences et le Fonds d'Intervention pour la Science et la Technologie ;
  - développement de la coopération bilatérale, régionale et internationale dans tous les domaines de la Science et la Technologie.

### III. – ORGANES DU CENTRE

\* Le Conseil d'Administration, instance suprême du Centre, est présidé par le Premier Ministre. Il décide du programme d'action, définit le budget et règle les autres questions générales par délibération.

\* Le Comité Scientifique, composé des directeurs des divers établissements publics et semi-publics, est chargé de suivre les activités scientifiques du Centre et l'exécution des décisions du Conseil d'Administration dans ce domaine.

\* Le Directeur est chargé de la gestion du Centre, de l'exécution des Décisions du Conseil d'Administration et du Conseil Scientifique.

\* Les commissions techniques spécialisées assistent la Direction du Centre dans les prises de décisions à caractère scientifique. Elles fixent notamment les grands axes des programmes de recherche.

### IV. – L'ORGANISATION FONCTIONNELLE

Le Centre comprend trois sous-directions :

1. la sous-direction des laboratoires ;
  - le laboratoire de télédétection
  - le laboratoire d'instrumentation scientifique
  - le Centre de calcul.
2. La sous-direction des départements de recherche :
  - Département des Sciences Fondamentales ;
  - Département de Technologie ;
  - Département des Sciences Sociales et Humaines.

3. La sous-direction de gestion :
  - Division Administrative ;
  - Division de Coordination et de Programmation ;
  - Division d'Information et de Documentation.

## **V. – LES RESSOURCES FINANCIERES DU CENTRE**

Doté de l'autonomie financière, le Centre dispose des ressources suivantes :

- Les subventions de l'Etat ;
- Les subventions d'organismes publics ou privés ;
- Les subventions d'organismes internationaux ou étrangers ;
- Les avances et emprunts ;
- les dons et legs ;
- Les produits des conventions et contrats avec les entreprises de production ;
- Toutes autres ressources qui peuvent être prévues ultérieurement.

## BOOKS RECEIVED

*Inclusion on this list does not exclude future review of the publication  
L'apparition d'un titre dans cette liste n'exclut pas sa critique future.*

1. **ABDIN, Ragia et al.**  
A world of Differentials : African pay structures in a Transnational Context, *London, Hodder and Staughton in Association with IDRC (Ottawa), 1983.*
2. **AFRICA INDEX**  
Selected Articles on Socio-Economic Development, Addis-Ababa, *Economic Commission for Africa 1978, No. 22.*
3. **BANQUE MONDIALE**  
Rapport sur le développement dans le monde 1983, *Washington DC, Banque Mondiale, 1983.*
4. **BIBLIOGRAPHY of acute Diarrhoeal Diseases**, Geneva, *World Health Organization*, in collaboration with the *U.S. National Library of Medicine, US Department of Health and Human Services, Public Health Service, Programme for the Control of Diarrhoeal Diseases*, Vol. 3, No. 2. Second Half 1983.
5. **BIBLIOGRAPHY of German Research on Developing Countries**, Bonn, *Deutsche Stiftung Fur Internationale Entwicklung*, 1983.
6. **CAFRAD Thesaurus of Administrative Information Descriptors**, Tangier, *CAFRAD Division of Documentation, 1983 (Second Revised Edition 1978).*
7. **Catalog of EDI Training Materials**, prepared by *The Training Materials and Publications Unit of the EDI*, Washington D.C. – *The World Bank*, 1983 (EDI Training Materials).
8. **CRDI et BUREAU INTERNATIONAL DE L'INFORMATION SCIENTIFIQUE et TECHNIQUE.**  
Répertoire Sélectif des Sources d'Information de Langue Française: Science-Technologie-Développement Economique et Social, Paris, *La Documentation Française, 1977.*
9. **CHEEMA, SHABBIR, G. and RONDINELLI, Dennis A. (eds.)**  
Decentralization and Development: Policy Implementation in Developing Countries, *Beverly Hills, Sage Publications/United Nations Centre for Regional Development*, 1983.
10. **CILSS – OCDE – CLUB DU SAHEL**  
L'aide publique au développement dans les pays membres du CILSS de 1975 à 1982, *Paris, OCDE, 1982, Volume I.*
11. **CILSS/CLUB DU SAHEL – OCDE**  
L'aide publique au développement dans les pays membres du CILSS de 1975 à 1982, *Paris, OCDE, 1983, Volume II.*

12. **CLAUSEN, A.W.**  
Address to the Board of Governors, Washington D.C... World Bank, September 27, 1983.
13. **COLCLOUGH, Chirstopher and DANIEL, Philip**  
Wage Incomes and Wage Costs in Papua New Guinea: Challenges for Adjustment Distribution and Growth, *a Report Prepared for the Government of Papua New Guinea, Sussex, IDS, 1982 (commissioned Study No. 2).*
14. **CONDE, Julien et DIAGNE, Pape Syr**  
Les Migrations Internationales Sud-Nord : Une étude de cas : Les migrants maliens, mauritaniens et sénégalais de la Vallée du Fleuve-Sénégal en France, *Paris, OCDE, 1983.*
15. **CONDE, Julien et al**  
Les Migrations Internationales en France : le Cas des Maliens, Mauritaniens et Sénégalais – Etat de la Question, *Paris, OCDE Centre de Développement, 1983.*
16. **Development Cooperation and the World Economy, the Hague.**  
*Development Cooperation, Information Department of the Ministry of Foreign Affairs, (the Netherlands), 1981.*
17. **Directory of African Experts/Répertoire d'Experts Africains,** *Addis-Ababa, ECA/PADIS/TCDC, 1983.*
18. **DOBOZI, Itsvan and MANDI, Peter (eds)**  
Emerging Development Patterns: European Contributions: *Selected Papers of the 3rd General Conference of EADI, November 11–14, 1981, Budapest, Hungary, 1983 (EADI Book Series 1).*
19. **DRAMANI ISSIFOU, Zakari**  
L'Afrique Noire dans les Relations Internationales au XVIème siècle : Analyse de la crise entre le Maroc et le Sonrhaj, *Paris, Karthala/Centre de Recherches Africaines, 1982.*
20. **FALL, Yoro, K**  
L'Afrique à la Naissance de la Cartographie Moderne : Les Cartes Majorquines : XIVE–XVe siècles, *Paris, Karthala/Centre de Recherches Africaines, 1982.*
21. **FRIEDLANDER, Melvin, A.**  
Sadat and Begin: The Domestic Politics of Peacemaking, *Boulder, Colorado, Westview Press, 1983.*
22. **GREDET (Groupe de Rencontres sur le Développement et la Technologie) Tunisie :** Quelles Technologies ? Quel Développement ? *Tunis, Editions Salambo et Dar El Fen, 1983.*
23. **HELLER, Peter, S. and TAIT, Alan A.**  
Government and Pay: Some International Comparisons, *Washington D.C., International Monetary Fund, 1983 (Occasional Paper No. 24).*

24. **HOWES, Michael**  
The Potential for Small Scale Solar Powered Irrigation in Pakistan, *Sussex Brighton, IDS, 1982 (Commissioned Study)*.
25. **HUQ, M.M. and PRENDERGAST, C.C.**  
Machine Tool Production in Developing-Countries, *Edinburgh, Scottish Academic Press, 1983 (David Livingstone Series on Choice of Technique in Developing Countries – Volume 7)*.
26. **INGANJI, Francis, K.**  
Status of Information and Documentation Services in Eastern and Southern Africa and Future Prospects, *Bonn, German Foundation for International Development, 1983*.
27. **INTERNATIONAL MONETARY FUND,**  
Interest Rate Policies in Developing Countries, *(A Study by the Research Department), Washington D.C., IMF, 1983*.
28. **INTERNATIONAL TRADE CENTRE UNCTAD/GATT**  
The Republic of Korea: A Market for products from other Developing Countries, *Geneva, ITC UNCTAD/GATT, 1983*.
29. **LARSSON, Anita and LARSSON, Viera**  
Traditional Tswana Housing: A Study in four Villages in Eastern Botswana, *Stockholm, Swedish Council for Building Research, 1984 (Document D 7: 1984)*.
30. **MATTIS, Ann (ed)**  
A Society for International Development: Prospectus 1984 *(Selected Proceedings from the 25th Anniversary World Conference of the Society for International Development Held in July 1982 in Baltimore) Durham, North Carolina, Duke University Press, 1983 (Duke Press Policy Studies)*.
31. **MASCARENHAS, Ophelia and MBILINYI, Marjorie**  
Women in Tanzania: An Analytical Bibliography, *Uppsala, Scandinavian Institute of African Studies, 1983*.
32. **MUSUNGAYI, Norbert**  
Perspectives du Développement Economique des Pays du Tiers-Monde : l'exemple de la République du Zaïre, *Université de Vincennes – Paris VIII, Département d'Economie Politique, Thèse de Doctorat de Troisième Cycle, 1981*.
33. **NAFZIGER, E. WAYNE**  
The Economics of Political Instability; the Nigerian – Biafran War, *Colorado, Westview Press, 1983*.
34. **O'CONNOR, Anthony**  
The African City, *London, Hutchinson University Library for Africa, 1983*.

35. **OESTERDIEKHOFF, Peter and WOHLMUTH Karl (eds.)**  
The Development perspectives of the Democratic Republic of Sudan: the limits of the Breadbasket Strategy, *Munchen, Köln; London: Weltforum Verlag, 1983 (Africa Studies No. 109).*
36. **O. E. C. D.**  
Geographical Distribution of Financial Flows to Developing Countries Disbursements, Commitments, External Debt, Economic Indicators 1979/1982, *Paris, OECD, 1984.*
37. **PETERS, Heidrun (ed.)**  
Library Training in Eastern, Central and Southern Africa: A Reader, *Compiled at the DSE Workshop on Teaching Material in Library Training, Berlin (West), 1-9 September 1982, Bonn, Deutsche Stiftung fur Internationale Enturbelung, 1982.*
38. **Rapport du 1er Séminaire Diocésain**, Luishia 31 Octobre – 7 Novembre 1982 : Eglise et Développement : Le Développement Intégral des Communautés de base, *Lubumbashi, Archidiocèse de Lubumbashi, 1983.*
39. **ROTCHILD, Donald and OLORUNSOLA, Victor, A. (eds.)**  
State Versus Ethnic Claims: African Policy Dilemmas, *Boulder, Colorado, West view Press, 1983.*
40. **SJÖSTROM, Margareta and SJÖSTROM, Rolf**  
How do you Spell Development? A Study of a Literacy Campaign in Ethiopia, *Uppsala, Scandinavian Institute of African Studies, 1983.*
41. **SOMERSET, H.C.A.**  
Secondary Education, Selection Examinations and University Recruitment in Indonesia: Some Key Issues, *Brighton, IDS, 1983.*
42. **SPRUDŽS, Aleksandrs**  
Cooperative Advisers for Developing Countries: Recruitment and Preparation, *Oxford, the Plunkett Foundation for Cooperative Studies, 1983 (Plunkett Development Series 6).*
43. **STEVENS, Christopher (ed.)**  
EEC and the Third World: A survey: Hunger in the World, *Overseas Development Institute/Institute of Development Studies Hodder and Stoughton, London, 1982.*
44. **THE EUROPA YEAR BOOK 1983: A World Survey. Volume I:**  
– Part I International Organizations.  
- Part II : Europe  
- Part III : Afghanistan – Burundi  
*London, Europa Publications Limited, 1983.*
45. **THE EUROPA YEAR BOOK 1983: A World Survey Volume II :**  
Cameroun – Zimbabwe, *London, Europa Publications Limited, 1983.*



46. **U.N.E.P.**  
A Bibliography of the Annual Sessions of the Governing Council, 1973–1983, *Compiled by the Library and Documentation Center and INFORTERRA, United Nations Environment Programme, Nairobi, UNEP, 1983.*
47. **U.S. NATIONAL LIBRARY OF MEDECINE (Compl.)**  
Quarterly Bibliography of Major Tropical Diseases, *Washington D.C., 1983, UNDP/WORLD BANK/WHO, Volume 6, NO. 4.*
48. **WATANABE, Susunu (Ed.)**  
Technology, Marketing and Industrialization: Linkages Between Large and Small Entreprises. *A Study Prepared for the International Labour Office within the Framework of the World Employment Programme, New Delhi, Macmillan India Ltd., 1983.*
49. **WORLD BANK**  
IDA in Retrospect : the First two Decades of the International Development Association, *New York, Oxford University Press 1982.*
50. **Yearbook of International Organizations, Brussels, Union of International Associations, 1978.**
51. **YOUNG, Gawford**  
Ideology and Development in Africa, «Council on Foreign Relations Book», *London, Yale University Press, 1982.*
52. **ZEHENDER, Wolfgang**  
Cooperation Versus Integration : The Prospects of the Southern African Development Coordination Conference (SADEC) *Berlin, German Development Institute, 1983 (Occasional Papers of the German Development Institute (GDI) No. 77).*