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CONTENTS – SOMMAIRE

CECIL RAJANA

- Europe Undermined: The Lome Response.
An Evaluation of the EEC–ACP Non Fuel Minerals Arrangement..... 5

P. JACQUEMOT

- La Semi-Industrialisation Contemporaine..... 43

CLIFFORD EDOGUN

- The Emerging Ideological Trends in the Non Aligned Movement:
Some Reflections on the Havana Conference..... 65

YASH TANDON

- New Food Strategies and Social Transformation in East Africa..... 86

J. A. KREINDLER

- South Africa, Jewish Palestine & Israel:
The Growing Relationship 1919–1974..... 108

BOOK REVIEWS / REVUE DES LIVRES

P. HEINECKE

- «Principles and Practice of Public Administration in Nigeria»..... 143
– «Administration for Development in Nigeria»..... 144

FOCUS ON RESEARCH & TRAINING INSTITUTES

- The Association of African Women for Research
and Development (AAWORD)..... 147
– Institute of Southern African Studies at National
University of Lesotho..... 149

- BOOKS RECEIVED***..... 150

**EUROPE UNDERMINED: THE LOME RESPONSE
AN EVALUATION OF THE EEC-ACP NON-FUEL
MINERALS ARRANGEMENT**

By

Cecil RAJANA *

The purpose of this paper is to offer a critical, multifaceted evaluation of the non-fuel minerals arrangement established between the European Economic Community (EEC) and the African, Caribbean and Pacific Group of States (ACPs) under the terms of the Convention of Lomé. Before embarking on this task, brief comments on the Convention of Lomé, an outline of non-fuel minerals in the relationship between Europe and the Third World, and a review of the changing EEC non-fuel mineral demand and investment pattern are proffered in way of background.

The Convention of Lomé, or Lomé I, was concluded in 1975, followed by a successor agreement, or Lomé II, in 1979 which runs to March 1985 (1). Both were signed in Lomé, the capital city of Togo from which the convention derives its name. The Lomé Convention is largely a product of the EEC association policy which is enshrined in Articles 131–136 of the Treaty of Rome (2). Essentially the Lomé Convention consolidates and improves upon the Yaoundé Convention, the Commonwealth System of Preference, and a host of lesser agreements between the ex-colonial powers and mainly their former dependencies. Further, it governs a more extensive range of economic ties than the foregoing agreements between sixty ACPs and the nine member states of the Community. Among others, these include aid, trade, industrial restructuring and raw materials—chiefly non-fuel minerals which are the sole concern of this paper.

Title III, which covers non-fuel minerals, has been proclaimed the most outstanding feature of Lomé II (3). Claus MEYER, Director General of the Development Directorate of the EEC (DG VIII), termed it 'highly innovative' and 'a real breakthrough' in the growing interdependence between the North and the South(4). A breakthrough of a sort it unquestionably is, but as *New African* observes «... this main innovation is one which will finally be of more interest to the EEC than the ACPs» (5). Neither the mineral insurance scheme (MINEX) nor the mineral investment programme (MINIV), which are the two principal features of Title III, are what the ACPs fought for during the negotiations of Lomé II. Before analysing Title III, it is instructive to review briefly the significance placed on mining and minerals by the EEC and the ACPs, and the specific demands and counter-demands made by the two parties during the negotiations.

* *Department of Political Studies, Queen's University, Kingston, Canada. I am indebted to Professor Charles Pentland of Queen's University for helpful comments on this paper and to Mr. Tiéoulé Konaté, the former Secretary General of the ACP Secretariat for his invaluable time and the data which he made available to me.*

6 *Africa Development*

By the end of World War II Europe had seriously depleted the indigenous raw materials which fueled its industrialization. From the late 40's it had come to rely heavily on distant non-fuel mineral supplies. Moreover, cheap and secure supplies were seen as a 'state of nature' or were taken for granted. This attitude was only interrupted twice, during the Korean War in the early 50's which sent prices rocketing briefly, and during the Suez Crisis of 1956, which temporarily disrupted supplies. However, both interruptions were short lived, and non-fuel mineral production and trade quickly settled back into the orderly post-World War II pattern. By the early 70's both the ACPs and the non-ACP LDCs were denouncing this pattern as unequal or inegalitarian.

With the decolonization process well underway, it was inevitable that once the emergent regimes had consolidated their political power, they would turn to economic reconstruction. When they did so in the late 60's, the mineral-dependent exporters found that their efforts were being thwarted, both by changes in their terms of trade and by the erratic fluctuation in the prices of their exports, and hence in their foreign exchange income. Naturally, they came to see stable and rising prices for their exports as the key to orderly domestic economic progress. Appeals for help on the issue of export prices and income occasionally resulted in balance of payments assistance on increasingly stringent terms, but produced no stabilization measures. Helplessness bred radicalism. Many LDCs, foremost among them the Commonwealth-ACPs, came to see the establishment of sovereignty over their resources, and producers' associations as an alternative.

As a result, in early 1973 Zambia instigated the reactivation of the Conseil Intergouvernemental des Pays Exportateurs de Cuivre (CIPEC). The CIPEC made its first significant decision to slash production by 15 percent between 1974-1973, with a view to pushing copper prices upwards. In mid-1973, negotiations commenced on the establishment of the International Bauxite Association (IBA), the Association of Phosphate Producing Countries (APPC), the Association of Tungsten Producing Countries (ATPC), and the Association of Iron-ore Exporting Countries (AIEC). By 1975 all of these producers' associations, except the APPC, had been formalized. Such ACPs as Guyana, Jamaica, Guinea and Surinam came to play leading roles in the IBA, not unlike Zaïre and Zambia in CIPEC. Similarly, Senegal and Togo, Mauritania and Sierra Leone, Rwanda and Zaïre became active members of the APPC, AIEC and ATPC respectively (6). In fact, the ACPs featured most prominently in the LDCs efforts to augment and exercise sovereignty over their resources. Stephen KORBIN, of the Massachusetts Institute of Technology, has undertaken an exhaustive study of forced divestment acts in the LDCs between 1960-1976. His conclusion shows that of the twenty-two LDCs which refrained from acts of nationalization, only four were ACPs. About 36 percent of the acts of nationalization occurred between 1973-1975, and about 67 percent between 1970-1975. However, since 1976, there has been a marked decline in acts of nationalization (7). Significantly, none has occurred in the ACP states since late 1975. There has also been a notable cooling off on their part towards producers' associations.

The spate of forced divestments and producers' associations was not conceived by the ACPs as an attack on European direct foreign investment (DFI) in the mining sector *per se*. Kenneth KAUNDA, whose liberal political convictions are scarcely in doubt, conveyed this as follows:

It is myth to think that we are nationalising for the sake of nationalisation, ... or that we seek to strengthen CIPEC for some sinister or socialist purpose... Our actions are taken in the sole hope that we might be better placed to influence the price we obtain for our exports in order to regularise our foreign exchange earnings (8).

It is hard not to sympathize with KAUNDA's concerns, but his hope was misplaced, as indeed was that of the ACPs as a whole. Forced divestment and producers' associations cannot necessarily yield export price/income stability, or improvements in terms of trade. Indeed, they could be counter-productive. The success of OPEC cannot be readily replicated. This the ACPs painfully discovered when their action (forced divestments and producers' associations) failed to prolong the price boom of 1973–1974. Worse, from late 1975 the prices of their non-fuel mineral exports began to tumble, as Table I illustrates.

This downswing, allied with the ACP actions in 1973–1975 did serve to dramatize their claims regarding the terms of trade and export price/income fluctuations. By 1975, the effects of these on the ACPs' development were no longer being questioned by the EEC (9). Studies by the United Nations Conference on Trade and Development (UNCTAD), the International Bank for Reconstruction and Development (IBRD) or World Bank), and the EEC between 1975–1977, have concluded that the terms of trade have swung against non-fuel mineral exporters, despite the price explosion of 1972–1975. For example, the World Bank index (based on 1973 = 100) rose to 116 in 1974; but this compares unfavourably with 125 in 1950 and 127 in 1954 (10).

Parallel to the erosion of their purchasing power, Table I indirectly details the price movements on ACP non-fuel mineral exports, now covered by MINEX, for the period 1970–1978. It highlights the sharp increases in export prices between 1973–1975, which largely explains the ACP failure to press for the inclusion of minerals in the Export Income Stabilisation Scheme (STABEX) or Title II of Lomé I. Table I likewise underlines the slump in export prices from the end of 1975. The ACPs, which as a group account for a disproportionate number of non-fuel mineral dependent LDCs, (11) were severely affected by the decline. In the case of copper, prices had plummeted by 1977 to about two thirds of their 1974 level, and in the case of phosphate, by approximately half compared to 1975. In both cases the principal ACP exporters, e.g., Zambia and Zaïre, Senegal and Togo were forced to sell their output below the unit cost of production. In 1978 there were no significant price improvements, despite the large scale closure of copper and bauxite production facilities in Zaïre and Guyana respectively as a result of domestic political unrest. Further, the ACP's hopes for the adoption of the 1976 UNCTAD Integrated Program for Commodities (IPC) were dashed, as it became apparent that no progress was likely on

8 Africa Development

non-fuel minerals. Finally, the substantial income stabilisation payments Mauritania had obtained (33.3 million units of European account (mua) from the STABEX fund following the shortfall in the iron ore export price) in 1978 could not go unnoticed by the other ACPs (12). The above developments created a firm resolve amongst the ACPs – knowing the EEC opposition in principle to price stabilisation – to have their non-fuel minerals

TABLE I
ACPs Export Price Index of Non-Fuel Minerals
1975 = 100

	1970	1972	1973	1974	1975	1976	1977	1978	1979
All Non-Fuel Minerals.	35	39	51	73	100	96	92	87	96
Iron Ore	57	55	70	80	100	96	92	87	102
Chrome Ore	36	41	37	45	100	109	109	109	109
Manganese Ore	39	44	54	83	100	103	105	99	96
Non Ferrous Metal	69	77	122	150	100	112	117	127	172
Copper	82	87	145	167	100	114	106	111	161
Bauxite	78	81	128	152	100	128	112	116	135
Cobalt	94	65	71	143	145	161	174	195	212
Nickel	61	67	74	84	100	109	115	113	146
Tin	49	55	70	118	100	112	159	189	223
Phosphate	21	21	23	72	100	60	51	48	43
Manufactures *	100	113	133	162	182	183	199	225	238

Note: * 1970 = 100. The unit value index of exports of manufactures is included for reference.

Source: *Handbook of International Trade and Development Statistics: 1979*, UNCTAD, UN, NY, 1979, pp. 69–70; *Monthly Bulletin of Statistics* (UN), 1980, Vol. XXXIV, No. 5, p. 162; *Investment in the Mining Sector of the ACP States*, African Institute for Economic Development, Dakar, 1979, Table IV.

covered by the STABEX scheme. Hence, this became the key demand on their agenda for the renegotiation of Title II of Lomé I.

A secondary, but nonetheless important ACP demand stemmed from their perceived need to infuse new capital into the mines (taken into domestic ownership in the early 70's) and to expand the sector in keeping with the new prominence it was being accorded in their overall development strategy. The attainment of this goal called for the inflow of large scale European investment. To encourage this, the ACPs demanded a blanket guarantee from the Community to cover all EEC-based mining investment in the associated states. This they reasoned, would give the European mining companies the requisite safeguards to revive their capital flows to the ACPs (13).

ACP DEMANDS AND THE EEC REACTION

Sensing beforehand that the EEC might not view their demands favourably, particularly that concerning the expansion of STABEX, the ACPs began to mobilize support amongst the Nine. Thus, when Chancellor Helmut SCHMIDT visited Africa in 1978, he was lobbied in Lusaka to support the inclusion of minerals in STABEX. However, he explicitly favoured only copper (14). Accordingly, in late 1978, the Federal Republic of Germany (FRG) did submit a Memorandum to the Commission urging the creation of a separate chapter in STABEX or Title II to cover copper (15).

In formulating the ACP proposal, the STABEX scheme of Lomé I, with all its existing parameters, was used to determine the range of products that were to be included. This involved establishing *a priori* which ACPs were dependent on which minerals for a 'significant' share of their total export earnings: 'significant' being defined in terms of the 7.5 percent export dependence (to all destinations) threshold in the STABEX scheme. As a result of this exercise eighteen ACPs — fourteen African, three Caribbean and one Pacific — were identified as dependent on ten minerals altogether. These included copper, bauxite, iron, manganese, tungsten, zinc, tin, chrome, diamond and phosphate.

At the start of the negotiations on Lomé II in September 1978, the ACPs presented both proposals to the EEC (16), but these were subsequently rejected. Regarding the demand for a Community investment scheme, the ACPs were told that it was up to them

... to provide such guarantee as part of a wider package of measures aimed at creating the appropriate investment environment to inspire private capital inflow.

Since it was the ACPs who stood to benefit the most in the Commission of the European Community's (CEC or Commission) view, the CEC stressed that they should bear the costs (17). The demand for the inclusion of minerals in STABEX was disallowed on three grounds. The Commission contended that:

First, the economic interests involved in minerals – the parastatals and the multinationals – are different from those in the agricultural products covered by STABEX (18).

Secondly, the price instabilities of minerals were the result of fluctuations in world demand and not of variations in supplies, as is the case with STABEX agricultural products (19).

Thirdly, the cost of the proposed scheme was deemed prohibitive. To cover copper alone, the Community claimed, would cost more than the entire STABEX scheme (20).

No one can doubt that price instabilities are a function of the market structure. But this in itself is not an argument against inclusion of minerals in an income stabilisation scheme. After all, the International Monetary Fund (IMF) compensatory finance scheme does cover a number of minerals. More importantly, the inclusion of iron ore in STABEX has demonstrated that a workable scheme is possible.

By contrast the production and distribution structure of minerals pose basic problem to their inclusion in an income stabilisation scheme. Unlike STABEX products, in the case of minerals, a small number of large parastatals and multinational corporations (MNC) account for the bulk of output and marketing. Hence, they could easily exploit this controlling position to trigger any scheme into effect, or to use it as an element in their pricing and marketing strategy. Even if they were to refrain from such 'unfair' actions, adoption of the proposed scheme would have entitled the MNCs, (largely US), to about a third of all possible transfers – given the share of ACP mineral production and marketing they control. This the Community could hardly have countenanced. Further, the MNCs and the parastatals could have also colluded with ACP governments, to perhaps divert exports away from the EEC, thereby producing a reduction in company revenues and in government tax receipts, in respect to exports to the EEC. This would allow the ACPs concerned to qualify for income stabilization transfers, while continuing to receive revenues regarding exports to non-EEC destinations.

The main EEC objection was, however, cost, although no detailed cost estimates in support of this position were offered. At best this claim was highly exaggerated. A rough estimate can be put together to give an idea of the likely cost of the ACP proposal. Two studies undertaken by the Commonwealth Secretariat to aid the ACP negotiations are instructive in this connection (21). Using the 7.5 percent price fluctuation threshold below the reference level (of the Lomé I STABEX), they calculated the number of transfer payments the EEC would have had to make between 1975-1977, had the ACP proposal been part of STABEX under Lomé I. The transfers payable for 1975 would have been in the order of 85 to 100 million US dollars; in 1976, 60 to 100; and in 1977, 100 to 125. Applying the computation method outlined in Professor Walter Cainer's study to the 1978 and 1979 data, the following transfers are derived: (22) in 1978, 50 to 75 million US dollars; and in 1979, 5 to 10 million US dollars. The low 1979 figure is due to the upturn in prices on practically all

ten minerals contained in the ACP proposal. Between 1975–1979 the total transfers would have been 300 to 400 million US dollars or 240 to 325 mua. This is far less than the cost of STABEX during Lomé I, i.e., 382 mua. In addition, copper would have accounted for not more than half of the transfers (23). There are no special reasons to suppose, that had the Community agreed to the ACP proposal based on STABEX parameters, its implementation would have cost any more than the present STABEX scheme, i.e., 550 mua. Hence the Community's rejection of the proposal on the grounds of cost is untenable. It probably played only a minor part. Concerns about the parastatals, the MNCs and the ACP governments abusing the proposed scheme would have weighed heavily in the EEC decision (24). Also, the Nine, especially the FRG, was worried about setting a dangerous precedent during a sensitive phase in the negotiations on the ICP. A final consideration was the EEC position, taken from the inception of the negotiations, that Lomé II would simply consolidate the gains made by the ACPs in Lomé I, and not extend them.

Having had both of their demands turned down, the ACPs were confronted with completely different counter proposals. Before examining these, it is necessary to make a quick foray into the background factors which shaped them.

THE NINE AND THE ACP MINING SECTOR: INVESTMENT AND DEPENDENCE

As Europe outgrew its raw materials base it became increasingly reliant on non-fuel mineral imports from the Sixty. This reality was recognized in the Council of Europe's Strasbourg Plan in the Early 50's, which called for a redefinition of Europe's relations with its colonial territories in order to secure its base material supplies. Yet the attendant association arrangement which emerged in 1958, based on the Implementing Convention, did not address itself to securing the requisite supplies. Rather, it focussed on strengthening the EEC's access to the market of the associated territories, as did the succeeding Yaoundé Conventions.

Meanwhile, as the decolonization process accelerated, the emerging regimes' and the European mining houses' perceptions of the role of large-scale mining investments in the LDCs were coloured by a major post-World War II development – the Congo Crisis. Both saw the conflict as being essentially one over mining interests. Many of the new regimes viewed the companies' direct involvement in the conflict as replicable in their own mineral-dependent countries, and hence as posing a threat to their independence. The power of the mining companies, they concluded, had to be curbed. However, no concrete action was immediately taken or proposed. In turn, the Belgian mining firms, chiefly the Union Minière du Haut Katanga (UMHK) and its European allies, saw Lumumba's regime as a direct political threat to their extensive mining holdings. Not only did they oppose the new regime, partly as a lesson to others, but they subsequently came to regard the spread of independence in Africa and the Caribbean as synonymous with instability to the fiscal regimes governing the operation

of their investments. The emerging governments were perceived as intent on unilateral alteration of these regimes for narrow short-term political gains (25). This questionable perception of the impending widespread instability was deemed incompatible with continued investment in mineral production and exploration. Such investments, they correctly stressed, require stable fiscal regimes because of the long period involved for the gestation of capital. Consequently, the European mining houses began to shift their investment progressively out of what was to become the ACP region. While they maintained their existing stock of investment there, retained profits were being diverted to the so-called 'safe' and 'stable' countries – i.e., Canada, Australia, the Republic of South Africa (RSA) and the United States. There, from about 1962, they began to make most of their large-scale investments in non-fuel mineral production and exploration.

TABLE 2
Changing Distribution of EEC Investments in Non-Fuel Mining and Explorations
(In Millions of Current US Dollars and in Percentage)

	EEC		ACP		LDC		USA/Australia RSA/Canada		TOTAL Value
	Vol.	Per.	Vol.	Per.	Vol.	Per.	Vol.	Per.	
1960	23.0	5.2	42.3	9.5	190.6	43.1	92.0	20.4	441.5
1965	70.4	19.6	25.5	6.4	87.3	21.9	188.1	49.1	339.2
1970	23.2	5.9	19.3	3.5	190.0	34.7	178.1	32.5	548.3
1975	63.7	16.4	16.4	4.2	98.8	25.4	203.3	52.2	389.6
1976	49.3	11.0	12.7	2.8	89.8	20.0	189.5	42.1	450.0
1977	70.2	13.8	.....	.....	126.3	24.8	226.3	45.3	509.5
1978	67.1	11.9	3.4	3.4	163.5	29.0	249.3	44.2	563.8
	:	:	:	:	:	:	:	:	:
EXPLORATION									
	:	:	:	:	:	:	:	:	:
1960	12.6	14.1	9.1	10.2	32.8	36.8	28.5	32.0	89.1
1965	14.2	16.0	7.3	8.2	31.3	24.8	30.6	34.4	88.9
1970	19.3	19.0	5.4	5.3	18.2	17.9	56.9	55.9	101.7
1975	21.0	31.0	2.1	1.7	12.5	15.3	39.2	48.3	81.1
1976	33.1	33.2	0.4	0.3	9.9	14.2	28.3	40.7	69.6
1977	24.5	29.7	1.9	1.8	10.0	12.1	33.0	40.4	82.5
1978	19.4	21.6	3.5	3.7	12.4	11.2	34.5	38.4	89.8

Note: *Mining includes Smelting.*

Source: *Groupement Europeenne des Entreprises Minières*, Bruxelles, 1978 Table V; *European Investment in the Mining Sector of the ACP States*, Scandianian Institute for African Studies, Uppsala, 1979, Tables XV and XIV.

Table 2 details the changing pattern of the Nine's investment in both mining production (including smelting) and exploration in general, and both in the ACPs and the 'safe' countries in particular. In the case of the ACPs, investment fell in both absolute and percentage terms between 1960 and 1977. Investment in production declined from 42.3 million US dollars, or 9.5 percent of all production investment in 1960, to 25.0 million or 6.4 percent in 1965 and then to 19.3 million US dollars or 3.5 percent in 1970. By 1976 it had slumped to 12.7 million US dollars or 2.8 percent. The same pattern can be observed for exploration investment in the ACP states, but the decline is more dramatic. From 9.1 million US dollars or 10.2 percent of the Nine's total exploration expenditure in 1960, this investment dropped to 5.4 million or 5.3 percent in 1970, then plummeted to 0.4 million US dollars or 0.3 percent in 1976. By that year, European investments in mining and exploration in the ACP states had almost come to an end. Significantly, the rate of decline there was higher than in the LDCs as a whole, as Table 2 illustrates. This could partly be explained by the higher incidence of forced divestments by the ACPs and their prominence in the movement for producers' associations in the early 70's.

By contrast, European investments in the 'stable' countries rose in absolute and percentage terms, as can be seen in Table 2. In production it rose from 90 million US dollars in 1960, or from 20.4 percent of total investment to 203.3 million or 52.2 percent in 1975. Similarly, exploration investment rose from 28.5 million US dollars or 32 percent in 1960, to 39.2 million or 48.3 percent in 1975.

The changed investment pattern of the mining houses carried two overriding consequences for Europe. The first is that exploration in the 'safe' countries, given existing technologies, had by 1970 ceased to generate new discoveries at a rate consistent with the projected growth in the EEC demand for non-fuel minerals in the 80's. Significant increase in exploration expenditure might have increased the discovery rate, but the resulting mines would unlikely have been commercially viable. Clearly, the continued emphasis on investment in mining production and exploration in the 'stable' countries has become incongruent with the geological location of available non-fuel minerals.

Table 3 outlines the ACP's share of known world reserves, and of production of minerals vital to the EEC. It also details the share of Southern Africa — that is, Namibia, Angola, Mozambique and Zimbabwe — separately. This group of countries is included for two reasons. One, all are likely to become members of Lomé. In fact, Zimbabwe recently did so on the 1st of September, 1980. Two, together they constitute an invaluable source of supply of rare minerals, which complements the bulk minerals of the ACP states. Combined, they provide an unrivalled range of minerals to which the EEC will potentially have access within the Lomé framework. With respect to bulk minerals, the ACPs account for 53 percent of the world's bauxite reserves and 40.2 percent of its production. Their respective percentage shares of cobalt are 43.0 and 63.0; copper 26.0 and 17.5; iron ore 15.5 and 4.9; and manganese ore (inclusive of Southern Africa) 14.0 and 22.0. As for rare minerals, the ACPs and Southern Africa account for 84.3 percent of the world tantalum reserve and 28.5 percent of its total

production. Their respective percentage shares of germanium are 41.0 and 45.7; chromium 33.0 and 10.0; uranium 15.0 and 15.1; platinum 12.0 and 6.5; titanium 9.0 and 5.1; and vanadium 7.0 and 3.8.

TABLE 3
*Distribution of World Production and Proven Reserves
of Key Minerals to the EEC*

	The Share of the LDCs.		The Share of the ACPs.		The Share of Namibia, Angola, Mozambique & Zimbabwe.	
	Reserve	Product	Reserve	Product	Reserve	Product
Bauxite:	62.0	54.2	53.0	40.2	....	....
Aluminum	—	8.5	—	2.1	....	....
Alumina		23.1	—	15.0	....	....
Copper	46.0	50.5	26.0	17.5	2.0	1.0
Cobalt	58.0	70.0	43.0	63.0	....	....
Phosphates	55.0	25.0	3.0	5.1	....	....
Manganese	19.0	25.0	6.0	12.0	8.0	10.0
Tin	36.0	70.8	7.0	6.4	2.0	1.0
Iron Ore	18.0	19.0	15.5	4.9	....	....
Asbestos	6.5	6.1	0.3	0.1	5.0	5.0
Cadmium	4.8	3.0	1.5	1.0	3.2	1.9
Chromium	61.0	24.3	2.0	.....	51.0	10.6
Columbium	90.0	88.9	8.0	5.8	....	....
Germanium	43.0	48.0	23.0	35.7	18.0	10.0
Lead	10.0	13.0	.....	.....	1.0	....
Nickel	19.0	9.1	—	—	3.0	2.5
Platinum	14.6	8.0	—	—	12.0	6.5
Tantalum	98.0	60.0	76.3	18.6	8.0	10.0
Titanium	11.0	5.9	9.0	5.1	....	....
Tungsten	10.0	11.0	2.0	...	....	....
Vanadium	9.0	8.0	—	—	7.0	3.8
Uranium	17.0	16.0	6.0	10.0	9.0	5.1

Notes: Data for this Table are either for the year 1975 or 1976 as available. The share of the LDCs includes that of Namibia.

Sources: Phillip Crowson and Sylvia Francis, *Non-Fuel Minerals and Foreign Policy*, Royal Institute of International Affairs, London, 1977, Annex A; and — *European Investments in the Mining Sector of the ACP States*, Scandinavian Institute for African Studies, Uppsala, 1979, Table IV.

This list is by no means exhaustive. Moreover, the reserve levels mentioned above date back to the late 50's. Since that time, no significant non-fuel mineral exploration work has been conducted. Should this resume, one can expect additional reserves and new minerals to be discovered. The significance of the above minerals to industrial and defence applications in Europe is sufficiently well known not to be recounted here. Further, the range of ACP minerals, and particularly the rare minerals of Southern Africa, make them a viable alternative (for the Community), to reliance on minerals from South Africa and/or the Centrally Planned Economics (CPE). Above all, the data in Table 3 indicate that production levels are well below those of reserves in the ACPs,, whereas the converse is true for the 'safe' states. In short, ACP and Southern African minerals are presently under-exploited as a result of the shift in European investment patterns. Moreover, the stepping up of output levels at existing production/reserve sites requires a minimum – in mining terms – of capital outlay on plant expansion and/or infrastructure. This, plus low wage rates, high ore quality (26), and often, highly subsidized electricity and transport, makes investment in increasing ACP mining capacity cost-efficient. By contrast, continuing high investments in the 'safe' countries represent, in rational economic terms, a misallocation of resources.

The second of the two overriding consequences of the changed investment pattern is that it significantly and unnecessarily increased the Community's dependence – not least on the ACPs. As Table 4 illustrates, declining European investments did not reduce the import dependence of the Nine on ACP and Southern African supplies. On the contrary, between 1965–1975 their share in Europe's total imports rose for all but two of the listed minerals. Among the bulk minerals only the share of tin remained unchanged, while in the case of rare minerals, tantalum declined significantly.

Moreover, the rising dependence on ACP minerals was compounded by a significant increase in the role of foreign-owned MNCs, largely US, as suppliers. Whereas in 1962 they accounted for 17.4 percent of the Nine's total non-fuel mineral imports, by 1974 their share had risen to 36.1 percent. This came both from their own mines in the associated states, and from the ACP divested mines or parastatals whose output they were now largely responsible for marketing. In fact, by the early 70's, the non-EEC MNCs completely controlled the supplies of certain bulk (bauxite and phosphate) and rare (tungsten and germanium) minerals to the Community (27). This prominence has had two implications. First, being subject to domestic legislation, the foreign MNCs could be made, in the event of shortages, to supply their home markets before meeting the Community requirements. Secondly, shifting corporate interests could dictate modifications of their supply policies to the EEC. Indeed, the case of oil in the 1973–1974 crisis served as a clear reminder of the latter possibility. The above developments certainly compounded Europe's vulnerability.

Clearly, the change in the pattern of European DFI in the early 60's had two serious repercussions. First, investment did not take place as geological and economic realities dictated. The flight of capital to the 'safe'

TABLE 4
The Import Dependence of the EEC, the USA and Japan; And the Significance of the ACPs in the Import Dependence of the EEC

Minerals				<i>ACPs' Share in the EEC's Import Dependence</i>		
	Japan	USA	EEC	1965	1970	1975
Bauxite	100	86	60	29	28	33
Aluminum	100	85	61	36	37	40
Cobalt	100	96	100	58	51	67
Copper	88	6	80	43	42	49
Manganese	86	98	99	12	17	24
Phosphates	100	...	99	3	5	15
Iron Ore	94	30	80	3	4	17
Tin	93	87	90	7	6	7
Zinc	68	63	60	...	...	5
Cadmium	...	...	36	...	...	8
<i>Southern Africa Only.</i>						
Asbestos	100	83	100	12	10	16
Chromium	100	91	100	12	16	24
Columbium	66	...	...	...	...	5
Germanium	...	35	100	55	42	71
Lead	70	26	70	...	...	...
Nickel	100	72	100	...	1	5
Platinum	100	80	100	3	5	15
Tantalum	...	95	100	61	58	56
Titanium	...	...	100	...	...	...
Tungsten	99	68	98	...	5	8
Uranium	...	...	59	3	7	20
Vanadium	...	36	99	...	...	...

Notes: Import dependence is the share of import in domestic consumption. Percentages are founded. Import dependence data are either for 1975 or 1976 depending on availability. Southern Africa includes Namibia, Angola, Mozambique and Zimbabwe.

Sources: *Critical Imported Materials*, Council on International Economic Policy, Washington, 1974; Phillip Crowson and Sylvia Francis, *Non-Fuel Minerals and Foreign Policy*, Royal Institute of International Relations, London, 1977, Part II.

countries, as Wolfgang HAGER has shown, (28) was no alternative to investments in the LDCs and the ACPs. This has created the prospect of physical shortages for the Community of vital non-fuel minerals in the mid-to-late 80's. Second, the change led to the ownership of, and control over production and marketing of supplies to Europe passing into the hands of foreign-owned MNCs. This has deepened the EEC's dependence and increased its vulnerability.

However, it took a cluster of events in the early-to-mid 70's to dramatize both the dangers for the Community that were inherent in the above changes, and the urgent need for policies to bring European investment into line with economic and geological realities in a way that would reduce Europe's dependence. These events included the Club of Rome Report in 1972 (29) – which rekindled fears, dormant in Europe since the Korean War, about the imminent exhaustion of mineral resources. The boom in raw material prices between 1972–1974, and in particular, the oil price hikes in later 1973 and 1974, fueled European apprehension. In addition, the proliferation of forced divestment acts, and the creation of producers' associations by the LDCs, and particularly the ACPs, did not help matters; nor did the ensuing rivalry between the USA, Japan, and the Community over access to raw materials. Finally, developments in and around the 'safe' countries made them no longer 'stable', which compounded the European fear and sowed seeds of confusion. These developments completely transformed the international raw materials scenario. However, the initial fear and confusion it engendered soon gave way to more sophisticated anxieties, to sober analysis of the new realities and to practical responses.

The Community rightly came to the conclusion that the 'limits to growth argument' was unduly alarmist, and that the price boom was unrelated to the actions of the LDCs (30). The latter stemmed from the unprecedented leap in demands for minerals from 1971, caused both by commodity speculation as a hedge against inflation and by expanding industrial activities. However, due to insufficient investments in the preceding years, supply could not respond immediately. In consequence, prices rocketed and this in turn contributed later to the slowing down of economic growth and to rising inflation and unemployment.

Above all, the Community realized that the so-called 'safe' countries were far from safe. Canada and Australia, having encouraged European investments in the 60's, began in the early 70's to unilaterally alter the fiscal regimes governing mining investments. For example, twice in 1972 both countries unilaterally altered their tax laws. One change was aimed at coercing the mining companies to undertake local processing. The other was to syphon off what both governments deemed to be windfall profits. Such tax revisions eventually resulted in one copper company in British Columbia and one nickel company in Western Australia – both European, incidentally – having to pay 136 percent and 103 percent of their declared profits in 1974, to satisfy the combined royalty and tax demands of the provincial/state and federal governments (31). In addition, jurisdictional disputes between federal and provincial/state governments over minerals since the early 70's have introduced an element of instability in domestic resource policy in both countries. Further, in 1974 the Australian Industrial

Development Corporation was set up – like its counterpart the Canada Development Corporation – to obtain local majority ownership in foreign owned resource companies. Moreover, by 1975, Australia had joined the CIPEC, AIEC, AIPC and the IBA (32). While Canada adopted an ambiguous position towards these ACP inspired producers' associations, Ottawa nonetheless intended to reap whatever price benefits resulted. Worse, both sought to exploit the Community's dependence on their minerals, particularly on uranium, to extract economic and political concessions from the Nine. For example, in 1974 Australia came to link uranium supplies to modifications of the EEC Common Agricultural Policy (CAP), to facilitate its beef exports. In 1977 Canada imposed an embargo on uranium supplies in order to increase its leverage over reprocessing by France, which like Euratom was not a signatory to the Non-Proliferation Treaty (NPT). Such actions, Crowson has argued, are no different in their effects from the Arab oil embargo on the EEC (33). Hence, from about 1975 onwards the Community had come to see Australia and Canada as politically unreliable suppliers of its key minerals (34). Similarly, the European mining houses began to view both countries as unstable-albeit marginally less so than the African, Caribbean and Pacific Group of states.

In the case of South Africa, the Community faced a different dilemma. The liberation of Angola and Mozambique, the independence of Zimbabwe, and the intensification of the struggle for statehood in Namibia altered the Southern African geopolitical scenario. This, combined with mounting political agitation within, and the Third World's threat to seek UN sanctions against South Africa, had by the mid-70's rendered that country unstable from the point of view of the Nine and their mining houses. Consequently, by 1974 the latter had begun to reduce their investments in South Africa, (35) as they were to do in the case of Australia and Canada from 1976 (36). Moreover, the view came to prevail in Europe that, in the event of a crisis in South Africa, the Community could and would have to do without its rare minerals (37).

The realization that South Africa had become unstable, that Canada and Australia were unsafe, and the dependence on US MNCs was growing, along with the other aforementioned factors, compelled the Community to adopt a more realistic strategy—a strategy whose twin overriding objectives in the changed international raw material scenario were:

- (1) to ensure current European supplies, and
- (2) to secure Europe's future needs.

All the European actors—the Nine, the Commission and the mining houses—were agreed on the primacy of the two goals. Their implementation was eventually pursued on three levels. On one level, individual governments began from early 1975 to adopt a variety of measures, including stockpiling, as in the cases of Germany and France. Germany and Italy also embarked on aggressive investment promotion policies in the LDCs. On a second level, the Nine, under French leadership pioneered the North-South dialogue on raw materials. They also worked against a confrontation between the LDCs and the USA, and extended qualified endorsement of the UNCTAD-sponsored IPC in 1976 (38). Thirdly, at the Community level,

the Commission began to reflect on the direct measures required to realize the above two objectives through the Lomé framework. However, before examining these, it is instructive to briefly review Lomé I in relation to ACP mineral supplies to the EEC.

LOME I : EEC ACCESS TO ACP MINERALS

Lomé I did address itself to the issue of raw materials vital to the EEC both directly and indirectly. It did so directly through STABEX. This scheme in effect penalizes ACP exporters, in the sense of forfeiting part of their guarantees, for switching exports away from the EEC. Hence an element of supply guarantee for Europe is inherent in the scheme (39). But with the exception of iron ore, STABEX is restricted to agricultural products only – not all of which are vital to the EEC (40). However, no comparable direct supply guarantee scheme was built into Lomé I regarding minerals. As Peter TULLOCK has pointed out, Lomé I was not specifically designed to ensure the EEC's access to ACP minerals (41). Coincidentally though, the convention did link the Community institutionally with many of its key raw material suppliers. Further, contrary to Coppens' claim (42), certain provisions in Lomé I, did have (a) specific bearings on the ACP mining sector; (b) while others were made to operate in support of EEC mining investment in, and in securing EEC supplies from the associated states. The first (or 'a') is exemplified by Article 46 of Title V on Financial Assistance. Article 46 set some 94 mua of European Development Fund (EDF or Fund) resources aside in the form of risk capital to be administered by the European Investment Bank (EIB or Bank). A large portion of this was intended as loans for ACP governments to acquire holdings in new mining ventures. In theory, the opening up of new mines with the aid of risk capital could have led to the increased export of vital materials needed in the Community; which is a stated aim of Table I on Trade Cooperation (of Lomé I). In fact in 1978 the EIB did extend two risk capital loans totaling 3 mua to SOMIRWA, the mining parastatal of Rwanda, for the expansion of both wolfram and tin production (43). Also a 1 mua loan was extended to Senegal in late 1978 to develop a phosphate mine. The output of the three ventures is all intended for Europe. However, since the Senegalese loan, no other one has been granted. Clearly, this has not been due to any lack of viable project proposals from the ACPs. Chief Peter AFOLABI, the Nigerian Ambassador to Brussels, contended that it has been due to European mining interests, and particularly to the European Group of Mining Enterprises (EGME) blocking such credits (44). By late 1976 the EGME came to the conclusion that risk capital was an incentive for the ACPs to strengthen domestic control over natural resources. This, the EGME fiercely opposed, and prevailed upon the EIB to refrain from using the EDF credit facility. As a result, despite its potential, Article 46 has not led to any significant expansion in the ACP mining sector during Lomé I.

The second (or 'b') is exemplified by the EDF funding of major transport projects. These have had important implications for EEC mining investments and mineral supplies. An illustration of this is the integrated Trans-Gabonese Rail and Port Network (TGRPN), which an EDF-led European Consortium is financing. When completed, the rail system will link the manganese mines of Moanda with the uranium deposits in Mounana and make possible the development of the recently discovered iron ores in Batuala. In addition, the TGRPN is being driven straight through the Boove rain forests. This will make possible the exploitation of its tropical hardwoods which will be transported with the TGRPN's varied cargo to the port of Owendo for shipment to Europe (45). The TGRPN is not isolated project. There are others in the Cameroon, and in Guinea being funded by the EDF which are opening up new mineral deposits. Whatever the EEC motive for aiding such ventures, they certainly have enhanced the EEC's access to key ACP minerals. They have equally encouraged European investments in the ACP mining sector by absolving interested companies from having to make exorbitant outlays on infrastructural development, prior to the commercial exploitation of specific deposits. Already PECHINEY of France and PREUSSAG of Germany have taken advantage of the EDF-funded transport network in Gabon and Guinea to develop manganese and bauxite deposits respectively (46).

Clearly, both European investment in and supplies from the ACPs were, to an extent, indirectly facilitated by the operation of certain specific and general provisions of Lomé I. These provisions are to continue to operate under Lomé II and to the Community's advantage. But most importantly, Lomé II makes good a significant omission of its predecessor. It faces head on the twin issues of dwindling European investments in, and diminishing control over, non-fuel mineral supplies from the ACP states. Of course, the EEC perception of the causes of these determined the prescriptions the Nine sought to have embodied in Lomé II. To a large extent the Community perception has been influenced by the European mining lobby. A brief analysis of this influence is instructive to an understanding of the EEC rejection of the ACP proposals on non-fuel minerals, the EEC counter-proposals and the outcome of Title III of Lomé II itself.

EEC COUNTER-PROPOSALS AND ACP MINERALS

In relation to Lomé, the central lobbying body of the European Mining Industry Association (EMIA) has been the EGME, which was set up in January 1976 and is comprised of the large mining houses with considerable interests in the ACP states and Southern Africa. The first important statement by the EGME on ACP-EEC relations was made in a *Submission* to the President of the EEC in 1976 (47). In that document the EGME admitted that the present investment pattern was at variance with the long term mineral needs of the EEC, and, not surprisingly, then blamed the ACPs for this. Further, they outlined the volume of investment required in order to secure future supplies. However, they stressed that such investment is unlikely to take place in the ACP states because:

The Present danger for a mining company of having its operating agreement abrogated or seriously eroded is a fundamentally new order of political risk.

Specifically, what the companies feared was expropriation and/or the erosion of previously agreed benefits or 'spoliation' as termed in the *Submission*. To counter these, the EGME concluded that:

Active Community support is crucial... such support would, of course, be very much more potent than the support of a single nation acting alone (48).

Community support should take three forms. First, the Community should conclude framework investment protection agreements with the ACP states to govern the fiscal operation of mining agreements. Specific mining venture agreements will derive from the framework agreement, and hence would acquire the standing of an intergovernmental agreement. In the event of an untoward act by a party in the ACP states towards the specific agreements, the European mining company can look to the European Community for protection. If the matter cannot be settled amicably between the parties to the specific mining agreement, the Community would take the matter up under the intergovernmental agreement. At this point, all aspects of the EEC's economic relations with the offending ACP country would come into play as negotiating countries. Secondly, the Community could, through the EDF and the EIB, make financial contributions, or provide guarantees to mining projects. Such contributions or guarantees could be linked with supply contracts for the products of the mines in question. Loans could also be extended to ACP governments as subscriptions for national equity in projects. Such credits should be subject to (behaviour of) good conduct under the operating agreement, and otherwise should be repayable only with dividends from the project(s). Thirdly, a fund should be established from which European investors, largely MNCs, would be compensated for losses related to approved investments, resulting from political action by the host ACP governments. Contributions to the fund could be made by investors in proportion to their investment, by consuming countries, and by the Community representing the public interest in securing new raw material sources. This system could be designed to complement existing national investment insurance schemes.

The adoption of the above measures by the Community and their enforcement in relation to the ACP states, the *Submission* emphasized, is the key to aligning European investment with the Community's future needs for non-fuel minerals. Indeed, it appears that high Commission officials were wholly persuaded by the EGME's arguments. Claude CHEYSSON, in a speech at the Guild-hall in the City of London in early 1977, endorsed the tenets of the *Submission* (49). Later that year Roy JENKINS' Cyril Fletcher Lecture at St. Anthony's College, Oxford, entitled 'Europe — Third World Relations', was permeated by the ideas expressed in the EGME *Submission* (50). Adoption of the three recommendations were seen by both CHEYSSON and JENKINS as the only way of reducing the Community's dependence, and hence vulnerability, on foreign supplies in the future.

22 Africa Development

The Commission's endorsement of the *Submission* was an indication of the kind of proposals DG VIII would later put forward in the renegotiation of Lomé I. Before these commenced, the Commission dispatched to the Council of Ministers of the EEC a *Communication* in January 1978, outlining guidelines for reversing the declining of European investment in the ACP mining sector (51). Among other measures, it called for:

- (1) *framework agreements between the EEC and the ACPs to stabilize the conditions governing large-scale mining investments;*
- (2) *the financial participation by the Community through the EIB in mining projects; and*
- (3) *a Community scheme for investment guarantees to cover European mining companies and other investing institutions, including the EIB, against political risk.*

The similarities between the *Submission* and the *Communication* are remarkable. However, the Commission guidelines, and particularly item «3», came up against stiff opposition from member states largely on the grounds of cost. It was stressed that the size of such a scheme would be difficult to determine, because of the uncertainty regarding the likely number and the size of the bankable and viable projects in the ACP states. The *Communication* also came to the attention of the ACPs and was rejected, largely because it failed to address itself to their primary short-term concern of income stabilization of their mineral exports. (52)

This set-back did not deter either the EGME or the Commission. In a July 1978 Memorandum, the EGME called upon the President of the EEC to ensure that the framework agreement was approved by the ACPs in the negotiations of Lomé II (53). Later, having rejected the ACP proposal for the inclusion of non-fuel minerals, plus uranium, in the STABEX scheme the Commission dispatched to Council two *Communications* (in January and March), containing its counterproposals. The January *Communication* outlined the Commission's proposals for ensuring the EEC's short-term, non-fuel mineral, supplies (54). This was to be accomplished via the accident insurance scheme called MINEX, which was approved by the Council. MINEX was soon to be portrayed by the EEC as the answer to the ACP demand for an extension of STABEX. The March *Communication* dealt with the Community's long-term supplies and advanced four measures to secure these (55). They included:

- (1) *aid for the building up of ACP technological capability in mining and for mineral exploration activities;*
- (2) *mineral production investment promotion;*
- (3) *investment protection guarantees aimed at stabilizing fiscal regimes; and*
- (4) *a scheme of Community guarantees against political risk.*

Measures «2» to «4» were expounded both in the 1976 EGME *Submission*

and in the 1978 Commission *Communication*. However, measures '1' although new, proved acceptable to the Nine, as did measures '2' and '3'. As for '4', member states remained opposed to it. In addition to cost, they now contended that such a scheme would encroach on national competence and that the national schemes of member states were not as inadequate as was being made out. It was therefore dropped but not forgotten by the EEC – particularly since Brussels was now in agreement with the EGME's position that the proposed scheme could also be used to block the ACP countries from attempting, as the Andean Pact states have done, to regulate capital and technological flows more effectively to their own advantage (55a).

In May 1979 the ACPs were confronted with the two sets of EEC proposals which they were compelled by circumstance to accept, but only after forcing important modifications to the proposed investment protection agreements. Such agreements, if concluded, were not to be linked to other aspects of their economic ties with the Community as the EGME desired. Further, they successfully argued that these should be worked out on a case by case basis. Only after a number of specific mining ventures had been concluded could their salient features then be abstracted to form a framework agreement applicable to subsequent cases (56).

Some observations are in order at this point on both the Commission's attitude to the *Submission* and on the EGME's key proposal for framework agreements to stabilize investment regimes. It is understandable that the Commission should align itself with the *Submission*. High officials were cognizant of the EGME's strong connection with national governments. Commission officials probably reasoned that identifying with these proposals would increase the chances of them being endorsed by the Nine. In turn, such approval would have significantly augmented the Commission's power and role in industrial and development cooperation policies. The widening of the Commission's competence in these fields is a known concern of CHEYSSON, JENKINS and DAVIGNON. This is not to say that Commission officials felt that the measure espoused in the *Submission*, and later in the 1978 *Communication*, could not realign European investment with the long-term non-fuel mineral requirements of the EEC. Indeed, the reverse is true.

What is amazing is that the Commission has endorsed the EGME perception of political risk as being a new ACP threat. This, it has asserted, is the principal cause of declining European investment in the ACP mining sector, and the major deterrence to new investments. Of course, this view is remarkably similar to that adumbrated by the Union Minière du Haut Katanga (UMHK) in the aftermath of the Congo Crisis in 1961 (57). And clearly, like the earlier UMHK's perception, that of the CEC and the EGME is highly exaggerated. If not, then both the EGME and the Commission need to advance a defensible explanation as to why both Japanese and US investments in non-fuel mineral production and exploration in the ACP states rose steadily from 1961, as Table 5 illustrates. At best, political risks could have been a contributory factor to the post-1960 European investment pattern; and one that applied with diminishing force. Since 1975 'spoilation' has eased considerably in the ACP states. Acts of forced divest-

ments have plummeted since 1976, as Stephen KOBRIN has demonstrated (58). Similarly, Raymond MIKESELL has conclusively shown that fiscal regimes governing mining contracts have stabilized dramatically since 1975 (59). Also, the US OPIC, which the Commission used to model

Table 5
EEC, USA and Japan Investments in Non-Fuel Mineral Exploration and Production in the ACP States, (in Millions of Current US Dollars and as a Percentage of their Total Investments).

Exploration —						
	EEC		USA		Japan	
	Vol.	Per.	Vol.	Per.	Vol.	Per.
1960	: 9.1	: 10.2	: 6.4	: 8.2	: 1.5	: 16.5
1965	: 7.3	: 8.2	: 5.1	: 6.6	: 1.9	: 14.4
1970	: 5.4	: 5.3	: 4.8	: 5.7	: 3.0	: 11.0
1975	: 2.1	: 1.7	: 8.2	: 5.8	: 4.8	: 12.5
1976	: 0.4	: 0.3	: ...	: ...	: ...	: ...
1977	: 1.9	: 1.8	: ...	: ...	: ...	: ...
1978	: 3.5	: 3.7	: 9.8	: 6.9	: 6.7	: 12.9

Production —						
	EEC		USA		Japan	
	Vol.	Per.	Vol.	Per.	Vol.	Per.
1960	: 42.3	: 9.5	: 60.1	: 15.4	: 7.4	: 11.0
1965	: 25.5	: 6.4	: 60.0	: 14.1	: 8.8	: 10.4
1970	: 19.3	: 6.4	: 55.4	: 12.5	: 12.9	: 11.6
1975	: 16.4	: 5.2	: 48.6	: 11.3	: 18.4	: 14.0
1976	: 12.7	: 2.8	: 19.8	: 9.2	:	:
1977	:	:	:	:	: 21.5	: 13.3
1978	: 19.1	: 3.4	: 60.2	: 19.5	: 24.8	: 14.1

Note: Excluding uranium and oil. Includes only the 58 ACP members as of July 1979.

Source: *Instruments of Mining and Energy Cooperation with the ACP Countries*, EEC, Brussels, 1979, COM (79)/130 Final, Table VI; *European Investments in the Mining Sector of the ACP States*, Table IX; Groupement European des Entreprises Minières, Bruxelles, 1978, Table II.

its own proposed investment guarantee scheme, has not had to make any payment for political risk connected with non-fuel minerals in the ACP states since its establishment in 1974 (60). Consequently, the inordinate emphasis placed on political risks by the EGME was unwarranted. As Paul CHEESERIGHT, Mining Editor of the *Financial Times* notes, «it deals with fears which are perceived rather than actual» (61). It resulted from the companies' incorrect analysis of their own particular difficulties. This has obviously detracted from more constructive reflections on the underlying causes of the world-wide tendency of governments to revise fiscal regimes governing large scale mining investments.

Political risk was premised on the notion that the ACP regimes were delinquent and always irresponsibly seeking to revise established investment regimes to satisfy their greed. This explains the prescription advocated by the EGME, namely, that if host governments did not behave satisfactorily, they ran the risk of provoking an intergovernmental conflict. One consequence of this might be the cutting off of Community resource flows. Such action does have some roots in legal theory. The concept of counter-nationalization, as expounded by George Schwarzenberger, does offer a jurisdictional basis for transforming a conflict over foreign investment contracts into an intergovernmental dispute between the host government and the parent government of the company affected (62). However, in practice there has yet to be a case where this has clearly happened, and proved to be effective (63). This is not surprising. It is inconceivable, for example, that a member state would enter into an investment stabilization agreement limiting its sovereign right to act in relation to any form of investment, when such action is deemed to be in the national interest. Indeed, the Nine and particularly the British, the Dutch and the Norwegians, are notorious for their continuous unilateral revision of the fiscal terms governing investment in their hydrocarbon resources. These revisions have included changes in tax and ownership rules (64). Yet the EGME conspicuously failed to call for an extension of the measures they sought to have incorporated in Lomé II, to cover the conduct of their own national governments.

Clearly, governments are unlikely to accept the principle of counter-nationalization. At any rate, the ACPs, have demonstrated their unpreparedness to do so. Even if the EGME and the Commission has succeeded in forcing the framework agreement on the ACPs, it certainly would not have contributed to a significant expansion of mining investments there. Since their perception of the cause of the decline of European investment was incorrect the solution could, at best, have been of limited help and, at worst, been pernicious. Regime instability, though on the decline, is a factor of the modern mining sector, as Mike FABER and Ronald BROWN have shown (65). It is induced by changes in objective conditions rather than by the subjective caprice of nationalist leaders. The EGME will have to accept this and work further towards a definition of rules which will facilitate orderly changes in regime. In turn, the ACPs will have to uphold the resultant regime changes and when need be, after appropriate periods, seek orderly changes.

THE MINING ARRANGEMENT

Title III seeks to accomplish two objectives. One is to ensure current supplies via a scheme widely known as MINEX. The other is to secure future supplies, via what is termed MINIV.

MINEX. It seeks to achieve its goal by making certain that the requisite ACP production, hence capacity to export to the EEC, is maintained intact. In the event of disruption, the Community will step in with financial aid to restore the damages. MINEX is thus an accident insurance scheme. The scheme covers:

- bauxite (Guyana, Guinea, Jamaica and Surinam);
- copper and cobalt (Papua New Guinea, Zaïre and Zambia);
- iron ore (Liberia and Mauritania);
- manganese (Gabon);
- phosphate (Senegal and Togo); and
- tin (Rwanda).

The case of iron ore is complex. Mines that were exporting to the EEC under Lomé I will continue to be covered by STABEX, until 1984, and likewise by MINEX. Thereafter all iron ore will be covered by MINEX only. The above list of minerals can be extended, but only by decisions of the EEC Council of Ministers (Article 50), and only if the applicant state can prove that the mineral in question is vital to its economy, and that its production capacity has, or is being, damaged.

Already 280 mva has been set aside to cover accidents to capacity. It is to be divided into five annual installments. No single ACP state is entitled to more than half of the yearly allocation. Payment takes the form of 'special loans' involving a 1 percent interest rate. Reimbursement is spread over forty years with a ten year grace period (Article 51).

As with STABEX, there is a dependency threshold. To qualify for assistance, the mineral in question must have accounted over the preceding four years for at least 15 percent of the applicant's export earning (10 percent for the less developed, land-locked and island countries – LDLLIC) to all destinations. If a country finds that it is prevented from restoring at a 'normal' rate, or from maintaining its production, and hence export capacity to the Community as a consequence of

- (1) *a collapse in export prices – as happened in Zambia's case in 1977 – such as to endanger the profitability and preservation of an otherwise viable production potential, or of*
- (2) *a fortuitous occurrence of two classes: (a) national disaster and (b) political turmoil such as in Zaïre in 1978, which impairs production,*

then it is entitled to aid. However, to obtain aid the damage must be significant, entailing a drop of no less than 10 percent in production or export. Only then are the ACPs entitled to apply to the Commission for MINEX rehabilitation aid. This does not preclude them from also requesting EDF emergency aid, as provided for under Article 137. Provisions do exist

(Article 35) for the EEC to come to the immediate assistance of an affected state by making advances in a form the Commission deems appropriate. Such advances will form part of a programme or project to restore the impaired capacity in question.

However, unlike STABEX payments, MINEX aid is not automatic, and it is the Community which decides whether to approve, or reject a request, and it also determines the amount to be granted. This, in theory, is done in light of the rehabilitation plan prepared by the affected ACP state, and of the possibilities for cofinancing. Negatively, this means that some claims can be simply disregarded, if the Community's interests are better served by so doing. The EGME could persuade the Commission, for example, that excess production capacity in the ACP states is the cause of slumping prices for a given mineral (66). One way to resolve the problem would be to refuse the aid requested and cause the closure of the 'unwanted' capacity. Positively, MINEX will enable the EEC to act promptly to restore damaged capacity as required. For example, it could have enabled the EEC to finance special measures to keep Shaba copper and cobalt flowing during the Zaïre political crisis (67).

Quite clearly, the intention behind MINEX is to ensure the orderly flow of vital ACP minerals to the Community. Moreover, there is no reason why the scheme should not succeed in attaining its objective. If it fails it will not be as a result of design, but rather of the inadequacy of the financial facility. 280 mua amounts to only 56 mua per year. The political turmoil in Zaïre alone required 265 mua to restore the mining capacity to the pre-crisis level. Similarly, after the 1977 copper price collapse, Zambia had to subsidize its mines by 134 mua. Given the order of these financial outlays, it is doubtful whether the MINEX allocation will be able to cope satisfactorily with major crises in the future. If it fails, then the stability of ACP mineral flows to Europe could be threatened – considering that no provisions exist in Lomé II for increasing the MINEX allocation.

MINEX is restrictive also in terms of the range of products covered. It insures only seven of the ten minerals that the ACPs fought to have included under STABEX (68). Moreover, MINEX aid is discretionary, not automatic, as with STABEX. This gives the EEC complete control over the scheme with no effective say for the ACPs. Contrary to the Community's claim, MINEX is no answer to the ACP's demand for income stabilization coverage of their non-fuel mineral exports. Doubtless there are definite benefits in MINEX for some ACPs, particularly those prone to political instability, as Michael SOMARE, the Prime Minister of Papua New Guinea, has emphasized (69). It will also help many others to mitigate the hardships caused by occasional price collapse. However the ACPs will continue to bear the bulk of the adjustment cost to ensure that Europe is adequately and orderly supplied in the short run.

MINIV. This scheme aims at securing the Community's long-term supplies by reviving European investment in the ACP mining sector. To accomplish this goal, Lomé II will extend financial and technical aid for:

- (1) the strengthening of scientific and technical capability in the field of geology and mining in accordance with the ACP's research and exploration programmes;*
- (2) the establishing of national and regional exploration funds in the ACP states; and*
- (3) the carrying out of feasibility studies and related measures to the pre-investment stage of a mining project.*

Some outright grants will be made available to facilitate the above measures. However, the bulk of the required funding will take the form of risk capital in conjunction with capital contributions from the ACP states concerned, and from other conventional sources as outlined in Article 105.

The measures visualised under MINIV will absolve the mining companies of certain traditional functions ranging from exploration to pre-investment financing. These have become increasingly time consuming and costly, and have added immeasurably to the risk companies have had to face in the mining sector. Shifting the risks and costs away from the European mining companies poses a serious problem. The extent to which the ACPs might prove ready to cooperate with the EEC in ensuring the success of MINIV, will ultimately hinge on the share of the redistributed cost and risk they are asked to bear by the EEC. True, some of the ACPs' initial outlay will be defrayed by EDF-EIB funding – which will be largely in the form of risk capital. But, the fact remains that this aid will have to be repaid (on terms similar to the aforementioned 'special loans'), whether or not it results in the discovery of commercially exploitable deposits. This would deter ACP states from proceeding with the outlined measures on a scale commensurate with the Community's future needs. There perhaps should have been a way of writing off loans connected with unsuccessful exploration, and related pre-invested activities, as is the case with the UN Revolving Fund (UNRF) for non-fuel mineral exploration (70). This would have provided a stronger incentive for ACP cooperation. Further, the Community has not made clear how much risk capital it intends to provide in support of the measures visualised under MINIV. While this makes for flexibility, it also fails to convey a sense of the order and the gravity of the task the scheme is meant to tackle.

Now that MINIV has to an extent absolved the mining companies of some traditional responsibilities, they should be able to organize funding for large scale ventures more readily. In this regard, Article 59 of Title III calls upon the EIB to offer leadership and capital to revive European investment in the ACP mining sector. Unlike Lomé I, Lomé II will subsidize ordinary EIB loans for ACP mineral projects. An unspecified portion of the 685 mua of EIB funds (Article 95) will be made available to companies registered in the ACP states. It is not clear whether state-owned ACP mining companies will qualify for Bank loans discounted by 3 percent. As yet the ACP states do not have viable private mining firms. Hence, by incorporating locally, the European mining companies could be the principal beneficiaries of the low cost EIB credits. These are estimated to be in the order of 30 mua yearly.

More importantly, the EIB has been allocated 200 mua. Half of it is intended for energy projects and the remaining for non-fuel mineral development. In accordance with its statutes, the EIB is free to commit the 100 mua on a case by case basis to ventures recognized by the EEC and the ACPs, as being of mutual interest.

The role the Community expects the Bank to play during Lomé II is identical to that played since 1978 by the IBRD in non-fuel minerals world-wide (71). In fact, the Community need not have looked to the World Bank for guidance. The EIB has a longer, and satisfactory record in spearheading European investments in the mineral sector of the associated states. Under Yaoundé II the EIB extended 60 mua to six large scale projects costing well over 850 mua. It was thus instrumental in generating about 14 ua of investment for every one of its own. The respective benefiting companies included the Congo Potash Company and GECO Copper Mines Limited, the SLN Company and the *Société Métallurgique de Nickel* in Mauritania and New Caledonia (72). By contrast, during Lomé I the Bank played a low key role with regard to mining investment. The EEC now intends to reverse this in the course of Lomé II.

As the Community sees it, the Bank's role is, above all, to offer leadership and assurance to investors, to generate cofinance, particularly from Arab sources, and to spearhead large scale investments. Important as these functions are, the EIB's success will ultimately be determined by the resources at its disposal. It has only 20 mua annually to spend from the 100 mua special allocation, and 30 mua of risk capital plus its «own resources» - which altogether is 60 mua. Assuming that the Bank again succeeds in mobilizing cofinancing at the ratio of 14 to 1, this could yield a total annual investment of 840 mua. However, the 14 to 1 ratio is optimistic in the present investment climate. The ACP Secretariat argues that a ratio of 7 to 1 is more realistic (73), which yields a potential yearly investment of about 420 mua. Whichever estimate is used, the amount falls far short of the projected investment required in the ACP states to secure the Community's future supplies. Drawing on EGME data the African Institutes for Economic Development has calculated that 1.3 billion ua of investment is needed in the ACPs yearly, between 1980-1985 (74). (This contrasts with the EGME estimate of 2.1 billion ua for the LDCs as a whole (75) which is low compared to the U.N. estimate of 3.5 billion ua) (76). Should the EIB succeed in generating the 840 mua annually, 460 mua will still be needed. Given their declining income from mineral exports the ACPs are unlikely to be able to make any new, substantial investments themselves. Some of the shortfall will possibly be met by the non-European MNCs, largely US owned, which will continue to be a source of concern (77). However, the necessary 1.3 billion ua of investment projected is unlikely to be fully met. Hence, the danger of shortages of vital non-fuel minerals in the EEC in the mid-80's remains a serious one. Should MINIV, and for that matter MINEX, fail to accomplish their set goals, the EEC would have only itself to blame for not having made enough resources available. Yet should the Bank succeed in generating the expected 840 mua of annual investment in the ACPs, dependence on intermediary suppliers will certainly

decline. More importantly, the Community will have succeeded in reversing its shrinking investment, which undoubtedly would give the EEC more substantial control over its future supplies that has hitherto been the case.

As for the EGME, on balance, the firms involved are not unhappy with the outcome of Title III. MINEX is, of course, of marginal and indirect interest to them. Insurance payments will be made to ACP governments. Receipts of such transfers by the companies will depend on whether their particular production capacity has suffered damage. The framework agreement called for in the 1976 *Submission* has not been reflected in Title III itself, although a joint ACP-EEC declaration appended to Lomé II urges the conclusion of specific agreements. Evidently, the EGME no longer regards these to be of primary importance to the restoration of European investment in the ACP states.

By contrast, the MINIV scheme is very similar to the second of the EGME's three proposals, with one exception. It does not link MINIV (or, as matter of fact MINEX) aid to the required ACP good conduct *vis-à-vis* European mining interests. However, it does provide for EIB's assistance and involvement in new capital projects. Further, MINIV will shift the burden of exploration and related pre-investment activities onto the ACPs. This will reduce the companies' risks and enhance their ability to raise productive investment. Consequently, the EGME has publicly expressed satisfaction with MINIV at a recent meeting between high officials of the CEC and the EMIA. The early October 1979 meeting, which incidentally predates the signing of Lomé II, was intended:

... to discuss the development prospects of mining companies in the ACP states ... with firms likely to have specific projects there ... At the meeting Mr. Claude Cheysson explained the possibilities offered by the next Lomé Convention in the mining sector. Mr. Etienne Davignon, Commissioner of Industrial Affairs, gave details about the links between the developing of the mining sector in the ACP states with the EEC's industrial policy ... Mr. Le Portz, President of the EIB explained the role which the Bank will be playing in the developing of the mining sector. (78)

While the EMIA is happy that ACP-EEC relations are now moving in the «right direction», it nonetheless felt impelled to restate the urgent need to adopt a Community investment guarantee scheme against political risk – similar to that espoused by the EGME in 1976.

The ACPs, however, have had less cause to be as happy with Title III. Both of their key proposals for inclusion were rejected. There is a remote chance that if continued, simultaneous ACP and EGME pressures on the EEC, might later result in a Community guarantee scheme to cover European investments in the ACP mining sector. By contrasts, there is no possibility of the ACPs reopening meaningful discussion on the enlargement of STABEX to include non-fuel minerals. A unilateral ACP declaration appended to the Lomé II text reflects their disappointment,(79) and the last ACP-EEC *Annual Report* goes through the motions of calling for an urgent re-examination of Title III:

... in such a way as to enlarge it and to take into account the effects of the instability of export earnings from mineral products, this being of vital importance to countries whose economies are largely dependent on such earnings. (80)

As far as the ACPs are concerned, Title III has failed to deal with the most crucial issue facing their mining sector – instability of export earnings.

Of course, the ACPs did succeed in blocking some aspects of the EEC counterproposals. For example, they managed to revise and relegate the EEC demand for a framework agreement to an Annex (81). But this is a small consolation. Title III is stacked against them. For instance, in the case of MINEX, they have no effective say in which products are included in the scheme, when and how payments are to be made, and in the final choice of corrective measures. Similarly, in the case of MINIV, it appears that the EEC will effectively decide when projects are of mutual interest, and hence which projects will, and will not receive EIB aid. The projects which are accorded assistance will inevitably be export-oriented to the Community market. (82)

Notwithstanding the above, some ACPs will derive some concrete benefits from Title III. It gives the mineral-dependent ACPs a direct line of credit to restore production capacity in the event of accidents. Moreover, the massive investment envisaged, approximately 3.5 billion ua between 1980-1984, will generate considerable income, employment and foreign exchange over the short term. Lomé I, not to mention Yaoundé, provided no such opportunities. In fact, no other group of LDCs has such guaranteed access to accident insurance aid of the MINEX type. By contrast, the LDCs as a whole, do have recourse to the IBRD and UNRF assistance for non-fuel mineral development. However, this aid is restricted in scope and is spread thinly. Hence, it lacks the coherent focus of Lomé Title III. Further MINIV is a more flexible investment instrument than either agency presently has to offer. This is probably why the inter-American Bank (IAB) now plans to adopt MINEX and MINIV as the basis of its proposed scheme for Latin America and the Caribbean (83). This, it is reasoned, will boost minerals output in the countries concerned and assure future U.S. supplies in the same way Lomé will for Europe.

Encouraged by its potential for securing and expanding EEC supplies and investments the EEC has begun to project Title III as a model for global negotiations. In fact, the Commission has hailed it as an alternative to the measures outlined in the Action Programme (84) for solving the raw materials problem in the North-South context (85). In reality, Title III comes no where close to the Action Programme measures endorsed by the General Assembly of the UN in 1974 as essential to the establishment of a new international economic order (NIEO). These include Northern recognition of Southern sovereignty over natural resources, acceptances of producers' associations, indexing of raw material prices to manufactures, and most importantly, the stabilization of export prices and incomes (i.e., adoption of the IPC). However, Title III does not address itself to these key ACP and non-ACP LDC concerns.

In fact, the lack of reference to the above measures, and particularly the IPC, is seen by the Nine as «one of the strongest points of Lomé II». More specifically, the EEC contends that:

The Convention successfully deflects emphasis away from an exclusive preoccupation with stabilizing prices on earnings to creating mechanisms which encourage the development of mineral production. (86)

Overall, Title III is regarded as a major breach in the South's common front and as a serious blow to the Action Programme. It is thus viewed as a very favourable outcome for the mineral dependent West, particularly in the light of the failure of the North South dialogue to produce results (87). By contrast, the deflection of attention away from the ACP proposal on income stabilization is seen by the Sixty as the fundamental weakness of Title III. Moreover, the EEC action does not auger well for the inclusion of non-fuel minerals in the more far reaching IPC.

Outcome and Impact: Dependency and Interdependence

The outcome of Title III to both parties and its likely impact on the vulnerability of the EEC and the ACPs cannot be satisfactorily explained by either the dependency or interdependence approaches which predominates in analyses of the Lomé Convention.

The contention of Gruhn and Zartman that in ACP-EEC relations outcomes are a function of bargaining style (88) does not hold in the case of Title III. Observers of the negotiations do not fault the ACP bargaining style for the EEC rejection of the ACPs' mineral proposals. The briefs containing the ACP submissions on export income stabilization and investment guarantees were expertly prepared by specialists of impeccable calibre in conjunction with the Commonwealth Secretariat. Also, ACP representatives were highly experienced in inter-regional negotiations. They were no less astute and competent as negotiators with the EEC than their Lomé I predecessors (89). Similarly, the opposing dependency contention of Amoia and Antola (90) that structural power is the sole determinant of outcome, is also inadequate to explain Title III. By their own admission, minerals constitute an issue area in which the ACPs are strong in terms of structural power (91). This power derives from the fact that traditionally they have been the most important non-fuel mineral suppliers to the EEC. By virtue of this position Antola contended in 1976 that the weak ACP states could even link the issue of minerals to successful outcomes on other issue areas. Needless to say, this did not occur. Moreover, the outcome of minerals was even less favourable to the ACPs than the outcomes of aid and trade – issue areas on which the ACPs were almost powerless.

The failure of both dependency and interdependence analysts of Lomé to predict the outcome of Title III derives from the fact that outcomes are a function of both bargaining and structural power. They are also significantly influenced by context. Under conditions of asymmetrical dependence (which characterize relations between strong and weak states, as Hirschman, Holsti and Waltz have argued) (92) overall structural

power is often the final but not the sole determinant of outcomes. This certainly was true of ACP-EEC relations in 1979. Hence, during the negotiations on Title III the Community successfully stuck to its initial declaration of not yielding to ACP demands (93), largely because the overall balance of power favoured the Nine. (94)

Had the Community been prepared to negotiate in a spirit of compromise – then potential ACP power on the issue area of minerals could have been used to effect a favourable outcome for the weak. Such an outcome depends on an accurate evaluation of power in the given context and its effective conversion into leverage. Antola and Brown assumed away the latter and exaggerated the former, as dependency theorists are prone to do. Power is context-specific as the Sprouts have argued and hence context is crucial to outcomes (95). Had Title III been negotiated in 1974, as part of Lomé I and hence against the backdrop of mounting European anxiety about imminent raw material shortages, the ACPs could have obtained concessions. However, by 1979 this anxiety had abated. More importantly, the potential power, which inheres in the ACP position as *the* principal supplier of non-fuel minerals to the EEC, was significantly diminished as a result of short-term developments. Slumping prices, overcapacity, production surplus and falling investments, which characterized the mining sector in 1979, momentarily plunged the ACPs into a position of weakness.

Parallel to this development, the EEC was able to split the ACPs during the negotiations. It engineered a rift between the predominantly agricultural and mineral exporting ACPs. Further, concessions were made to select non-fuel mineral exporting ACPs (such as Zaire and Rwanda) on other issue areas which engendered friction among the mineral-dependent ACPs (96). These EEC manoeuvres seriously eroded ACP unity and resulted in the «malconversion» (to borrow Baldwin's term) (96) of their diminished structural power into effective leverage upon the Nine. Even if the Community had been ready to compromise in 1979, the above developments would have prevented the Sixty from wresting any substantive concessions from the Nine on minerals – not to mention concessions on other issue areas. A readiness on the part of the strong to compromise, efficient conversion of power and effective bargaining by the weak, and a favourable context are prerequisites for outcomes advantageous to the weak on specific issue areas under conditions of asymmetrical dependence. Clearly, these factors did not favour the ACPs in 1979 on the issue area of minerals.

As with outcomes, dependency and interdependence approaches provide no helpful insight into the likely impact of Title III on ACP-EEC dependence and hence vulnerability. This could be attributed to the assumed modal characteristics underlying the above contending approaches. It leads the dependency analysts to conceive vulnerability as unidirectional or restricted to the ACPs, and the interdependence analysts to ignore its existence altogether. In reality, ACP-EEC dependence is asymmetrical. When viewed from this perspective one can ask the key question of Lomé, namely how will Title III affect the vulnerability of the ACPs and the EEC? Clearly the foregoing analysis of the mineral arrangement indicates that it will reduce the Nine's vulnerability. MINEX and MINIV will make EEC supplies more secure, both in the short and medium term. By contrast, Title III is likely

to attenuate the vulnerability of the associated states. This contrasting potential impact gives some credence to the dependency claim that Lomé will reinforce ACP dependence, but in no way provides vindication. Dependency theorists tend to overlook the important fact that the ACPs have already succeeded in re-dividing the surplus generated by the existing mining sector much to their advantage (98). One would expect surplus expropriation from future mining investments to be significantly less than in the past. Hence, Title III is unlikely to reinforce underdevelopment, but neither will it lead to ACP industrial diversification. This will not occur unless the ACPs succeed in coupling the expected large-scale mineral projects in the course of Lomé II with the desired expansion of their own downstream operations. This course of action is not beyond their capability, although Title III itself makes no allowance for it. By virtue of this omission, its developmental impact will be minimal and it is unlikely to reduce ACP dependence.

Another assertion which must be briefly dealt with here, is that Lomé represents a new division of labour. This contention is akin to that of interdependence, but in implication it is closer to that of dependency. Champions of this position include Lynn Mytelka (99). Drawing upon the early works of Stephen Hymer (100) Mytelka contends that the European MNCs are using the Community, in the context of Lomé to restructure global production and distribution. However, the fore-going analysis of Title III indicates otherwise. The large mining companies, for example, have had to ally themselves with the EEC to fight a rearguard action to maintain their old investment and production pattern, against the ACP onslaught to alter these. The Hymer-Mytelka thesis, which portrays the nationalist regimes as unconscious tools in the MNC-inspired restructuring process, has no substance. The same is true of the Marxist version of this thesis as represented by Christian Palloix (101). Certainly, in the case of the ACP mining sector, the European mining houses have been pushed into a reactive role. The deliberate action of the ACP governments in the sphere of divestments, regime changes, and producers' associations have been a principal cause of the shift of DFI away from the mining, to the manufacturing sector in the ACP states. The Hymer-Mytelka thesis, which posits «the logic of capital» as *the* cause of the changing investment pattern in the Third World is not convincing in the ACP case. Equally, the shift has not resulted from mining companies diversifying their investment portfolio (as Palloix suggests), at least not in the case of the European mining companies. They simply reduced their investment in the ACP states drastically from 1960, and dramatically increased it in the so-called «safe» countries. Title III in no way indicates that a new division of labour is emerging between the ACPs and the EEC. Its acclamation by Community officials as the most innovative aspect of Lomé II, is more indicative of its potential for reinforcing the old division of labour.

CONCLUSION

Lomé I did institutionally link the EEC with important non-fuel mineral producers. Some of its provisions did indirectly facilitate the EEC's access to ACP minerals. However, the convention contained no direct instruments to secure, on a systematic basis, the Community's non-fuel mineral

supplies. Lomé II rectifies this «omission». Title III is a bold attempt by the EEC to realign European investment with current geological and economic realities. This involves reviving European investments in the ACP states, and likewise in Southern Africa. Should the EEC succeed, this will give it unique access to most of its bulk and rare minerals over the long term. Lomé II thus has the potential to become a secure arrangement, which the Community's industrial rivals, the USA and Japan, might come to look upon with envy. However, the security of the Community investment and hence supplies from the ACPs and Southern Africa, will not be determined by Title III as it stands even if it were to be successfully implemented. Ultimately, it will depend on a modified title which takes into account the specific problems the ACPs face in relation to the mining sector and the solution or goals they envisage. A revised title must first of all address itself to the underlying twin issues of export price/income fluctuation and the terms of trade of non-fuel mineral exports. Many influential European observers of ACP-EEC relations (and indeed of Europe-Third World ties), including Hager, Noelke and Coopens (102), have agreed that the nexus of the investment and export instability problem faced by Europe derives from market conditions. Hager conveys it as follows:

one of the greatest threats—directly and indirectly—to investments for an expanding raw material supply is the chronic instability of markets. (103)

Assuming adequate trade measures are worked out, which they must be, the stability and security of EEC investment and supplies will hinge on two additional, but related factors. One is the ownership structure of the large scale mining enterprises themselves, which is likely to be established during Lomé II. It is now well documented that the pattern of ownership is an important determinant of «spoilation» in the mineral sector (104). Regime change tends to be high in the case of outright foreign ownership, and negligible to non-existent in the case of joint ownership. Yet Title III fails to come out forcefully in favour of the latter. The Community has to be careful not to confuse its quest for guaranteed access with the question of who produces the minerals: the latter being the sole concern of the EGME and the EMIA. The other factor is the structure of the mining industry. The Community desires secure access to ACP raw materials, while the EGME and the EMIA are seeking to strengthen their grip over downstream operations such as transportation, marketing and processing (105). At the same time, the ACPs have ambitious and comprehensive plans to substantially increase their role in downstream operations as outlined in a recent UNIDO study (106). As a result, there has already been a number of clashes, such as those between Italy and Liberia over the marketing of iron ore; between Britain and Jamaica over the shipping of bauxite; and between Zambia and European interests over the joint establishment by Pechiney and the Zambia Industrial and Mining Corporation (ZIMCO) of a complex for the manufacturing of copper rods in France (107). This course of action, incidentally, was forced upon Zambia after the Community refused to lower its tariff barrier against imported copper rods. Clearly, some accommodation by the EEC of the ACP's progressive expansion of downstream operations will be an essential condition to the Community's security of access to ACP

non-fuel minerals (108). Title III, however, avoids this issue. Similarly, it denies the Sixty a voice in the management of the MINEX and MINIV schemes, thereby contradicting the spirit of Lomé and the repeated Community claim that the convention is a joint arrangement between equals. The EEC must address itself to the above ACP concerns (just as the ACPs must show understanding of the EEC's interests). Not until the Community does so, will both its investment in, and supplies of, ACP non-fuel minerals be stable and enduring. Meanwhile, Lomé II will certainly make a limited contribution to this end, especially if Southern Africa is brought expeditiously into the arrangement.

Concurrently, it is in the Community's own long-term interests not to project the Lomé mineral arrangement as an alternative to that of the Action Programme. That it certainly is not. At best, Title III is a partial-short-to-medium term paliative. Hence, the Nine should work for the realization of the NIEO measures, and especially the IPC. Also, the ACP and non-ACP LDCs will have to review the measures, outlined in the Action Programme – in keeping with the changing international climate. Some of the measures will have to be made more widely acceptable and readily implementable. A lasting solution to the orderly flow of raw materials from the Third World has to be global in nature. Unless progress is made to this end, confrontation, disruption and repetitions of the 1973-1974 OPEC-precipitated crisis cannot be pre-empted over the long run. In the event of such occurrences, Europe stands to lose the most (after Japan) given its dependence. Consequently, it is imperative for the Community to inspire concerted action for a fair global solution to the raw material problem in the North South context and to favourably review ACP demands in the context of the inter-regional Lomé arrangement.

FOOTNOTES

1. *The Lomé Convention and Related Documents*, Brussels, EEC, 1975 and *The Second ACP-EEC Convention and Related Documents*, Brussels, EEC, 1980.
2. *The Treaty of Rome and Related Documents*, Brussels, EEC, 1958.
3. Ruth Weiss, «EEC Helps Mineral Producers to Assure Supplies», *African Business*, 1979, Vol. 3, No. 10, p. 49.
4. Karl Meyer, «Another Step Forward», *The Courier*, 1979, Vol. 10, No. 58, p. 25.
5. «Eying the Mines», *New African*, 1979, Vol. 15, No. 12, p. 63.
6. Helge Hveem, *The Political Economy of Third World Producers Association*, Oslo, Universitetsforlaget, 1978, Appendix C.
7. Stephen Korben, «Foreign Enterprise and Forced Divestment in the LDCs», *International Organization*, 1980, Vol. 34, No. 1, pp. 79 & 87.
8. *European Investments in the Mining Sector of the ACP States*, Scandinavian Institute for African Studies, Uppsala, 1979, p. 12.
9. *Europe, Raw Materials and the Third World*, DG VII, EEC, Brussels, 1974, p. 1.
10. *The Raw Material Dossier*, Information Directorate General, EEC, Brussels, 1976, p. 8.

11. ACPs account for 4 (Liberia, Mauritania, Surinam and Zambia) of the 6 LDCs deriving more than 75 per cent of their export earnings from non-fuel minerals, 2 (Zaire and Jamaica) of the 4 LDCs obtaining between 50 and 75 percent, and 3 (Togo, Guyana and Papua New Guinea) of the 5 LDCs deriving between 25 and 50 percent. See - M. Govett and G. Govett, «The New Economic Order and World Mineral Production and Trade», *Resources Policy*, 1978, Vol. 4, No. 4, p. 239.
12. *ACP-EEC Cooperation, Analysis, Application and Outlook: Draft Report of the ACP-EEC Council of Ministers*, Brussels, ACP Secretariat, 1980, pp. 14-15.
13. *Assessment Report of the ACP-EEC Ministerial Conference Held on the 24, 25 and 26 May 1979 in Brussels*, Brussels, ACP Secretariat, 1979, (ACP/521/79) (Secre).
14. Veronica Forrester, «Europe Plans to Bolster Mineral Production», *African Business*, 1979, Vol. 3, No. 4, p. 26.
15. For an account of the changed German position on STABEX see – Inga Kurgmann-Randolph, «Raw Material Supplies are not a North-South Problem», *Development and Cooperation*, 1979, Vol. 12, No. 1, pp. 22-23.
16. Details are in – *Assessment Report of the ACP-EEC Ministerial Conference Held on the 24, 25 and 26 May 1979 in Brussels*, ACP Secretariat, Brussels, 1979, ACP/521/79 (Secre.), pp. 16-18.
17. Henry Joules, *A Review of AAMS-EEC Relations, SIAS, Uppsala, 1980*, p. 24.
18. Forrester, op.cit., p. 26.
19. Claude Cheysson, «Our Experiment has been Converted into a Policy, the Lomé Policy», *The Courier*, 1979, Vol. 10, No. 58, p. 9.
20. José Fralon, et.al., *The New EEC-ACP Convention: From Lomé I to Lomé II*, Brussels, European News Agency, 1980, p. 166.
21. Walter Gainer, *ACP Mineral Product Exports and the STABEX Arrangement*, Commonwealth Secretariat, London August 1978, pp. 1-12; *The Renegotiation of the Lomé Convention: The Implications of Including Minerals in the STABEX scheme*, Commonwealth Secretariat, London, January 1979, pp. 1-14.
22. Gainer, op.cit., p. 4.
23. *The Renegotiation of the Lomé Convention: The Implications of Including Minerals in the STABEX Scheme*, op. cit., p. 5.
24. Joules, op. cit., p. 16.
25. *European Investment in the Mining Sector of the ACP States*, op. cit., p. 38.
26. For details on wage rates and ore qualities, see – Robert Pollin «The Multinational Mineral Industry in Crisis», *Monthly Review*, 1980, Vol. 31, No. 11, pp. 26-27.
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29. Dennis Meadows, et.al., *The Limits to Growth*, London, Earth Island, 1972.
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31. *The Financial Times*, 26th July 1975, p. 14.

38 Africa Development

32. See - *Survey of Producers' Association of Developing Countries*, UN Action Programme for Economic Cooperation Report, Prepared by Gonzalo Mortner, Georgetown, 1976, pp. 9-10.
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35. *The Activities of Transnational Corporations in the Industrial, Mining and Military Sectors of Southern Africa*, United Nations, New York, 1979, E/C. 10/51, p. 52.
36. See Table 2.
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RESUME

Dans cet article, l'auteur fait une évaluation préliminaire de l'impact probable des accords ACP-CEE concernant les produits miniers non-pétroliers, accords signés en 1980 dans le cadre de la deuxième convention de Lomé. Mais avant de se lancer dans les détails du sujet, il fait d'abord un bref rappel de la Convention de Lomé et de la place des minerais non-pétroliers dans les rapports entre l'Europe de l'Ouest et le Tiers-Monde. Comme toile de fond il passe aussi en revue l'évolution des besoins en minerais non-pétroliers ainsi que le mode d'investissement des pays de la CEE. L'analyse de l'impact probable des accords concernant les minerais non-pétroliers porte essentiellement sur une évaluation critique de l'assurance «accident» et des plans d'investissement concernant les produits miniers non-pétroliers, tous deux des éléments importants des accords. L'examen de ces accords révèle, dans une large mesure, qu'ils garantiront probablement les investissements des pays de la CEE dans les pays ACP ainsi que leur approvisionnement à partir de ces mêmes pays. Cependant les profits des pays ACP sont moins évidents.

L'auteur essaie ensuite d'expliquer les résultats plutôt opposés pour les pays ACP et ceux de la CEE par rapport à la littérature de dépendance et d'interdépendance. En conclusion l'auteur suggère que l'ultime solution au problème de l'insécurité des investissements et de l'approvisionnement des pays de la CEE réside dans des concessions aux exigences des pays ACP comportant un plan de stabilisation des revenus à l'exportation et d'une manière plus générale, une exécution plus rapide de mesures adéquates pour le Programme Action.

LA SEMI-INDUSTRIALISATION CONTEMPORAINE

Par

*Pierre JACQUEMOT **

La notion de «semi-industrialisation» est d'un emploi récent dans la littérature économique consacrée au Tiers-Monde. Si on la trouve dans un certain nombre d'écrits antérieurs à 1970, traitant en particulier de l'Amérique Latine, ce n'est que depuis sa consécration par la Banque Mondiale (J. BERGSMAN, 1979) qu'elle sert explicitement à désigner les économies les plus avancées du Tiers-Monde. A première vue, ces économies révèlent en effet certaines caractéristiques qui leur donneraient un statut intermédiaire entre d'une part les pays à faible revenu et de l'autre les pays industrialisés : un revenu par tête compris entre 1 150 et 3 000 dollars (1978), un secteur manufacturier relativement important et vigoureux, des infrastructures et des services diversifiés (Banques, transport, communication, ...), une population fortement urbanisée, ... Certaines économies semi-industrialisées (E.S.I.) sont même devenues d'importants acteurs sur la scène économique mondiale au point qu'elles sont souvent qualifiées de «nouveaux pays industriels» (O.C.D.E., 1979) du fait de la place croissante qu'elles occupent depuis une quinzaine d'années sur le marché mondial des produits manufacturés.

Au-delà du simple constat d'existence des E.S.I., notre propos est de tenter de mettre en lumière certaines conditions qui ont permis leur émergence et qui sont à la source de leur dynamisme actuel, afin d'identifier les tendances qui s'opposent au parachèvement du processus d'industrialisation.

I. — LES TROIS ECONOMIES SEMI-INDUSTRIALISEES

Notre inventaire repose sur l'examen d'une série de données statistiques globales issues des organisations internationales. En raison des méthodes, souvent médiocres, de collecte et de consolidation de ces données, il ne peut s'agir que de dessiner de grandes tendances. Soulignons de surcroît que notre étude ne retient pas exactement les mêmes E.S.I. que celles recensées par la Banque Mondiale ou l'O.C.D.E. Enfin cette sélection de 12 pays est assurément arbitraire et les E.S.I. forment un groupe hétérogène par certaines de leurs caractéristiques principales, telles que la superficie, la densité de population, les ressources naturelles ou les niveaux de développement économique et de revenu. Toutefois les pays choisis peuvent néanmoins être considérés comme représentatifs en fonction d'autres traits communs importants.

Les E.S.I. ont vu ces vingt dernières années la part de l'industrie franchir le seuil de 30% du P.B.I. et simultanément la part de la main d'œuvre employée dans ce secteur atteindre plus de 20% de la population active

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occupée. Cette force de travail est pour l'essentiel intégrée au mode de production capitaliste, nous reviendrons plus loin sur cette importante condition. En-deçà de ces deux seuils, on peut considérer que les économies du Tiers-Monde restent encore fortement marquées par une agriculture (vivrière et/ou d'exportation) occupant l'essentiel d'une population à fort enracinement rural.

Par ailleurs, et afin de tenir compte du dynamisme de l'accumulation du capital, nous n'avons considéré que les pays ayant engagé au moins 20% de leur P.I.B. dans l'investissement, ce qui a eu pour effet de mettre de côté le Chili et l'Uruguay par exemple dont les taux d'accumulation se situent entre 10% et 14% seulement.

A l'intérieur du groupe des E.S.I. qui répondent à ces trois critères simples, nous avons également exclu les pays de l'Europe du Sud (Espagne, Portugal, Grèce et Yougoslavie), ainsi qu'Israël qu'il est difficile, tant pour des raisons historiques que géo-politiques, de retenir parmi les économies du Tiers-Monde, à moins de nier la spécification du «sous-développement».

La croissance économique récente des 12 pays ainsi retenus a été spectaculaire. Sur la période 1960-1978, qui servira de référence dans cette étude, le revenu *per capita* a augmenté de 4,6% par an. A un tel taux, il double en 16 ans. A titre de comparaison, les autres pays à revenu intermédiaire (entre 390 et 4 000 dollars par tête) n'ont connu que des taux de croissance moyen de 2,3% et les pays pauvre (moins de 390 dollars) de 1,5%.

Derrière ces résultats globaux (voir le tableau synthétique de l'annexe No. 1) se cachent en fait trois situations distinctes, traçant à grands traits une typologie de la semi-industrialisation.

a) *L'E.S.I. latino-américaine* (Mexique, Brésil, Argentine)

Sur la période 1960-1978, on observe que la contribution de l'industrie dans la valeur ajoutée globale des trois grands pays latino-américains a légèrement cru, — Argentine exceptée —, mais qu'elle avait déjà atteint un niveau très significatif dès le début de la période, révélant une semi-industrialisation déjà ancienne. La régression relative de l'agriculture, largement entamée auparavant, se poursuit en même temps que s'accroissent les effectifs dans le secteur tertiaire urbain.

Les forts taux d'inflation (en moyenne annuelle entre 1970 et 1978 : 17,5% au Mexique, 30,3% au Brésil et 120,4% en Argentine) sont le signe de la croissance des activités improductives liée à l'urbanisation, mais également de la reconstruction incessante de l'appareil productif industriel (associée au laxisme dans la gestion de la monnaie) suite à l'épuisement au milieu des années 1960 des effets positifs de l'industrialisation par substitution des importations, laquelle fut à l'origine du processus de croissance du secteur manufacturier.

Le taux d'accumulation est stagnant et voisin de 25%, alors que la consommation privée absorbe entre les 2/3 et les 3/4 de la valeur ajoutée. L'ampleur apparente du marché intérieur comparée à la place relativement restreinte de l'exportation dans le produit global fait-elle de ce premier groupe

d'E.S.I. des économies «introverties» (*inward looking economies*) comme le laissent entendre certains experts ? Un examen plus attentif de la structure industrielle et de la répartition des revenus laisserait apparaître une faible intégration intersectorielle des activités nationales jointe à une lente diversification des débouchés internes. Mais avant de répondre à cette question, constatons seulement ici que ces trois pays se sont lancés depuis une quinzaine d'années dans la promotion des exportations industrielles, (elles atteignent entre 24 et 39% des ventes à l'étranger), participant de plus en plus à ce qu'il est convenu d'appeler la «nouvelle» division internationale du travail.

b) *L'E.S.I. du Sud-Est asiatique* (Hong Kong, Singapour, Corée du Sud, Taïwan)

La part considérable des exportations dans le P.I.B.* et la place des biens manufacturés dans celles-ci servent de critères évidents pour désigner ce second groupe d'E.S.I., incontestablement «extraverties» (*outward looking*).**

Hong Kong et Singapour sont en fait des villes-entrepôts, sans arrière pays, ce qui explique le caractère résiduel de l'agriculture. Véritables enclaves industrielles, on peut dire que l'économie de ces deux pays se traduit par une sorte d'«émigration sur place» puisqu'en dehors de la main d'œuvre peu qualifiée ou sans qualification (d'origine chinoise ou malaise), presque tous les intrants, le capital et le savoir technologique viennent de pays étrangers, ceux-ci fournissent en outre les débouchés pour la production. Le poids du textile et de l'électronique est prépondérant pour Hong Kong qui demeure le premier exportateur industriel du Tiers-Monde (avec seulement une population de 4,5 millions et une superficie d'environ 1 millier de Km²).

Taïwan et surtout la Corée du Sud ont une gamme de production industrielle plus diversifiée grâce à la constitution progressive de filières d'aval en amont, allant jusqu'aux branches lourdes (sidérurgie, chimie de base, constructions navales).

Le cas coréen est l'un des plus révélateurs des mutations rapides qu'ont connu les E.S.I. du Pacifique Sud. La structure des exportations était en 1960 pour 86% composée de produits primaires et de 14% de produits manufacturés. En 1976, les proportions étaient inversées : 12% pour les premiers, 88% pour les seconds. Grâce à un apprentissage et une

* Le chiffre record de 163% pour Singapour est totalement faussé à cause de la comptabilité des réexportations de marchandises en particulier.

** D'autres pays du Sud-Est asiatique (Malaisie, Thaïlande, Philippines et Indonésie) ont également tenté de s'engager dans la promotion des exportations manufacturières avec toutefois des difficultés dues plus souvent à la situation de leur important secteur agricole et/ou minier et à la structure de leur système bancaire et financier. Cf P. Tissier (1981).

assimilation des technologies sous-traitées, la Corée du Sud est parvenue à s'inscrire parmi les vendeurs internationaux de technologies, notamment dans le domaine des travaux de construction (2ème exportateur mondial après les Etats-Unis). Son marché principal dans ce secteur est le Moyen-Orient où les Coréens sont les premiers «contractors», mais également le Soudan, le Kenya, la Thaïlande, l'Inde, ...* La Corée du Sud est également exportatrice d'assistance technique et d'ingénierie, notamment dans le secteur textile où les Coréens ont adopté des procédés d'autrefois acquis auprès des firmes américaines et japonaises. En 1979, on comptait près de 40 000 ouvriers, techniciens et ingénieurs coréens expatriés dans le Tiers-Monde dans le cadre de conventions d'assistance technologique ; l'investissement direct à l'étranger se montait à 100 millions de dollars dont 70 % en Asie, mais déjà 10 % en Afrique.

c) *L'E.S.I. à rente énergétique* (Nigéria, Algérie, Irak, Iran, Vénézuéla)

Le critère géographique n'est plus pertinent pour ce dernier groupe de pays, tous membres en revanche d'une même organisation de producteurs, l'O.P.E.P. Ces E.S.I. ont connu une très forte croissance de la part de l'industrie (énergie incluse) dépassant dans trois cas sur cinq le cap des 50 %, accompagnée d'une baisse corrélative de l'agriculture et un exode rural massif dans les vingt dernières années.

Simultanément, l'accumulation du capital a été poussée à un niveau exceptionnellement haut — avec un taux record de 51 % pour l'Algérie en 1978 —, principalement grâce à l'apport de financement obtenu par l'exportation des hydrocarbures (revenus sur les ventes de pétrole et de gaz naturel de la période et ressources financières étrangères associées aux contrats à long terme et donc gagées sur les ventes futures) qui composent la quasi-totalité des échanges vers l'extérieur.

Ce dernier groupe d'E.S.I. contemporaines se distingue également par des coûts salariaux souvent élevés (étant donné le niveau de productivité et la rareté des qualifications) et par des efforts d'industrialisation souvent axés sur des activités à très forte intensité de capital avec de longs délais de mise en œuvre, et sur des productions substituables aux importations, notamment dans les industries sidérurgiques, mécaniques, électriques et chimiques. Etant donné le volume considérable des investissements qui ont été réalisés depuis le début des années 1970, en Algérie, en Irak ou en Iran, des capacités de production importantes sont d'ores et déjà atteintes, en particulier dans les branches pétrochimiques et sidérurgiques.

Ces politiques dynamiques d'investissements s'accompagnent d'une inflation (entre 1970 et 1978 : 18,2 % au Nigéria, 19,3 % en Algérie, 23,7 % en Iran) qui tient tout autant aux bouleversements structurels provoqués par une industrialisation très rapide et polarisée sur quelques foyers

* De nombreux facteurs sont à l'origine du dynamisme des exportations coréennes de travaux de construction (cf J. Perrin, 1980). Signalons le rôle du corps des ingénieurs de l'armée américaine qui a fait appel aux sociétés de construction coréennes pour réaliser certains travaux d'infrastructure au Vietnam et puis ont introduit ces sociétés en Arabie Saoudite pour réaliser des travaux pour l'armée saoudienne.

moteurs qu'à la rigidité des importations résultant d'une part du déficit alimentaire croissant et de l'autre de la nécessité d'acquérir des équipements lourds étrangers pour réaliser les programmes industriels et aménager les infrastructures (transport, télécommunications).

II. — LES RUPTURES DE L'ECONOMIE MONDIALE OU LES CONDITIONS EXTERNES DE LA SEMI-INDUSTRIALISATION.

La semi-industrialisation telle qu'elle ressort de la typologie esquissée à partir de l'identification de certaines caractéristiques structurelles demeure une notion théoriquement encore mal assise. Le constat statistique sur l'état de semi-industrialisation doit être prolongé par une interprétation des processus qui lui ont donné naissance et lui confèrent son dynamisme actuel.

Ces processus s'inscrivent dans l'histoire du développement mondial du capitalisme. La semi-industrialisation est l'une des conséquences de l'expansion de ce système hors de son espace originel, l'un des résultats de l'intégration socio-économique de modes de production différenciés et spatialement diversement localisés sous l'effet de l'élargissement du marché mondial de la force de travail, des biens et des capitaux.

Cette première remarque liminaire signale seulement que les E.S.I. contemporaines ont, comme toutes les économies «sous-développées», une origine étroitement liée aux modalités historiques de la pénétration du capitalisme dans chacune d'elles, modalités variables selon les époques où cette pénétration s'est effectuée (et donc selon le rôle qu'elles devaient jouer dans la poursuite de l'accumulation dans les pays centraux) et selon la capacité de résistance ou de transformation de chaque formation sociale agressive de l'extérieur et bientôt minée de l'intérieur.

Mais il ne s'agit pas de refaire l'histoire de l'impérialisme. Ce qu'il faut expliquer c'est la place actuellement occupée par les E.S.I. dans la division internationale du travail et les raisons pour lesquelles elles ont pu, à la faveur des soubresauts du capitalisme mondial, développer un foyer d'accumulation industrielle plus puissant que celui des autres économies dépendantes enracinées plus profondément et plus durablement dans le processus d'extraversion primaire. Si le capitalisme «intègre» et façonne les espaces périphériques, il opère ce faisant des fragmentations et des hiérarchisations : il crée des sous-développements inégaux. A ce niveau de l'analyse, il est important de noter que les deux crises profondes de l'économie mondiale, celle des années 1930 et celle qui s'est déclenchée au début des années 1970, ont créé les conditions qui ont rendu possible l'essor de la semi-industrialisation.

a) *L'Import-Substitution Comme Préalable à la Promotion des Exportations Manufacturières*

En ce qui concerne l'Amérique Latine, la crise des années 1930 a considérablement affecté le niveau des exportations. Le prix du café diminua de moitié entre 1930 et 1940 par rapport au prix moyen de la décennie antérieure ; une chute du même ordre est constatée pour le blé. Des baisses de 40 % frappent les prix du coton et du jute, et d'environ 30 % en ce qui

concerne le cuivre, l'étain, le plomb et la laine. Les ressources sont également affectées par la régression des quantités exportées. En même temps, les apports en capitaux (prêts bancaires, investissements dans les mines et les plantations, participation dans les sociétés ferroviaires) en provenance des Etats-Unis et de l'Europe connaissent une baisse spectaculaire, contribuant à alourdir la dette extérieure.

Face aux effets de la crise mondiale, les oligarchies latino-américaines ont réagi pour maintenir leurs revenus nominaux. Ceci a été obtenu par les dévaluations en chaîne des monnaies mexicaine, brésilienne, argentine ou chilienne, par le financement étatique des stocks de surplus agricoles et par l'adoption de tarifs douaniers protectionnistes. Ces diverses mesures prises sous l'impulsion de l'oligarchie foncière dominante au niveau de l'Etat vont finalement avoir un effet décisif sur la remise en cause du modèle primaire exportateur jusque là dominant : elles vont permettre l'essor rapide d'une industrie nationale tournée vers le marché intérieur.

Réponse à une crise profonde d'origine extérieure, l'import-substitution produit ses propres contradictions internes, mais elle permet aussi un élargissement de la base industrielle, en comblant d'abord la demande pour les biens à faible intensité capitalistique, ensuite, irrégulièrement celle des biens intermédiaires induits à intensité plus élevée. Face à la contrainte commerciale externe, puissante jusqu'en 1945, la rotation du capital existant s'accroît, faute de pouvoir acquérir suffisamment de biens d'équipement *. Les bases de la semi-industrialisation ont ainsi été édifiées par suite d'un détournement de production.

Il en a été de même, mais dans une moindre mesure et plus tardivement, pour la Corée du Sud et Taïwan. Le déclenchement du processus d'import-substitution dans les années 1950 résulte de la combinaison de trois facteurs : l'aide économique américaine (2 milliards de dollars en Corée de 1950 à 1971 ; 1,5 milliard à Taïwan entre 1951 et 1965, soit plus d'un quart de la valeur des investissements totaux engagés dans le pays) permettant d'éviter une trop forte ponction sur le surplus agricole ; une réforme agraire redistributive réussissant à orienter les fortunes des propriétaires fonciers vers le secteur manufacturier ; enfin une série de mesures étatiques favorisant les entrepreneurs locaux en augmentant artificiellement leurs profits grâce à un système de protection à l'importation (barrières douanières, taux de change officiel discriminatoire) et à une inflation facilitant les transferts de profit à l'avantage de l'industrie locale.

Nombreuses sont donc les E.S.I. qui ont commencé leur industrialisation par une phase de substitution aux importations avant d'adopter des politiques de croissance tournées vers l'extérieur. Ces changements se sont produits soit lorsque les bénéfices des politiques de substitution sont appa-

* *L'essor de l'industrialisation présupposait qu'un minimum d'infrastructure ait été installé avant la grande crise et qu'existât déjà une petite industrie. Elle nécessitait également la présence d'une oligarchie foncière dominante capable de se reconverter, face à la nécessité d'un détournement de la production, en bourgeoisie industrielle. Pour une synthèse sur l'industrialisation par substitution d'importation, cf. M. RAFFINOT, (1978).*

rus comme décroissants ou nuls (Brésil et Mexique), soit même dans certains cas avant qu'elles n'aient totalement épuisé leurs effets positifs sur la croissance *

b) *La Segmentation-Délocalisation Internationale des Procès de Travail comme Base de l'Industrialisation dérivée*

Hong Kong et à un degré moindre Singapour ont suivi en Asie la première stratégie qui s'apparente à la promotion des exportations manufacturières, non par suite d'un début d'industrialisation endogène ou d'une intervention étatique active, mais du fait de circonstances historiques et géographiques particulières que les deux villes ont pu faire valoir dès la fin de la seconde guerre mondiale auprès des investisseurs étrangers. Les autres pays de l'Asie du Sud-Est, puis ceux de l'Amérique Latine, entreront par la suite dans le vaste mouvement international de la délocalisation industrielle exigée par la nouvelle expansion du capitalisme **.

Cette délocalisation — ou si l'on préfère cette dissémination de plus en plus grande de la production en nombreuses opérations partielles réalisées en différents lieux à travers le monde — est rendue possible par les progrès de la technologie. Ils font en partie échapper aux contraintes des distances géographiques la production et le contrôle de la production, grâce aux techniques modernes de transport (containers, cargos aériens), de communication, d'organisation (banques de données informatiques). Les nouvelles méthodes de production permettent également de décomposer les processus complexes en tâches élémentaires s'adaptant très vite à la faible qualification d'une main d'œuvre abondante.

Cependant l'analyse de la délocalisation-segmentation des procès de production et des «opportunités industrielles» ainsi apparues pour les E.S.I. ne saurait être réduite à son aspect phénoménal et statique. Il ne suffit pas de constater que certains segments d'une branche peuvent être affectés à des sites de type zone franche parce qu'y existe une main d'œuvre bon marché et disponible pour expliquer les raisons du processus. Comme le rappelle P. SALAMA (1980) : «Il faut ajouter à cette conception une autre

* J. B. Donges et L. Mueller-Ohlsen (1978) indiquent que ce changement de politique s'est opéré en 1961 pour la Corée du Sud et Taiwan, en 1965 pour le Mexique et en 1966 pour le Brésil.

B. Balassa (1978) estime quant à lui que le passage d'une stratégie à l'autre a moins tenu à des conditions objectives qu'à l'appréciation subjective des diverses options possibles par les responsables gouvernementaux. Cette dernière thèse revient à accorder une influence excessive aux pouvoirs de décision locaux face aux entreprises multinationales.

** Ce mouvement bien sûr ne concerne pas seulement les pays analysés dans cette étude. O. Kreye (1980) a recensé pour 1975 39 pays où des entreprises industrielles ne travaillant que pour l'exportation étaient implantées, dont 25 pays pourvus d'une zone franche. Toutes les sous-régions du Tiers Monde sont représentées. Nous avons déjà tenté (P. Jacquemot, 1978) d'analyser les principales caractéristiques de la sous-traitance internationale et ses répercussions sur les pays d'accueil.

dimension : *l'actualité de la crise mondiale*. S'il est vrai que la résolution d'une crise majeure passe par une modification substantielle des conditions d'extraction de la plus-value, et que la crise que traversent les pays capitalistes développés est majeure, on peut penser que le processus de délocalisation du procès de production – qui s'est développé impétueusement ces dix dernières années – est partie prenante d'une modification du procès de travail et se situe dans le cadre d'une résolution à l'échelle mondiale de cette crise» (p. 28).

Le processus de redéploiement de l'industrie concerne en effet les branches ou les segments de production dont la rentabilité moyenne n'apparaît plus assurée dans les économies capitalistes avancées, compte tenu d'une part du différentiel des taux de salaire à productivité égale) entre ces économies et les nouveaux foyers et d'autre part de l'alourdissement considérable des charges fixes liées à la suraccumulation dans les branches anciennes (textile, habillement, meubles) ou dans celles dont la technologie est déjà très standardisée et donc «transportable» (constructions mécaniques et électroniques par exemple). La délocalisation de procès de production complets ou partiels est une résultante de la crise et en même temps une tentative de sortie de la crise. Elle bouscule les conditions de travail dans les pays centraux eux-mêmes, favorisant les licenciements dans les segments rendus non compétitifs, accentuant la mobilité du travail et permettant la mise en place d'autres procès de travail (avec l'essor de la télématique par exemple).

c) *La Hausse de la Rente Énergétique comme Déclencheur de l'Industrialisation en Profondeur*

L'idée de rupture dans l'ordre économique mondial est également puissante dans le cas des économies dont l'industrialisation repose sur la mobilisation à des fins productives d'un important surplus obtenu par l'exportation d'hydrocarbures. Les E.S.I. à forte rente énergétique (les cinq pays précités auxquels on peut associer aujourd'hui à certains égards le Mexique) ont su tirer parti de la valorisation brutale et spectaculaire de leurs ressources à partir de 1973–74. Celle-ci tient tout à la fois à la force de négociation du groupe des producteurs (OPEP) et à la rigidité à moyen terme de la demande mondiale de pétrole permettant un alignement du prix mondial sur les coûts de production et de transport (globalement croissants dès la fin des années 1960) des gisements les moins rentables (Mer du Nord, Alaska par exemple) ou des produits de substitution plus chers.

Mais encore fallait-il pour qu'apparaisse la semi-industrialisation que ces ressources financières soient consacrées à l'extension de la base productive nationale. Si l'Algérie ou l'Irak se sont singularisés par une politique volontariste en matière d'allocation des investissements dès le début des années 1970 – en comparaison avec d'autres exportateurs de pétrole, l'Arabie Saoudite ou la Libye par exemple – c'est qu'une petite et moyenne bourgeoisie urbaine préexistait, et qu'en son sein pouvait se dégager une fraction virtuellement candidate à se convertir, par le canal des appareils économiques sous tutelle de l'État, en techno-bourgeoisie industrielle.

C'est là une des particularités de ce qu'il est convenu d'appeler le «modèle algérien» comparé au «modèle de Hong Kong». Dans le premier cas, on observe un phénomène de repli nationaliste face à la crise mondiale, animé par une bourgeoisie en formation rapide et qui se sert des appareils de l'Etat pour mettre en œuvre une stratégie d'industrialisation «en profondeur» et renégocier les règles du jeu financières, technologiques et commerciales définies par les oligopoles internationaux. Dans le cas des enclaves du Pacifique Sud, s'il existe une classe dominante qui participe à l'exploitation de la main d'œuvre ouvrière employée dans les unités de montage électroniques ou les ateliers de confection, elle est objectivement favorable à la perpétuation de l'échange inégal et, par conséquent, se trouve bien incapable de revendiquer un recentrage du pouvoir économique dans le cadre de la nouvelle division internationale du travail.

III. — LES CONDITIONS SOCIO-POLITQUES INTERNES DU FONCTIONNEMENT DE LA SEMI-INDUSTRIALISATION

Depuis une dizaine d'années, les organismes internationaux préconisent explicitement l'adoption par les pays en développement de politiques de croissance tournées vers l'exportation de biens primaires transformés ou de biens manufacturés. La référence aux résultats obtenus par le groupe des E.S.I. en termes de taux de croissance du revenu par tête sert de fondement à cette recommandation générale. Plus précisément, les organismes de financement (et au premier chef le F.M.I. et le groupe de la Banque Mondiale) assortissent l'octroi de prêts à la mise en place de politiques de promotion des exportations reposant sur quatre instruments principaux : à l'extérieur, une politique commerciale et une politique de change ; à l'intérieur, une politique de production et une politique de régulation de la demande.

Bien que l'analyse fasse une distinction entre ces politiques, en pratique elles sont associées et ce sont leurs effets conjugués qui doivent compter. Pour ce qui est de la politique commerciale, un régime d'échanges et de paiements très libéral, comprenant par exemple une libre importation des intrants nécessaires à la fabrication des produits ensuite exportés, doit l'emporter. En matière de taux de change, il est préconisé la mise en place d'un système unifié, souvent accompagné d'une forte dévaluation initiale et de mesures visant à maintenir le taux de change à un niveau permettant de renforcer la protection douanière. Dans le domaine de la production, les incitations fiscales et les allocations de crédits à taux préférentiels iront dans le sens d'une promotion des exportations industrielles. Enfin, en ce qui concerne la régulation de la demande, la lutte contre l'inflation doit en fait conduire à l'adoption de mesures monétaires et budgétaires suffisamment rigoureuses pour stimuler la concurrence, favoriser l'exportation et restreindre les importations des ménages.

Ces recettes de politique économique prennent rapidement la forme de recommandations expresses conditionnant l'apport de financements extérieurs publics et privés. Mais si dans les E.S.I., elles ont donné leur pleine «efficacité» (selon les critères des organismes de financement) c'est qu'existent dans ces économies des conditions socio-économiques et politiques favorables. Elles se situent du côté de la gestion de la force de travail et du côté de l'apport en capital.

a) *La Réforme Agraire et l'Autoritarisme Politique comme Condition de la Gestion Libre de la Force de Travail*

Les caractéristiques d'une force de travail «idéale» sont la résultante de divers facteurs : une forte densité de la population dans les zones urbaines, une réserve de main d'œuvre disponible dans le secteur traditionnel, un secteur commercial développé permettant l'approvisionnement des villes et une infrastructure sociale (habitat, éducation,...) garantissant l'adaptabilité rapide de la force de travail et sa grande mobilité.

Une des caractéristiques majeures de la semi-industrialisation est le caractère «endogène» d'une fraction importante de la main d'œuvre. Du fait d'une prolétarianisation déjà ancienne, celle-ci s'est enracinée dans le mode de production capitaliste et a rompu une partie de ses liens avec les formes non capitalistes d'organisation sociale.

On constate empiriquement une dualité dans la création de la force de travail. L'accumulation *extensive* restreint le champ d'action des modes de production «traditionnels» en accaparant une partie du surplus qu'ils génèrent, ce faisant elle met en disponibilité une partie des travailleurs attachés aux activités agraires ou artisanales. Par ce mouvement de pénétration et de destruction, le capital crée pour lui-même une force de travail à bas prix (production *ad extra* d'une force de travail). Mais au-delà d'un certain seuil d'extension, des rigidités apparaissent dans le prélèvement d'un surplus paysan de plus en plus restreint dans le transfert d'une main d'œuvre de plus en plus réduite. Un marché capitaliste de la force de travail (et des biens salaires nécessaires à sa couverture) se développe, conduisant à une intensification de l'accumulation, c'est-à-dire à une relative autonomisation du processus de croissance du capital vis-à-vis des modes de production «traditionnels» (production *ad intra* de la force de travail).

Cette constatation a une importance décisive pour l'analyse de la valeur de la force de travail dans les E.S.I. Sans insister sur cette question importante *, remarquons seulement que si une fraction non négligeable de la main d'œuvre est interne au capitalisme, tout laisse penser qu'elle se reproduira pour partie dans ce mode et donc que son coût direct devra être partiellement supporté par le capital.

Une telle éventualité ne peut advenir que lorsque la semi-industrialisation a atteint une certaine taille et que le surplus vivrier dégagé par l'agriculture devient insuffisant pour couvrir toute la demande émanant des

* *Elle suppose notamment d'identifier comment se reproduit la force de travail sous ses diverses composantes (reconstitution, entretien, remplacement) et à la charge de quels secteurs. Il faut également apprécier la relation qui s'établit entre d'une part le progrès technique dans le secteur des biens salaires qui tendra à faire baisser la valeur de la force de travail et d'autre part l'inclusion de nouveaux biens dans le modèle de consommation ouvrier qui aura tendance à renchérir cette valeur.*

ouvriers. Les moyens utilisés par le capitalisme périphérique pour contre-carrer cette tendance au renchérissement du coût de la main d'œuvre (c'est-à-dire à l'ajustement du salaire réel à la valeur de la force de travail) sont multiples. On peut simplement en évoquer trois :

1. Accélérer la rotation de la main d'œuvre. En ce qui concerne l'Amérique Latine et l'Asie du Sud-Est, P. SALAMA (1980) a évoqué les procédures visant à accroître à la fois la durée du travail et son intensification (dégagement d'une plus-value extra) sans contrepartie au niveau des salaires *. Mais la recherche d'une rotation rapide de la main d'œuvre (Jeunes et femmes) semble aujourd'hui l'emporter, dans la mesure où elle permet au capital de ne se préoccuper que de sa couverture directe (reconstitution de la force de travail dépensée pendant le cycle de production exclusivement) sans s'inquiéter de l'entretien des inactifs, (malades, chômeurs, famille) ou de la formation du futur contingent. Une fois épuisée, la main d'œuvre est rejetée hors du salariat ; la formation étant brève, on puise alors dans l'armée de réserve urbaine**.

2. Limiter les prérogatives syndicales. La présence de régime politique autoritaire dans la majorité des E.S.I. à faible taux de salaire est une réalité que les experts internationaux ont du mal à nier. La force politique et la répression syndicale garantissent le maintien du salaire réel ouvrier à un niveau stagnant en même temps qu'elles s'opposent efficacement à toutes les revendications en faveur d'un changement des conditions de travail qui s'expriment dès que se cristallise la conscience ouvrière.

3. Restructurer l'agriculture pour accroître sa productivité. La réforme des structures foncières et la mise en place d'une agriculture capitaliste productive, orientée vers le marché, figurent dans l'histoire de toutes les E.S.I., à l'exception bien sûr de Hong Kong et de Singapour.

La réforme agraire a été historiquement nécessaire, à la fois pour assurer l'approvisionnement des villes en biens alimentaires et pour stimuler les exportations. Elle a été en général un préalable indispensable à la

* *L'évocation des conditions de travail, tout particulièrement dans l'industrie du Pacifique Sud est effrayante. Citons seulement le cas de la Corée du Sud. La durée du travail est de 48 h. en moyenne, mais elle est de 60 h. dans les industries d'exportation. Toutefois, une loi sociale interdit la semaine de travail au-delà de 42 h....aux enfants de moins de 13 ans ! En 1976, les incapacités de travail suite aux accidents ont atteint dans l'industrie un niveau trois à cinq fois supérieur au niveau de tolérance défini par le B.I.T.*

** *Cette réserve de main d'œuvre tend à s'épuiser à Singapour et à certain degré à Taïwan du fait de l'achèvement des flux migratoires originaires de la campagne. Ceci a conduit à des hausses du salaire nominal : en 1979, le gouvernement de Singapour a demandé une hausse moyenne de 20% dans le but de relancer la productivité en contraignant les entreprises à recourir à l'automatisation et à la rationalisation du travail.*

semi-industrialisation que ce soit au Mexique, au Brésil et en Argentine dans la première moitié du XXe siècle, ou en Corée du Sud et à Taïwan après la seconde guerre mondiale.

L'Irak et l'Algérie fournissent des exemples inverses. La restructuration de l'agriculture a été beaucoup plus tardive, à partir de 1970, et simultanée à l'industrialisation. Comme la modernisation des structures agraires obéit à une logique de longue durée, ce «retard» se traduit par un alourdissement du déficit alimentaire qui vient accroître le coût de la main d'œuvre et peser sur les importations.

N'y-a-t-il pas quelque naïveté à se demander, comme le fait P. TISSIER (1981, p. 118), s'il n'existe pas un rapport entre l'existence d'un régime politique autoritaire, le choix d'une stratégie d'industrialisation, la mise au pas de la classe ouvrière et la révolution verte ? Le rapport est pourtant évident.

b) *Le Partage Capital Etranger / Etat Local*

La dépendance des E.S.I. quant à l'évolution des échanges internationaux de biens manufacturés ou de produits énergétiques se double d'une dépendance financière pour l'obtention des concours nécessaires à l'achat des équipements eux-mêmes importés. Le rapport de la Banque Mondiale de 1978 reconnaît sans ambages la place croissante du financement étranger : «Dans les pays à revenu intermédiaire, les entrées de capitaux ont progressé en pourcentage du produit intérieur brut et de l'investissement, et ont ainsi joué un rôle majeur dans le financement des investissements supplémentaires» (p. 7).

On sait les conditions favorables offertes au capital étranger dans de nombreux codes des investissements (Iran, Irak et Algérie exceptés), à plus forte raison lorsque le pays d'accueil dispose d'une zone franche. Hong Kong fait preuve du libéralisme le plus élevé puisqu'au milieu des années 1970 l'Etat n'imposait que 15 % de taxe sur le capital étranger (contre 40 % et plus à Singapour et en Corée du Sud), associé à une totale absence de droits de douane et de restrictions au commerce et aux mouvements de capitaux.

La mainmise du capital étranger sur l'industrie est donc logiquement forte. Citons seulement deux cas.

On estime que 50 % des industries manufacturières du Brésil sont sous le contrôle du capital étranger, à majorité nord-américaine et que l'investissement extérieur représente environ 10% de la P.I.B.* Quatres conglomérats japonais (Mitsubishi, Mitsui, Sumitomo Shoji et Marubari) contrôlent environ 40% du commerce extérieur coréen et davantage encore pour Taïwan.

* *En 1977, au Brésil, le capital étranger intervenait pour 90% dans l'automobile et le matériel ferroviaire, 87% dans l'industrie pharmaceutique, 86% dans les manufactures de bois, 73% dans la construction électrique, 65% dans la chimie, 45% dans la sidérurgie (source : Centre Français du Commerce Extérieur).*

Le deuxième exemple illustre le fait que la segmentation-délocalisation des procès de travail implique que le marché contrôlé par les firmes multinationales soit très important. Les évaluations sur l'ampleur prise par ce marché intra-firme sont difficiles à établir. Toutefois on dispose d'une estimation globale de la CNUCED rappelée par J. LEMPERIERE (1979) : «l'ensemble du commerce intragroupe, y compris les échanges entre parties associées et le commerce captif à l'intérieur des sociétés multinationales, représente plus de 50 % du commerce des produits manufacturés des P.V.D.» (p.30).

Dépendance commerciale, dépendance financière, dépendance technologique, ..., les relations entre l'Etat, le capital national et le capital étranger s'organisent autour d'un partage des tâches de plus en plus clair.

– Dans les E.S.I. à production diversifiée, il tend à s'établir de plus en plus clairement. Le modèle de la «quadrisectorialisation» repérable en Amérique Latine depuis quelques années semble présenter l'aspect d'une relation quasi-achevée.

1. Un secteur produisant des biens de consommation destinés à la majorité de la population, à croissance faible et où prédominent des firmes locales.

2. Un secteur produisant des biens durables destinés à la partie haute de la demande interne (les 15 % les plus riches), à croissance forte et où prédominent les firmes étrangères.

3. Un secteur produisant des biens intermédiaires et des biens d'équipement à faible rotation du capital, où intervient l'Etat. Cependant le capital étranger tend de plus en plus à participer, en association, à la production de biens intermédiaires.

4. Un secteur d'exportation tournée vers la production de produits standardisés, résultant de la délocalisation. Il est sous tutelle extérieure, mais bénéficie d'encouragements étatiques dans la mesure où sa promotion permet d'alléger la contrainte du sur-endettement externe.

– Les E.S.I. à rente énergétique se singularisent de nouveau sur ce plan de la répartition des tâches. Etant donné la place prééminente du secteur exportateur dans le déclenchement du processus d'industrialisation, l'Etat est seul à pouvoir mobiliser les ressources financières et à engager le capital technique nécessaires à la création d'une industrie soumise d'emblée à la concurrence internationale. Il est également le seul à pouvoir élaborer et mettre en œuvre la stratégie nationaliste nécessaire face aux entreprises transnationales et aux Etats consommateurs.

Au plan interne, l'Etat joue donc un rôle initiateur. Aussi bien au Nigéria, en Irak ou en Algérie, il aménage des conditions de valorisation du surplus dégagé par l'exportation qui seront favorables à la promotion ultérieure du secteur privé, notamment dans les activités légères, faiblement consommatrices de capital. Ceci est déjà repérable dans le développement des programmes en faveur des moyennes entreprises de bâtiments et travaux publics ou de services, à la périphérie des noyaux lourds constitués par les grandes unités de la branche des hydrocarbures. De même, les formules des contrats d'association et de sous-traitance de type «économie mixte» dans

les branches où le capital public est incapable de surmonter le déficit d'exploitation chronique, laisse présager une intervention croissante des initiatives nationales privées.

IV - VERS UN PARACHEVEMENT DE L'INDUSTRIALISATION ?

Notre approche de la semi-industrialisation contemporaine à travers l'étude des tendances de 12 pays conduit à ordonner la problématique générale autour de trois observations.

Tardive a été l'apparition des foyers industriels dans le Tiers-Monde puisqu'elle date d'un demi-siècle dans le meilleur des cas, celui de l'Amérique Latine. Mais cette industrialisation récente n'en est pas moins très *dynamique*. Le secteur manufacturier a progressé à un taux voisin de 8% entre 1960 et 1978, soit une croissance très supérieure à celle des économies industrialisées, Japon excepté (de 4 à 6% pour la période 1960-70 et inférieur à 4% entre 1970 et 1978). Ce dynamisme ne doit pas être interprété comme si ces nouvelles puissances économiques intermédiaires vivaient en accélérant le film de l'histoire de la technologie industrielle propre aux sociétés modernes. Au contraire, on observe dans de nombreux cas (la sidérurgie, la mécanique, l'électronique, la chimie, mais aussi le textile) que l'industrialisation commence par la fin, en «sautant» les étapes de l'évolution technologique, pour se porter sur les filières souvent les plus élaborées.

Dépendante est l'accumulation du capital puisque sa poursuite est dans tous les cas liée à l'évolution de la balance des paiements, c'est-à-dire surtout à la capacité d'exportation qui seule justifie l'octroi de nouveaux financements extérieurs et l'apport de technologies.

Inachevée enfin est la structure productive ainsi mise en place, ainsi que le montrerait la faiblesse relative des relations inter-branches constatée dans les matrices *input/output* des E.S.I. considérés. Inachevés en conséquence est la division socio-technique du travail, entre les secteurs et les régions qui tend à s'instaurer sous l'effet d'une industrialisation dérivée et tronquée.

Cette situation est-elle durable ? Plus précisément y-a-t-il des perspectives pour que la semi-industrialisation débouche sur une intégration croissante des activités nationales (sur un «noircissement» de la matrice des échanges interindustriels) et permette aux E.S.I. de sortir du sous-développement.

Nous nous limiterons à l'exposé du problème sous sa forme théorique*. L'intériorisation du cycle du capital suppose l'établissement d'une relation objective entre trois paramètres.

1. Le rapport capital investi/emploi de la force de travail. Il est déterminé par les décisions relatives aux techniques de production ; à son tour il commande, en fonction du taux de croissance de la production, le rythme d'augmentation de la productivité et le rythme d'évolution de l'emploi.

* *Pour un développement sur cette question, cf notre article (P.Jacquemot, 1979).*

2. Le rapport masse des profits / masse des salaires. Il dépend des conditions concrètes d'extraction de la plus-value (durée et conditions de travail, structure de la consommation ouvrière, productivité dans le secteur produisant les biens-salaires, ...) et conditionne l'évolution de la demande intérieure.

3. Enfin le taux d'accumulation propre à chaque secteur, lequel est rattaché à la question de l'allocation interne du surplus en fonction des opportunités d'investissement.

Ces trois paramètres sont liés, en ce sens où la fixation de l'un rétroagit sur la fixation des deux autres. En d'autres termes, il y a une relation indirecte entre la technologie, la structure des revenus et la distribution des profits.

La taille des unités industrielles et le volume de l'emploi créé en régime de semi-industrialisation sont largement prédéterminés.

La technologie est en effet importée sur un marché mondial qui offre principalement des filières ou des segments fonctionnant avec un travail très parcellisé produisant en série des biens standardisés. Du fait de la spécialisation dans les derniers stades de fabrication, la valeur ajoutée locale est faible * : en pourcentage de la production brute, elle était en 1974 de 41,6 % au Brésil, de 36,1 % à Hong Kong et de 32,7 % en Corée. Elle limite la capacité interne d'accumulation. Pour contenir la pression de l'endettement résultant des importations des biens intermédiaires et d'équipement, la spécialisation à l'exportation manufacturière doit se resserrer au détriment d'une diversification de la production destinée au marché intérieur.

La concentration des revenus en faveur des classes détentrices du profit — phénomène qui ne souffre aucune exception dans les E.S.I. — va dans le même sens d'une distorsion du marché intérieur. S'il y a création d'une nouvelle demande interne, du fait de l'apparition de « couches intermédiaires » tirant parti des besoins en main d'œuvre qualifiés (techniciens, ingénieurs, cadres moyens) ou de l'éclosion des services modernes (banques, assurances, distribution, ...), si elle peut générer une production locale de biens de consommation durables (automobile, appareils ménagers, radio-télévision), le processus d'élargissement reste circonscrit au décile qui précède le groupe des 5 % le plus riche en raison du maintien du taux général des salaires réels à un niveau stagnant.

Face à un marché intérieur exsangue et déformé, l'accumulation du capital souffre certaines rigidités structurelles tout particulièrement dans les branches lourdes situées en amont de la production industrielle. C'est là une conséquence de la semi-industrialisation elle-même. Elle a aussi des causes techniques liées à la spécialisation des unités lourdes correspondant aux

* Elle est d'autant plus faible que les firmes multinationales interviennent dans les zones franches et exportent l'intégralité de leur production. La délocalisation s'accompagne comme nous l'avons vu d'un haut degré de commerce captif, il est donc difficile d'accroître la valeur ajoutée locale (cf. A. GALLEZ et J.L. TROUPIN, 1980). Toutefois, elle augmente lorsqu'une politique économique d'intégration nationale impose la substitution d'intrants nationaux (Algérie, Irak surtout). La solution pour le capital étranger est alors la prise de contrôle des sous-traitants, soit par le biais technologique, soit par l'intermédiaire du financement.

normes mondiales de fabrication et de fonctionnement et au caractère indivisible des processus de production. En l'absence d'une évolution significative des débouchés intersectoriels stimulés par la demande finale, on enregistre une série de discontinuités dans l'accumulation, illustrées par de nombreux dysfonctionnements : sous-utilisation des capacités de production, gonflement des stocks de semi-produits, accroissement des coûts unitaires et des prix relatifs des biens intermédiaires et d'équipement, déficits chroniques d'exploitation, ... La solution là encore réside dans la relance de l'exportation.

On ne peut guère préjuger de l'évolution à long terme des E.S.I. puisqu'elles sont étroitement liées aux mutations de l'économie mondiale ; leur destin est donc associé aux modalités de « sortie de la crise » du capitalisme. Mais si le développement est d'abord un recentrage des forces productives nationales fondé sur l'extension du secteur produisant les biens destinés au plus grand nombre, paysans et ouvriers au premier chef, force est d'admettre que les « nouveaux pays industriels » appartiennent toujours au monde sous-développé.

DONNEES STATISTIQUES DE SYNTHESE

(ANNEXE No.1)

	E. S. I. Latino-Américaines				E. S. I. du Sud-Est Asiatique				E. S. I. à Rente Énergétique					
	Mexique	Bésil	Argentine	Corée du Sud	Taiwan	Hong Kong	Singapour	Nigeria	Algérie	Irak	Iran	Vénézuela		
1. Revenu par Tête (en dollars) 1978	1290	1570	1910	1160	1400	3040	3290	560	1260	1860	2160	2910		
2. Répartition du Produit Intérieur														
<i>Répartition de la Main d'œuvre</i>														
- Agriculture 1960	16	55	16	52	17	21	21	40	66	28	56	4		
- Industrie 1960	11	39	11	41	14	14	24	41	10	37	2	8		
- (dont Manufacture 1978)	29	20	35	15	38	36	19	9	29	11	34	52		
- Services 1978	37	26	37	22	45	29	36	37	48	37	31	57		
- (dont Manufacture 1960)	23	26	26	31	12	22	38	25	12	5	12	5		
- Services 1978)	28	28	28	37	37	24	24	38	25	26	9	9		
- Services 1960	25	49	44	45	41	25	43	33	62	40	78	69		
- Services 1978	52	35	52	37	42	57	40	22	42	26	63	60		
3. Taux d'Accumulation	20	22	22	22	11	20	19	11	13	42	20	17		
1960	25	23	25	32	26	26	36	30	51	34	33	40		
1978														
4. Industrialisation (répartition de la valeur ajoutée par secteurs en 1976)														
- Agriculture Alimentation	21	15	17	15	?	?	7	92	29	37	14	29		
- Textiles Habillement	13	10	19	25	?	98	5	18	11	23	34	12		
- Machines Transport	19	30	23	24	?	49	7	6	11	2	5	11		
- Chimie	14	12	9	8	?	7	32	8	36	2	13	6		
- Autres Industries	33	33	32	28	?	2	32	8	38	38	13	42		
5. Exportation														
Part dans P.I.B. - 1960	10	5	10	3	11	79	169(*)	15	28	42	19	32		
1978	11	7	14	34	59	98	164	31	27	52	34	29		
<i>Répartition en 1977</i>														
- Hydrocarbures	32	10	1	2	14	1	32	93	97	99	99	97		
- Autres Biens Primaires	39	64	75	13	37	3	24	6	2	1	1	1		
- Textiles Habillement	4	4	2	32	23	46	5	2	2	2	2	2		
- Machines Transport	6	11	9	17	3	16	24	44	1	1	1	1		
- Autres Biens Manufacturés	29	11	24	85	54	96	15	1	1	1	1	2		
6. Importation														
<i>Répartition en 1977</i>														
- Alimentation	13	7	5	8	11	17	12	13	17	15	11	12		
- Energie	3	34	16	20	19	6	26	2	1	1	1	1		
- Autres Biens Primaires	8	7	10	19	14	8	9	2	4	3	3	4		
- Machines Transport	45	26	36	27	19	26	47	46	54	45	50	50		
- Autres Biens manufacturés	31	26	33	26	29	50	27	36	32	28	41	33		

(*) Les données de Singapour sont faussées à cause des réexportations de marchandises.

QUELQUES PHASES MARQUANTES DE LA SEMI-INDUSTRIALISATION DANS 4 GROUPES DE PAYS

1. *COREE du SUD et TAIWAN:*

1950–1060 :

Réforme agraire, aide américaine et déclenchement d'une phase de substitution aux importations.

1960–1970 :

Avant épuisement de l'import-substitution, lancement de la promotion aux exportations de biens manufacturés légers avec forte pénétration japonaise et américaine. L'Etat joue un rôle central dans le processus en garantissant une main d'œuvre disciplinée et à bas prix.

A partir de 1970 : Début d'intégration de l'aval vers l'amont (textile, électronique, machines électriques, constructions navales, chimie, sidérurgie). Participation active dans la vente de technologies dans le Tiers-Monde.

2. *HONG KONG et SINGAPOUR :*

1950–1960 :

Ouverture sur l'extérieur directe (zones franches) sans substitution aux importations.

1960–1970 :

Développement très rapide des exportations manufacturières de sous-traitance. Apport de main d'œuvre des pays limitrophes. Conditions libérales offertes au capital étranger et faible intervention étatique.

A partir de 1970 : Prolongation de la promotion des exportations avec faible diversification, mais essor des services et des banques.

3. *BRESIL et ARGENTINE :*

1935–1950 :

Déclenchement de l'industrialisation par substitution aux importations par suite de la crise des échanges internationaux. Croissance des industries légères de consommation courante.

1950–1960 :

Phase 2 de l'import-substitution : essor de certaines branches produisant des biens intermédiaires et d'équipement en relation avec la demande intérieure. Stratégie «dessarroliste» de la CEPAL.

1960–1964 :

Epuisement des effets de l'import-substitution du fait de la concentration des revenus.

1964–1974 :

Début de la promotion des exportations manufacturières, mais maintien du remplacement de certaines importations par subventions et protection effective.

A partir de 1974 : Gestion de la monnaie (lutte contre l'inflation) en faveur de la concentration industrielle. Etablissement d'une ligne de partage entre l'Etat, le capital privé local et le capital étranger (quadrisectoralisation). Formation d'une «troisième demande» en direction de biens durables. Participation active à la délocalisation-segmentation internationale.

4. ALGERIE et IRAK :

1960–1968 :

Essor de la petite et moyenne bourgeoisie et établissement des appareils économiques sous tutelle de l'Etat.

1968–1970 :

Avènement du capitalisme d'Etat et lancement méthodique du programme d'industrialisation privilégiant les relations amont-aval.

1970–1976 :

Nationalisation des intérêts étrangers dans le secteur des hydrocarbures, valorisation rapide du surplus énergétique sur le marché mondial et réinjection dans les branches lourdes (pétrochimie, sidérurgie, mécanique, ...). Réforme agraire tardive et inachevée.

1977–1981 :

Lancement d'un programme en faveur des industries intermédiaires et de consommation finale, mais sans véritable remise en cause du modèle d'industrialisation. Problèmes posés par l'endettement extérieur, par le déficit alimentaire lié aux résistances à la modernisation de l'agriculture et par les «coûts sociaux» du développement (habitat, santé, ...).

Le Mexique, le Vénézuéla et le Nigéria offrent trop de particularités pour entrer dans un tableau aussi synthétique.

On peut signaler trois références récentes concernant l'évolution économique de ces trois pays :

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RESUME

The idea of a world economic system based on the Centre-Periphery analysis cannot provide a satisfactory overall explanation of some developing countries real situation. New terms have appeared recently, such as «advanced developing countries» or «new industrial countries». In fact these expressions refer to economies which are yet various and heterogeneous, but which tend to be covered by a common and new category: semi-industrialization (S. I.).

The paper brings out the main characteristics of 12 S. I. countries by identifying three types: «inward-looking economies» (Brazil, Argentine, Mexico), «outward-looking economies» (South Korea, Taiwan, Singapore, Hong Kong) and «mineral economies» (Nigeria, Algeria, Irak, Iran, Venezuela). It analyses their industrial components and their accumulation process, linked with their historical mode of integration in the world economy. It also raises the problem of the agrarian reform and the necessity of a severe social discipline to maintain the low cost of the labour force.

At last, the paper deals with the economic and political conditions for a completion of the industrialization in these countries. It mainly depends on their capacity to anticipate and participate to the actual changes in the industrial structure of the world economy.

**THE EMERGING IDEOLOGICAL TREND IN THE
NON-ALIGNED MOVEMENT: SOME REFLECTIONS
ON THE HAVANA CONFERENCE ***

By

*Clifford EDOGUN ***

INTRODUCTION

The 6th Non-Aligned summit conference, held in Havana, Cuba, in September 1979, should go down in history as having, perhaps, crystallized the Movement's congeries of ideals and principles into one of ideological justification of the Movement in a world of continued widening gap in wealth between Western industrialized capitalist countries and the poor nations of the Third World.

This paper examines two major assumptions attendant upon this emerging ideological trend and sets out an ordering of the Movement's policy implications for world order.

The first assumption takes the world economy as an independent variable and argues that trade and economic specialization combined to underdevelop the periphery of the world. The second assumption is a product of the colonial experiences of the Movement's member-nations: that differences in economic, social and cultural structures between non-Western, ex-colonial countries of the Third World and the rich technologically advanced Western economies bias the gains from trade in favour of the advanced market economies. Concomitant to this is the process that what is produced, how it is produced and how what is produced is sold are most times beyond the control of these Third World nations (1).

Thus, while the Movement's policies and proclamations against these structural and trade anomalies range from self-reliance to changing the international economic order in a way that eliminates these biases, Non-Alignment, as a concept, has come to assume what the author refers to as a «protest-demand» ideology. This image implies a particular view of reality that touches upon such fundamental questions as (i) multinational exploitation of Third World countries, (ii) declining remuneration for Third World raw materials as compared to manufactured goods, (iii) diminishing trade relations between Third World nations and the OECD countries (substitute technological inventions and non-tariff barriers by advanced capitalist nations continue to cloud out Third World raw materials and manufactures from world markets, thus worsening savings, incomes and balance of payments), (iv) racism and apartheid, with their twin surrogates of neo-colonialism and imperialism.

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THE HISTORIC SETTING

What is known today as the Non-Aligned Movement began as a conscious reaction to Western colonialism and imperialism in the Asian sub-continent after World War II. The French had been beaten in Indo-China and British, French and American influence in Mainland China came to an end in 1949. Across the European continent the achievement and success story of Soviet Russia in its bids to create a social system devoid of Western exploitation had gained widespread recognition among colonized Third World nations. Asian nationalism quickly emerged with Ho Chi Minh, Mao, Nehru and Sukarno becoming the leading proponents of self-reliance and development from within. However, to protect and perpetuate the imperial oligarchy that the French (Indo-China), the Dutch (East Indies), the Portuguese (Gao) and the British (Singapore and Hong Kong) had established in the area, the United States, now the undisputed leader of the free world and apparently aware of the huge markets that would be lost in these regions, was forced to involve its military, economic and political influence against Asian nationalism. Thus when the Bandung Conference (the forerunner of the Non-Aligned Movement) convened in Indonesia in 1955, it set the tone of the subsequent objectives of the Non-Aligned Movement. Operating within a world dominated by the two super-powers, the Bandung Conference sought to highlight the issue of political independence, the elimination of the last vestiges of European colonialism, the development of national economies and the establishment of liberation movements.

By the time the Non-Aligned Movement formally convened at the Belgrade Conference in 1961, the original structure, purpose and direction of the Movement as demonstrated at the Bandung Conference had drastically changed. First, the Peoples Republic of China had withdrawn from this conference for obvious reasons. She was morally and ideologically committed to the Vietnamese struggle against American imperialism in Indo-China. Besides, Mao's dictum that no nation can be neutral directly contradicted the policy of neutralism that the newly emergent non-aligned African and Asian nations had adopted. Second, the twin concept of non-alignment and neutralism was used interchangeably by western scholars who had conceived neutralism (2) as the only viable device by the newly sovereign but economically dependent African and Asian states to loosen their ties with the ideologically poised Communist China. Wrote George Liska:

The realities of non-alignment and neutralism must be viewed in a double perspective, since they themselves flow from closely interwoven responses to external factors and domestic conditions. Non-alignment can be adopted on the basis of rational estimates of the conditions required for national security and domestic stability; but a policy of militant neutralism in particular is likely to be strongly affected by non-rational ideological preoccupations and by an almost too pragmatic quest for aid and status internationally (3).

The point of such received theoretical construct is not difficult to imagine. Most Third World leaders by 1961 constituted national administrative bourgeoisie whose consciousness was easily manipulated by metropolitan scholarship. Liska's point was clear: Third World development would be dependent on financial and investment handouts that will be carefully worked out between ex-colonies and their metropolises and any policy other than neutralism (which actually meant divesting all economic and political ties with the socialist countries) would be detrimental to both short and long-term development. Thus when Liska equates «militant neutralism» with «non-rational ideological preoccupations» the fate of Sekou TOURE's Guinea, CASTRO's Cuba and NASSER's Egypt bring vivid memories of the enormous punitive economic weapons at the disposal of the advanced capitalist nations.

In reality, it can be argued that by 1961, the newly independent African and Asian nations found it expedient to continue economic ties with the metropolitan countries. After all, it is not inconceivable that their transition to politically independent status that was worked out in London and Paris had been conditioned upon continued visible economic and financial presence of the ex-colonial masters. In the French African countries, for example, such structural-economic links to France are still very much evident today. They (except Guinea) are not only members of the French community but also associate members of the EEC. The economic ramifications of such unequal partnership cannot be over-emphasized. While France and other European EEC members are free to sell and buy anywhere on the basis of cost/benefit criteria, French African countries' scope for economic independence is severely limited. Trade and investment finances and manufactures are obtained largely from France. Such one-way dependence has adversely affected these nations' freedom of manoeuvre in world markets.

For illustrative purposes, tables 1–3 show the unequal trade relations between the Central African Republic, Gabon and the Ivory Coast and their major trading partners. The average share of these nations' export to France amounts to 40.9 percent in 1965, 41.5 percent in 1970 and 35.9 percent in 1975. The next major partner, the United States, controls an average of 15.6 percent, 7.5 percent and 15.2 percent respectively. These trade patterns reveal the elements of dependence. On the import side, these ex-colonial countries have practically nothing of import value to offer their major trading partners. Thus for all the figures available their import potential amounts to zero.

In recent times also, France has intervened in Chad, in the Central African Republic and had stationed troops in Senegal following the Senegalese-Franco military agreement of 1974. Thus, at the end of the Belgrade Conference on Non-alignment in 1961, it was evident that any point of view emanating from the Conference reflected those of a weak, fragmented, economically dependent Afro-Asian states. Notwithstanding its strong support for liberation and independence movements, the final communique scarcely correlated with observed reality. For instance, membership in the Movement had to belong to neither the communist nor the western military blocs; there was to be no bilateral military arrangement with a bloc country; foreign military bases were not to be entertained on the soil of member-

TABLES 1-3: Export Structure and Major Trading Partners of Selected French-speaking African States
(Million U.S. dollars)

TABLE 1 : Central African Republic						
			Percent of Partner's Imports			
	1965	1970	1975	1965	1970	1975
Total	26,363	30,579	47,181			
France	9,843 (37.7) *	15,210 (49.7)	19,818 (42.0)	0.1	0.1	0.0
Belgium	151 (0.6)	3,706 (12.1)	4,442 (9.4)	0.0	0.0	0.0
U.S.A.	3,489 (13.2)	72 (0.2)	3,918 (8.3)	0.0	0.0	0.0
* <i>Percent in Parenthesis</i>						
TABLE 2 : Gabon						
	1965	1970	1975	1965	1970	1975
Total	95,941	121,184	942,165			
France	46,470	(42.1)	(38.8)			
U.S.A.	17,557 (18.3)	4,659 (3.8)	257,256 (27.3)	0.1	0.0	0.3
W. Germany	10,308 (10.7)	8,160 (6.7)	56,110 (6.0)	0.1	0.0	0.1
TABLE 3 : Ivory Coast						
	1965	1970	1975	1965	1970	1975
Total	277,162	468,800	1,181,569			
France	104,400 (37.7)	153,130 (32.7)	320,018 (27.1)	1.0	0.8	0.6
U.S.A.	43,066 (15.5)	87,585 (18.7)	120,583 (10.2)	0.2	0.2	0.1
Netherlands	19,198 (6.9)	42,463 (9.1)	123,169 (10.4)	0.3	0.3	0.4
W. Germany	18,367 (6.6)	45,033 (9.6)	104,510 (8.8)	0.1	0.1	0.1

Source: *United Nations Yearbook of International Trade Statistics, Vol. 1, 1977.*

states while «peaceful coexistence» was to become the cornerstone of the Movement's external policy (4).

After confusing non-alignment with neutralism, bourgeois scholars sought to expand their understanding of the Non-aligned Movement by explaining its existence as an outcome of the cold war. Their argument ran thus: the world was now dominated by two super-powers, the United States and the Soviet Union, with their allies. Each had the nuclear capability to destroy the human race. Sandwiched between these two giants are uncommitted, underdeveloped newly independent non-European states, whose relationship with the super-powers had been conditioned by their mutual respect for state sovereignty. On the one hand, these so-called non-aligned states wish to remain flirts by keeping the super-powers stalemated so as to be able to extract possible concessions from both sides. On the other hand, the super-powers, while agreeing in principle to keep these non-aligned states militarily uncommitted, had the opportunity as never before to pitch and «commercialize» the strengths of their socio-economic systems. Thus, favourable foreign aid programs, the display of new technological inventions (the outer space race, for example), moral and material commitment to the aspirations of oppressed peoples, performances at world sports events, etc., would eventually convert these nations to either side's ideological perspective in the long run (5).

Indeed, western opinion of the Non-aligned Movement in the decade of the 1960s stemmed from the above attempts to define the Movement as opportunistic. As J. W. BURTON noted, Non-alignment came to be viewed in the West as a policy of short-term expediency which does not safeguard it against alignment pressures in the power conflict or have within it the elements of stability. It was thus never taken seriously as a long-term programme. As BURTON puts it, the Movement was seen «as a means of diverting attention from domestic problems because it allows leaders to take dramatic stances and to oppose the main giants – that is, wholly anti-Western and anti-Colonialist (6).

Yet, while bourgeois scholars sought to discredit and distort the impact of the Non-aligned Movement in international affairs, the ideological brickstones on which the Movement was founded remained alive. To the CASTROS of Cuba, the TOURES of Guinea, the Ho Chi MINHs of Indo-China, the Ben BELLAS of Algeria, it was revealed that as Third World peoples were drawn into new economic and commercial relations with the advanced capitalist economy, indigenous economic structures were forced to serve new external ends. Their incorporation into the world economy meant the extraction of both their human and physical resources. Subsistent, rural economies were converted into vast reservoir of labour to be utilized according to the fortunes of the capitalist economies. These realities became the nerve of the Non-aligned ideological thought processes that bourgeois scholars ignored throughout the decades of the 1950s and 1960s.

It was left to the decade of the 1970s for the Non-aligned Movement to revive, re-assert and institutionalize its method of approach to international issues. This method of approach clearly shifted in favour of economic issues. These issues had to be clearly defined to illuminate their ideological ramifications while international organizations provided convenient forums for elaborating its demands and protests.

SOME RELECTIONS ON THE GLOBAL DILEMMA: TRADE, CAPITAL AND TECHNOLOGICAL DETERMINANTS OF UNDERDEVELOPMENT AND DEPENDENCE

In this section, we examine the substance and the «laws of motion» of underdevelopment as they draw their strength from, and are direct attributes of, the capitalist market structure. For this exercise we adopt two inter-related arguments. First, we contend that while capital, investment and technology continue to be utilized as external international factors with negative effects on Third World development, trade remains the fundamental *relational* phenomenon that determines Third World underdevelopment and dependence. Thus, where nations exhibit diminishing monetary returns for their products (in such cases, trade deficits for Third World nations are facts of life since demand for their products can be at the whim of the consumption preferences of the advanced capitalist countries) exchange reserves are adversely affected and these in turn affect the availability of capital, investment and technology. Second, the peculiar structural features of underdeveloped countries bear witness to the fact that their present state has been determined by a historical development in which external forces have played and continue to play decisive role. These external forces, thus, must be increasingly taken into consideration in the various interpretations of development and underdevelopment.

Gunnar MYRDAL and Raul PREBISCH have sought to provide theoretical explanations of underdevelopment by deducing the present state of underdeveloped countries basically and primarily from the development of international economic relations and the effects of colonization. Concentrating on the trade relationship between the advanced capitalist countries and the underdeveloped nations, they explore the unequating effects that manifest themselves in these relationships (7).

The MYRDAL thesis emphasized strongly the economic disadvantage that results for the dependent country from its relations with the metropolis. Thus, owing to the deterioration of the terms of trade for the underdeveloped countries, the development of international trade increases inequalities and elucidates the adverse effects of the economic policies of the colonizing powers on the development of backward economies. MYRDAL attributes this phenomenon primarily to the play of market forces. In his view, «the play of forces in the market normally tends to increase rather than decrease the inequalities between regions (8). In a poor country, especially, «the free play of the market forces will work more powerfully to create regional inequalities and to widen those which already exist since the centrifugal force of economic expansion, the «spread effect», is weak» (9). That there is a tendency inherent in the free play of market forces to create regional inequalities, and that this tendency becomes the more dominant the poorer a country is, are two of the most important laws of economic underdevelopment and development under *laissez-faire* (10).

In the famous PREBISCH Report (11) submitted to the World Trade Conference, Raul PREBISCH considered the main obstacles to the economic growth of developing countries as their unfavourable situation in

international trade. The deterioration of the terms of trade of these nations are direct attributes of the pattern of the international division of labour and the internal structure of the countries participating in it, and to the spontaneous changes that have taken place in this structure mainly as a result of scientific and technological progress, and partly to the deliberately scheming trade and customs policy of the advanced capitalist countries. According to the PREBISCH thesis, it is disputed that the international division of labour is able to ensure the conventional advantages of international trade and the applicability of the thesis of comparative advantages in relation to the least developed countries. The backward countries, as a result, could not carry out industrialization because the advantages of technical progress are unevenly distributed in the world economy. Thus, technical progress appears greater in industry than in the primary production.

The PREBISCH thesis reveals the specific mechanism of income drain-off through international trade by showing how the benefits of the increase in productivity in the export sectors of the underdeveloped countries are systematically transferred to the advanced importing country. The reason for this, explains SZENTES, is that the wage level in the export sectors is under pressure and so the increase in productivity results in the further expansion of production and consequently a drop in prices instead of an improvement of real wages (12). Indeed, the PREBISCH interpretation seems to put to rest all those theories which, by referring to the thesis of comparative advantages, try to prove the mutually advantageous character of the existing international division of labour between the advanced capitalist countries and the Third World.

Several conclusions appear to emerge from these theoretical explanations. First and foremost, it is established that the relations of dependence are rooted in the system of imperialism. This began in the early conquests when, in the last third of the 19th century, «classical capitalism turned into monopoly capitalism and the finance capital of the advanced capitalist countries divided the whole world into spheres of interest»(13). Today, even after the political independence of Third World nations, direct economic dependence has come to mean that all key positions of the economies of Third World nations are in the hands of, or are controlled by, foreign monopoly capital. This has ensured the direct exploitation of the population of the underdeveloped countries, the systematic appropriation and expatriation of most of the surplus produced by local labour as well as part of the surplus realized by the small commodity producers and a certain proportion of the income of the whole population (14).

Table 4 would appear to be consistent with the various interpretations advanced by MIRDAL and PREBISCH. The total trade picture between these years constitutes a token share of world trade for the Third World. On the import side, it can be noted that beginning in 1974 there was some direct relationship between a decline in the imports of the developed capitalist economies and a corresponding increase for those of the Third World countries. It is suggested here that the decline in the developed nations' imports was the result of buying less from underdeveloped nations. Tables 1–3 (p.68) did show the almost non-existent share of imports by the leading trading partners of French Africa. Our hunch is that

TABLE 4 : Share of major economic and regional groupings in total world exports and imports, 1972–1978 (in percentages)

	Imports						
	1972	1973	1974	1975	1976	1977	1978
World	100	100	100	100	100	100	100
Developed Capitalist economies	72.7	72.7	71.6	67.9	69.2	68.5	68.3
Developing economies	16.6	16.7	19.0	20.9	20.4	21.6	21.7
	Exports						
	1972	1973	1974	1975	1976	1977	1978
World	100	100	100	100	100	100	100
Developed Capitalist economies	71.8	70.7	64.6	66.1	64.8	64.7	67.4
Developing economies	17.9	19.2	26.9	24.2	25.9	25.7	22.9

Source: *United Nations Conference on Trade and Development, 1979*

this trend will be found to be consistent with other Third World regions. Thus the decline observed in the imports of the developed capitalist economies means nothing less than the fact that these nations have either adopted protectionist policies or have gone through another mile-stone in technological invention.

The increase in imports for the underdeveloped countries, beginning in 1974, reveals the nature of their unequal trade relations with the advanced capitalist nations. For one thing, instead of creating national productive economies, these nations have been made to regard foreign goods as indispensable. Such increases in imports have cut deep into their incomes, thereby negatively affecting their capacity to invest or even «buy» technology from the advanced capitalist countries.

At a glance, one would have expected that the difference between the export and import percentages for the underdeveloped countries is sufficient to provide the necessary development capital. Yet, as PREBISCH

has noted, the traded commodities of the underdeveloped countries are mainly foodstuffs and raw materials which are transferred to the industrial centers of Europe and North America. Furthermore, the prices of manufactured goods, largely produced by the advanced capitalist nations, have risen disproportionately in relation to the prices of primary products. This is closely connected with the higher income elasticity of the demand for industrial products while the role played by the «demonstration effect» increases the demand for imported industrial products by underdeveloped countries.

Tables 5 and 6 illustrate a pattern that has now come to dominate the network of world trade; that is, the diminishing volume of trade transacted between the advanced capitalist nations and the underdeveloped countries. Claude AKE notes that technological progress has made the West much less dependent on primary producers as synthetic products increasingly replace raw materials. On the other hand, «trade among the Western countries has been increasing much faster than trade between the West and developing countries. Exchanges with the underdeveloped countries account for less than 20 percent of the trade of the developed countries (15).

As table 5 shows, the average percentage of the Third World share of the network of world trade for the four years amounts to only 22 percent while that of the advanced capitalist nations stood at an average of 67 percent, or some ratio of 3 to 1. Table 6 presents a similar contrast. For the four years under consideration, an average of 71 percent of the volume of total trade of all the advanced capitalist countries was transacted between them. This is in sharp contrast to the less than an average of 24 percent of their total trade transacted with the Third World.

The structure of world export and import shares of major commodity groups, by way of origin and destination, are shown in tables 7 and 8. The point to note in table 7 is that the developed market economies, with a total population of about 764 million (1976 censuses) consumed an average of 70.8 percent of these items produced while an average of only 19.1 percent of these same items was consumed by a population of almost 3 billion (1976 censuses) in the Third World. This same pattern of consumption can be noted in agricultural raw materials, ores and metals, fuels and manufactured goods. Table 8 shows world imports by way of origin. With the exception of fuels, developing countries continue to experience diminishing shares in world commodity exports. For instance, in agricultural raw materials, 40.4 percent was imported from the developing countries in 1955. By 1976, this had dropped precipitously to 27.1 percent. This appears to reveal the paradox peculiar to the developing nations' economies: their markets continue to be flooded with commodities from the advanced capitalist countries because most Third World nations find it more convenient to buy than to produce even agricultural raw materials for which they are supposed to be specialized in the international division of labour.

TABLES 5 and 6: Network of World trade by origins and destination – Value of exports and annual average, 1974–1977 (in billion U.S. dollars)**TABLE 5**

	<u>ORIGIN</u>	<u>DESTINATION</u>	
	World	Developed Capitalist Economies	Developing Economies
1974	838.2	588.0	173.7
1975	872.2	572.7	200.6
1976	988.3	666.2	219.4
1977	1,119.6	748.6	255.7

TABLE 6

	<u>ORIGIN</u>	<u>DESTINATION</u>	
	Developed Capitalist Economies	Developed Capitalist Economies	Developing Economies
1974	541.7	397.9	113.8
1975	577.2	402.0	138.3
1976	642.1	458.0	147.2
1977	729.1	517.7	172.6

Source: *United Nations Conference on Trade and Development, 1979.*

Table 7: Structure of exports: world percentage shares of major commodity groups by destination, 1955, 1970, 1976.

		<u>World</u>	<u>Developed Market Economies</u>	<u>Developing Economies</u>
<u>Commodity Groups</u>				
All Food items	1955	100.0	72.6	18.9
	1970	100.0	72.3	18.0
	1976	100.0	67.7	20.4
Agricultural raw materials	1955	100.0	76.6	12.0
	1970	100.0	74.4	13.0
	1976	100.0	74.5	15.4
Ores & Metals	1955	100.0	74.1	14.4
	1970	100.0	76.4	11.8
	1976	100.0	66.5	16.9
Fuels	1955	100.0	60.6	26.5
	1970	100.0	75.2	16.0
	1976	100.0	75.3	17.3
Manufactured Goods	1955	100.0	53.4	32.3
	1970	100.0	68.6	20.7
	1976	100.0	64.2	25.3

Source: *United Nations Conference on Trade and Development, 1979.*

Table 8 : Structure of imports: percentage shares by origin of major commodity groups, 1955, 1970, 1976.

		<u>World</u>	<u>Developed Market Economies</u>	<u>Developed Economies</u>
Commodity Groups				
All Food items	1955	100.0	48.7	42.6
	1970	100.0	59.0	31.8
	1976	100.0	61.7	30.9
Agricultural raw Materials	1955	100.0	49.4	40.0
	1970	100.0	58.4	30.3
	1976	100.0	61.5	27.1
Ores & Metals	1955	100.0	67.7	21.0
	1970	100.0	70.4	18.4
	1976	100.0	16.1	75.2
Fuels	1955	100.0	31.7	57.4
	1970	100.0	26.5	63.1
	1976	100.0	16.1	75.2
Manufactured Goods	1955	100.0	85.1	4.7
	1970	100.0	85.1	5.3
	1976	100.0	83.6	7.7

Source: *United Nations Conference on Trade and Development, 1979.*

TOWARDS A «PROTEST-DEMAND» IDEOLOGY : ADVOCATING A WORLD ECONOMIC ORDER FOR MUTUAL GAIN

The foregoing analyses appear to have given added strength to the various organized expressions of discontent, by the Non-aligned Movement, to the one-sided dependence that characterizes the world economy. Whether it is the Algiers summit of 1973 or the Lome Convention negotiations or the recent UNIDO conference in India, these organized expressions have followed a consistent pattern: the poor nations have been ruthlessly exploited by the rich thereby causing many of the Third World's seemingly intractable development problems; and, the rich must now make special efforts to help the poor countries catch up by, among other things, paying high prices for their products and increasing the level of their aid.

In this section, we examine the themes of this «protest-demand» ideology as they bear upon the prevailing conventions of international economic transactions and the attempts to alter these conventions in a world of increasing interdependence. The Algerian Foreign Minister, Abdelaziz BOUTEFLIKA, characteristically introduced the problem thus:

The new strategy which the Third World is proposing to the international community is based on a pattern of cooperation which will give all countries the prospect of building their economies on the foundation of their own resources and make international trade the favoured instrument of an equitable world distribution of world income (16).

To comprehend the rationale of the Non-aligned «protest-demand» ideology as both a programme of action and a particular view of reality, it is argued that the claims of the Non-aligned Movement rest in part on the contention that all peoples have a right to the satisfaction of certain basic human needs and that those who have been able to do so have a responsibility to satisfy the needs of others for the sake of humanity. It is also argued that, at best, the existing international economic order, including the set of institutions, formal rules and informal conventions that govern economic transactions among nations, disregards the special problems of Third World peoples and, at worst, has fostered the exploitation of poor countries so that some restitution for past and present injustices is due. According to BOUTEFLIKA, the new strategy

... is not therefore just a matter of providing access to markets and correcting price formulation mechanisms in order to reduce the size of fluctuations in the prices of products exported by the developing countries but, rather, of transforming all the workings of international trade. Such approach presupposes a new type of relationship in which concerted action and some degree of planning on the international scale are substituted for the so-called laws of supply and demand, which, in reality, merely reflect an imposed relationship based on the respective strengths of the seller and buyer (17).

The protest factor can thus be reduced to the following variables: inequitable trade arrangements; difficulty in obtaining remunerative and stable prices for Third World's primary products; severe fluctuations that disrupt and make nonsense of Third World development plans; inflation in the developed countries which causes ever-increasing prices for Third World imports of manufactures, fertilizers and food-stuffs, thus worsening the terms of trade; the need for more and more borrowing; greater debt servicing burden. Mr. A. M. MOGWE, Botswana's foreign minister, has put some of the issues very well:

We are speaking about the exploitation on reasonable terms of our non-renewable, non-replenishable natural resources which should provide the economic basis for industrialization so that development should continue after these non-renewable resources are depleted. We are speaking about quantitative restrictions, consumption taxes, non-tariff barriers, prohibitive tariffs, countervailing duties, price equalization levies and a myriad of other restrictive devices which collectively have prevented the expansion of our exports to rich countries and thus have contributed in no small measure to the polarization of the world into rich and poor, developed and developing nations (18).

The demand factor has had a more direct impact on the role of international organizations in seeking an equitable redistribution of global resources. At the 1974 United Nations Special Session on Raw Materials and Development, the Non-aligned nations had formulated a comprehensive economic programme consisting of a Declaration on the Establishment of a New International Economic Order and a Programme of Action designed to bring about the new order. The specific proposals that have been systematically presented by the underdeveloped countries, through the Group 77, are intended to permit a change of course in the international economic situation by providing the underdeveloped countries with the institutional conditions for organizing programmes that would place them on the road to development. For instance, the Group 77, representing the Movement of the Non-aligned countries in international organizations, has proposed the establishment of an international commodity agreements on those commodities produced by underdeveloped countries that would ensure them equitable and remunerative prices. A variation of this is to index commodity prices to prices of manufactured goods in order to assure that commodity prices rise no less rapidly than other prices in an inflationary world. The Group has demanded an increase in Official Development Assistance by the rich countries to the United Nations target of seven-tenths of one percent of gross national product.

The disappointing performance of the advanced capitalist countries in this regard is shown in table 9. While this table shows a consistent increase in the developed nations' GNP, the percentage of GNP allocated for Official Development Assistance remained either constant or on the decrease. Not a single year have these nations come close to the United

TABLE 9: Official Development AID (ODA) from DAC countries projected until 1980

	1960	1965	1970	1972	1974	1976	1978	1980
GNP (U.S. '000 million \$)	900	1300	2000	2600	3400	4200	5500	6900
ODA (U.S. '000 million \$)	4.6	5.9	6.8	8.5	11.3	14.6	18.3	22.8
ODA percent of GNP	0.52	0.44	0.34	0.33	0.33	0.35	0.34	0.33

Source: Adapted from *FAO Review on Agriculture and Development*, January/February 1977, p. 10.

Nations target of 0.70 percent. Other demands include renegotiating the principles of allocation of Special Drawing Rights at the IMF to give underdeveloped countries a large share; providing general debt relief in the form of forgiveness or postponement of the repayment obligations of underdeveloped countries on their external debts; granting and enlarging preferential treatment for imports for underdeveloped countries into the developed countries; asserting the right to take over foreign-owned property without regard to international legal conventions on compensations (19).

Yet, while these demands and proposals have formed the nuclei of the so-called North-South dialogue since the United Nations First Development Decade, there has been growing apprehension that the hopes raised in underdeveloped countries appear extinguished and dashed at the closing of the Second Development Decade. This apprehension was renewed with vigour at the recent Havana Conference of the Non-aligned Movement when President CASTRO of Cuba declared:

Unequal exchange is impoverishing our peoples; and it should cease. Inflation, which is being exported to us, is impoverishing our peoples; and it should cease. Protectionism is impoverishing our peoples; and it should cease. The disequilibrium that exists concerning the exploitation of sea resources is abusive; and it should be abolished. The financial resources received by the developing countries are insufficient; and should be increased. Arms expenditures are irrational. They should cease and the funds thus released should be used to finance development. The international monetary system that prevails today is bankrupt; and should be replaced. The debts of the least developed countries and those in a disadvantageous position are impossible to bear and have no solution; they should be cancelled... (20)

Even more significant, perhaps, for a lucid appraisal of the essential contradictions between developed and underdeveloped countries, the non-aligned «protest-demand» ideology has come to embody a spirit of collective revolutionary struggle against imperialism while the historical inequities that characterize the world capitalist system have nurtured a psychology of dependence in the minds of Third World peoples. Indeed, beginning with the slave trade down to the more collective nature of neo-colonialism, Third World nations provided and continue to provide the bulk of the capital and human labour (in the early periods, brute force and dictated concessions were employed by the colonialists) with which the advanced capitalist nations were able to draw up their long-term development programmes. European trading companies such as the CFAO, the SCOA, the UAC, Diamang, Union Miniere, etc., and now the multinationals under United States leadership, contributed to the expatriation of African surplus and repatriated a great proportion of Africa's wealth produced by peasant toil. As Walter RODNEY rightly intimated, the development of Europe should be understood as part of the same dialectical process in which Africa was underdeveloped (21). And, somewhat by design, the entire history of

European contacts with the Third World was characterized by the deliberate attempts to strangle efforts of Third World nations to be self-reliant and economically independent. The tables in this paper have proved enough of these assertions. It becomes clear, therefore, that the obligation of the advanced capitalist nations to meet the claims laid down by the Non-aligned Movement is probably no less similar to how President Carter once characterized American energy crisis as «the moral equivalence of war».

THE HAVANA CONFERENCE AND BEYOND: FROM PROPOSALS TO SOLUTIONS FROM WITHIN THE NON-ALIGNED MOVEMENT

The Havana Conference of the Non-aligned Movement would not have succeeded the way it did if the member-states had not legitimized the call for self-reliance and the need to harness and share their enormous resources. The burden of these deliberations was placed squarely on the oil-producing Third World nations. In 1974, for instance, the oil producers had accumulated the sum of 60 billion dollars in surplus revenues and nearly all was either lent to the advanced capitalist countries or plowed back into bank deposits and debt securities (22). The breakdown of these surplus revenues is shown in table 10. The picture here cannot be said to be encouraging. At worst, the historic trend in which Third World revenues are converted into investment capital by the west appears to have been reinforced. At the Havana Conference it was evident that oil price rises had devastating impact on poor countries' economies and to have oil incomes flowing back to the industrialized world rather than into investment in their own economies contradicted the ideological rationale of the Non-aligned Movement. Thus, following a forceful plea by the Jamaican leader, Mr. MANLEY, the Iraqi President, Saddam HUSSEIN, proposed the setting up of long-term, interest-free loans by the oil-producing countries. While an oil-fund is to be established to aid the poorer nations, the idea to centralize all aids coming from the oil-producing nations was endorsed.

These proposals for solving poverty and misery from within the Non-aligned Movement were a testimony to the perceived collective strength of the Movement in the development process. Perhaps, it was justly recognized that while the bulk of the advanced capitalist nations will continue to resist compensatory measures for bridging the huge prosperity gap existing between them and the Third World, at the least, the oil-producing nations can become reliable alternatives. The will to survive beyond just the subsistence level and the determination to challenge the exploitative character of the capitalist market structure were seen as strong enough pressures for wanting to wax a non-aligned brotherhood along economic lines.

Table 10: Breakdown of the \$ 60 billion surplus revenues earned by the oil-producing nations in 1974

U.K. bank deposits and government securities	\$ 7.5 billion (12 1/2%)
U.S. government securities	\$ 6.0 billion (10 %)
U.S. stock and other equity	\$ 1.0 billion (1.7 %)
U.S. bank deposits	\$ 4.0 billion (6.7 %)
Loans to developed countries other than the U.S. and the U.K.	\$ 5.5 billion (9 %)
Loans to developing countries	\$ 2.5 billion (4 %)
World bank and IMF obligations	\$ 3.5 billion (6 %)
Eurocurrencies	\$ 21.0 billion (35 %)
Miscellaneous (including private loans, European and Japanese securities)	\$ 9.0 billion (15 %)
T O T A L	\$ 60.0 billion

Source: *U.S. Treasury Department Estimates, 1974.*

NOTES

1. These assumptions form the core analytic approaches to underdevelopment and dependence in Amin (1974, 1976, 1977); Prebisch (1959); Helleiner (1972); Singer (1974) and Szentes (1976). These assumptions have also prompted the Lome Convention negotiations and have featured prominently in both the various UNCTAD conferences and UNIDO negotiations between the advanced Western capitalist countries and the poor nations of the Third World.
2. The semantic confusion in some bourgeois concept of neutralism is obvious here. What was actually being conveyed is «neutrality» which, in classical usage, is a condition of a country at peace while others are at war. Thus neutrality was avoided for neutralism since it is known that Afro-Asians fought alongside the Allies in both World Wars.
3. George Liska, *Nations in Alliance: The Limits of Interdependence*, (Baltimore: The Johns Hopkins Press, 1962), p. 207.
4. These are benefits which non-alignment presumably confers on its practitioners. See *The Conference of Heads of States of Governments of Non-aligned Countries*, Belgrade, September 1-6, 1961.

5. This approach, dubbed the «Eurocentric» approach to non-alignment studies, stresses the military-geopolitical and Cold War factors and has been variously advanced in Liska (1968, 1972); Rothstein (1968); Martin (1966); Lyon (1963); Crabb, Jr., (1968).
6. J. W. Burton, (ed.), *Non-alignment*, London: Oxford University Press, 1966, p. 12.
7. Abstracts of both the Myrdal and Prebisch arguments were adapted from Tamas Szentes (1976), pp. 100–162.
8. G. Myrdal, *Economic Theory and Underdeveloped Countries*, London: Methuen University Paperbacks, 1965, p. 26.
9. *Ibid.*, p. 34.
10. *Ibid.*
11. Raul Prebisch, «Towards a New Trade Policy for Development», *Report by the Secretary-General of the United Nations Conference on Trade and Development*, New York, 1964.
12. Szentes, *op. cit.*, p. 105.
13. *Ibid.*, p. 166.
14. *Ibid.*
15. Claude Ake, *Social Science as imperialism: The Theory of Political Development*, Ibadan University Press, p. 99.
16. Part of an address to the Seventh Special Session of the General Assembly of the United Nations which unanimously produced a resolution on the «Development and International Economic Cooperation», *Africa*, No. 52, December 1975, p. 36.
17. *Ibid.*, p. 37.
18. *Ibid.*, p. 38.
19. These and other proposals formed the basis for negotiating the Lome Convention Agreements between the EEC and 59 African, Caribbean and Pacific countries in 1975. These proposals have also formed and dominated proceedings in such international forums as the Lima Conference on Industrialization, the Rome Resolution on the World Food Conference, the various UNCTAD negotiations, the Vienna UN Conference on Science and Technology for development (UNCSTD) and the recent UNIDO III held in New Delhi.
20. Part of the speech delivered at the United Nations by President Fidel Castro of Cuba as President of the Movement of the Non-aligned Countries at the 34th Session of the General Assembly of the United Nations, Ediciones Especiales, Cuba, 1979, pp. 51–52.
21. Walter Rodney, *How Europe Underdeveloped Africa*, London: Bogle – L'Ouverture, 1972, p. 162.
22. *Newsweek*, February 10, 1975, p. 42.

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RESUME

Dans ce document l'auteur veut montrer que le changement intervenu dans l'approche par les Non-Alignés des Relations Internationales au plan idéologique au cours de la décennie des années 70, a atteint son point culminant lors de la conférence des Non-Alignés à la Havane, en Septembre 1979. Alors que la tendance générale de la perspective idéologique du Mouvement reflète des idées et des principes à propos de la manière par laquelle et des raisons pour lesquelles la communauté mondiale devrait partager équitablement les ressources globales, la Conférence de la Havane légitimait une double approche de la tendance idéologique naissante du Mouvement. Elle essaya d'abord de réitérer lucidement les problèmes fondamentaux (i) de la souveraineté sur les ressources, (ii) de l'exploitation multinationale des pays du Tiers-Monde, (iii) des relations commerciales décroissantes entre le Tiers-Monde et les pays de l'OCDE et (iv) du racisme et de l'apartheid. Ensuite, ce qui est peut-être plus réaliste, compte tenu de l'actuelle détérioration économique mondiale, la conférence de la Havane insista sur la nécessité de compter encore plus sur eux-mêmes. Ainsi, la politique de la self-reliance a pris un autre élan digne de foi au sein d'un mouvement qui doit encore démontrer une capacité collective provenant des énormes ressources dont il dispose.

NEW FOOD STRATEGIES AND SOCIAL TRANSFORMATION IN EAST AFRICA

By

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INTRODUCTION

120,000 children under five die in Tanzania annually. Of these 50,000 die of neo-natal problems (often caused by malnutrition of the mother), 30,000 die of infectious diseases, 30,000 of measles and 10,000 of severe protein/calory malnutrition. In approximately 50 % of *all deaths* malnutrition is the underlying cause. This is best seen in the case of measles (1). At any time 25 % of the underfives are undernourished, that is, 700,000 children. About 150 children die *everyday* in Tanzania due to malnutrition either as a direct cause or as an underlying cause.

These are, of course, average figures. If at any time 25 % of the underfives are undernourished in Tanzania, in some regions the figure may be as high as 50 % or 60 %, i.e. every other child. Food production per capita in Singida, for example, is 1,800 Kcals per day compared to Tanga where it is 4,000. Again in lower income groups cases of malnutrition are more prevalent and more severe. Even within households children in the poorest families get the least, or the least nourishing food, while the men take the lion's share.

When peasants in our countries struggle for a bit of land, or better prices for the produce of the land, for them therefore it is a grim struggle of life and death. Global figures that optimistically show that mankind is on the verge of making a technological breakthrough whereby globally food production can easily outstrip population growth have no meaning for these peasants (2). Poverty is highly location specific. And its underlying causes are socio-political. The problem is not in the production of calories or proteins. Science has advanced so far that it is technically possible to produce enough single-cell protein over half a square mile of land to meet the needs of 350 million people (3). The problem is the right combination of capital, management, labour and other resource inputs *within a given socio-political system*.

It is this that we hope to analyse in the context of East Africa. The food problem is a long-standing problem. It has historical roots. But we cannot go into these roots in any detail in this paper. We shall concentrate on a very limited time-span, 1974 to 1980. 1974 was the year of the World Food Conference in Rome which was organized in the wake of large-scale famine that hit many parts of the third world. In the last six years the situation has changed very rapidly in East Africa. Governments have become more conscious of the need to intervene on food policy, whereas the struggle of the peasants, if anything, has intensified.

But first a few points of historical interest by way of background to the current food situation in East Africa.

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HISTORICAL ROOTS OF THE FOOD CRISIS

It is the movement of capital *primarily* that decides the allocation of resources to production of commodities including food. This is true both globally and within the context of a national economy. As capital penetrated production in the colonial economies of East Africa at the dawn of imperialism it set in motion a certain rhythm of development whose priorities were determined not nationally, not *within* the colonial economies themselves, but in response to certain needs of international production.

During the colonial period, the needs of international production demanded that colonies produce industrial raw materials, both agricultural products (coffee, cotton, sisal) as well as metals, minerals and oil. For short periods when acute need was felt for cheap food from the colonies, as during the Second World War, so that wages of workers in the industrial centres of Europe could be maintained at pre-War levels, food production was encouraged in the colonies. Otherwise, in general and over the long period, land, labour and other resources of the colonies were diverted away from food into the production of industrial crops.

Such infrastructural developments as took place in East Africa during the colonial period, *and* for almost fifteen years after independence, were mainly to service either the production, transportation and marketing of industrial crops or, as after independence, the creation of import substitution industries. Extension services in agriculture, basic and applied research, credit institutions, and marketing boards were industrial crops-oriented not food-oriented.

Over 90 % of the population in East Africa was in any case rural who grew their own food for subsistence while they produced export crops for cash. The method of food production was by and large traditional, except for the large wheat farms in Kenya owned exclusively by a white settler community, and the wheat farms of Iringa in Tanzania. Certain areas in East Africa became totally devoted to export crop production and they had to «import» food from neighbouring areas. So had the urban dwellers, consisting largely of a small working class, and a somewhat larger trading community and the bureaucracy.

It is these urban dwellers and food deficit areas within our countries to the service at whom a whole paraphernalia of institutions were created – marketing boards, credit institutions, price commissions, transport network and storage facilities. No more than 20 % of total food produced in East Africa (in Uganda even less than 20 %) pass through these channels, and whatever capital is invested in food is largely invested to maintain these channels so that wage levels of urban workers may be kept low, and a trading community and the bureaucracy are properly fed. Very little capital traditionally went into food production and marketing, especially the 80 % which never went through commercial channels, and which the peasants consumed.

Periodic shortages of food that occurred (as in Tanzania in 1974/75 and in Kenya in 1980/81) could be met out of imports of grains from the United States and other grain-excess countries. This suited well the farmers

and grain merchants of America and Canada. It was the policy of their governments not to help food-importing nations in the production of foods that might compete with their grain surpluses. In 1966, A.H. MOSEMAN, then Assistant Administrator of the United States A.I.D. explained:

«The science and technology in foreign aid designed to increase food crop production has been rather limited. We have concentrated on the extension or transfer of our crop varieties and our own production practices. We have not focused research attention on the increase of production of crops such as rice and wheat, which have been in the surplus in the United States. This reflected the attitude of the Congress, of the American public and of American farm organisations – a handicap that is still to be overcome» (4).

To summarise, then, food was not a priority area for capital investment during the entire colonial period, and for fifteen years after independence. In fact, resources (mainly land and labour-power) were diverted away from food into the production of industrial raw materials. Such capital as did go into food went mainly to service the needs of urban dwellers and food-deficit areas. Virtually the entire peasantry (and that means practically the whole population) was left pretty much to their own devices to feed themselves. There was no food policy and no organisation for food production.

MOVEMENT OF INTERNATIONAL CAPITAL FROM FOOD TRADE INTO FOOD PRODUCTION

1974 was a turning point. Governments in East Africa seriously began to question the ability of the traditional agricultural *laissez faire* methods to feed their populations, without some kind of deliberate intervention from the state. This turning point was more clearly visible in the case of Tanzania than Kenya or Uganda. Food overnight became too serious a commodity to be left to the whims of peasants. The application of capital to food production (as distinct from industrial and export crops) became the keynote of the new era.

A similar turning point had come in Asia during 1967–71, when with widespread application of HYV's and tube wells massive increases in yields were obtained in what came to be described as the «green revolution». But 1974 was a crisis at a global level, a conspiracy of four factors.

First the major grain exporting countries (USA, Canada, Australia and Argentina) began to reduce the area planted for food. By 1972/73 world food stock had gone down to 130 million tons (lowest in twenty years). Secondly, the USSR starting from 1972/73 entered the world grain market, quietly purchasing enormous quantities of grain at low prices in order to build her reserves, and to prevent slaughtering of livestock. Thirdly, the drought of 1973/74 brought serious famine conditions in several countries in Africa at the same time. In the Sahel alone about 100,000 people were reported to have perished through famine. And the fourth was the

famous energy crisis, that shot up the prices of food grains and inputs (such as fertilizers), and hurt oil-deficient low-income countries more than anybody else.

It was this fourth factor, more than any other, that made the most important impact on countries like Tanzania. By overnight depleting its foreign exchange the oil crisis reduced the ability of these countries to purchase food from abroad as and when the situation occasionally demanded. In 1974/75 Tanzania imported 446,000 tons of maize, rice and wheat and paid 783.1 m. shs (US \$ 100 m.0 for it. (5) This was clear evidence that the system of food production in Tanzania was not dependable for feeding her population. But then should Tanzania depend on an unreliable stock of world grain reserves at ascending prices to stave off food crisis that could recur again and again and for which foreign exchange may not be available when needed?

The International community also reacted strongly to the food crisis and the resulting famine in many countries. For years warning signals were coming from many quarters (governmental as well as private) that everything was not right with the way the world was organized to feed its increasing millions. Something had to be done. One of the first things to be done was, of course, a conference.

The world Food Conference at Rome (1974) led to a reorganization of international organization in the field of food. In December, 1974 the United Nations created the World Food Council of 36 members from developed and developing countries with the task of co-ordinating and implementing the recommendations of the World Food Conference. Furthermore, a Global Information and Early Warning System was set up under the FAO. In February, 1975, under the auspices of the World Bank, the FAO, and the UNDP, a Consultative Group on Food Production and Investment in Developing Countries was set up to co-ordinate the activities of the donors, and to increase efficiency of agricultural investments in developing countries. Also set up under the FAO were a Committee on World Food Security and an International Fertilizer Supply Scheme. In 1977, the OPEC countries got together (with some others) to raise \$1,000 million to set up the International Fund for Agricultural Development.

The international capital market's principal chieftain, World Bank's Robert McNAMARA announced that he was committing US \$ 7 billion to agriculture for the 1974-78 period, an 8-fold increase over the commitment made 10 years ago when it was \$ 872m. for the 1964-68 period.

International capital was promising to mobilize itself to feed the hungry of the world. Its spirit was best captured by Dr. Luigi DESERTI, Chairman of the FAO's Industry Co-operative Programme. In addressing the twelfth session of the ICP's General Committee, he reviewed the historical role the ICP had played, and then went on to explain its role in the present phase:

«Finally, the third phase, the one in which we find ourselves today and which corresponds more closely to the «Spirit of Toronto», to the World Food Conference Resolutions and, I dare to add, to the current

orientation of FAO; this phase emphasizes the essential importance of the contribution of industry, the role of which is to activate the transfer of skills in management within the framework of production, processing and marketing of agricultural products, including naturally, the creation of food industries and local infrastructure in developing countries» (6).

The ICP essentially is an organisation of multinational corporations such as the Unilever, Masey FERGUSON and the Imperial Chemical Industries which are involved in the export of industrial machinery and other inputs (such as fertilizers and insecticides) for agriculture. Therefore what we were witnessing in 1974 was a massive build-up of pressure from multinational industrial corporations to oust American and Canadian trading corporations from the domain of agriculture in the developing countries. *Instead of trade and aid from excess grain reserves, it was now going to be a direct transfer of capital in the form of technology, know-how and management.*

If in the pre-1974 period food was largely a neglected sector of agriculture, except that which was grown in large estates, and if the lack of application of adequate capital to food production was the principal reason for the backward mode of its production, what is the situation now? How have the East African countries responded to what appears to be an open invitation by international finance capital to join hands with it to make these countries self-sufficient in food?

The initiative has come from international finance capital itself. In 1974, Tanzania, at the instigation of the World Bank, inaugurated two national projects aimed at achieving food self-sufficiency by 1980. The first was the *National Maize Project* whose aim was to increase the annual production level of maize from 880,000 MT in 1972 to some 1,330,000 MT by 1980. It was to be achieved through massive capital input in 950 Ujamaa Villages in 13 regions. The objective was to raise average yields from 7.5 to 11.5 quintals per hectare through application of hybrid seeds, fertilizers, pesticides and other extension services. The project was to cost US \$ 38.1 million underwritten by the World Bank's IDA (\$ 18m.), the Arab Bank for Economic Development in East Africa (\$ 5m.), United States AID (\$ 6.4m.), Government of Tanzania (\$ 11.1 m.), and the Tanzanian peasants (\$ 4m.).

The second was a long-term project, called the National Agricultural Development Programme (NADP), designed to reach out over the whole country over a 20 year periods. Its purpose was to uplift the present level of farming through the introduction of high-yielding varieties, rotational practices, soil conservation measures, the integration of crop and animal production and opening up of new settlement areas — ten sub-projects were to start annually (10,000 farm families each). The first phase of 2 years was to cost \$ 35 million (7).

In Kenya, the food situation was somewhat better than in Tanzania. Of course, there were areas of serious food scarcity, even famine, but Kenya still came better off than Tanzania during the 1974/75 food crisis. The crisis, however, was not long to come. And when it came, in 1980/81, it was primarily a result of domestic factors. 1976/77 was a bumper year

for Kenya, and the government purchased 6 million bags of maize, far beyond the consumption needs of the country. It should have exported at least 3 million bags, but somebody in the government bungled, and the excess grain stayed as reserve in the stores. In 1977/78 the government could not purchase any more maize from the farmers. It bagged 2 million bags, and told the farmers to sell their excess maize elsewhere. The private trade was unable to pick up the excess maize, and the farmers responded by reducing land under maize cultivation.

In 1978/79 the government began to export its excess maize, and in early 1979 it withdrew GMR seasonal credit from the farmers. From 564,700 tons in 1976, maize production for market fell to 236,300 and 237,300 tons in 1978 and 1979 respectively (8). Exports nonetheless continued. By 1980 the country was hit by serious food shortages, and the government was forced to import tons of yellow maize from the United States. From a maize exporting country, Kenya overnight became a maize-importing country.

After considerable domestic as well as international pressure from the World Bank, the government in Kenya came out with its Sessional Paper on Food Policy in May 1981. The Paper defines the food situation in the country in the following terms:

«The rapid expansion of the population and a shortage of unexploited arable land in the main high potential areas are beginning to expose a potentially dangerous imbalance in the relationship between the national supply of and demand for food. The nation no longer enjoys the advantage of regular surpluses of foodstuffs to cushion the impact of a fall in production in years of crop failure» (9).

The Paper projected that, given present level of production, there would in 1989 be a shortfall of 867,000 tons of maize alone, and that should these shortfalls over the decade be filled by imports, the foreign exchange requirement at current prices would be K. shs. 15,000 million (US \$ 1,800m.) (10)

What answer did the Paper propose to this «dangerous imbalance» that threatens to grow between supply of and demand for food? The answer, it said, does not lie in imports, though for a few years imports would be necessary to satisfy both immediate shortfall and the building up of a strategic food reserve. The answer does not lie either in the expansion of acreage under cultivation because of the limitation of good arable land.

The option of diversifying land from under export crops to food crops does not exist either because the country cannot do without export earnings. The only answer is through intensive cultivation. «During the next decade,» the Food Policy Paper suggests, «expansion of food production will need to be based primarily on increases in yields». (11)

This essentially means injection of more capital to food production — fertilizers, insecticides, hybrid seeds, better management, more extension service, and so on. It is proposed that by 1985 agricultural credit for food should cover 1.5 million acres of maize and 250,000 acres of wheat (12). An interesting innovation in the Paper, as an indication of the government's seriousness, is the proposal to set up five standing Food

Policy Committees. Four of these would be concerned with the detailed action programme in the production, agricultural inputs, processing and marketing and nutritional aspects of food, whereas the fifth committee would attempt to chart out the major mid-and long-term policy options.

THE ESSENCE OF THE PROBLEM RESTATED

We had argued in the Introduction that the problem of food production is not primarily technical or even for that matter economic, but essentially socio-political. The problem is that of finding the right combination of capital, labour, management and other resource inputs *in a given socio-political context* that has its dynamism and its own difficulties.

It is true that in India the introduction of hybrids and other capital intensive techniques in 1967 had turned «green» the fields of the Punjab in a matter of four years. But in the ultimate analysis this was possible because the socio-political side effects of the «green revolution» were somehow absorbed by the society without unduly destabilizing the political system, at least in the short run (13). To be sure the techniques for increasing crop yields must be applied. There must equally be a peasantry able and willing to apply these techniques, and see visible *material* benefits out of applying these techniques (moral exhortations by themselves will not do). But above all, if as a result of capital-intensive cultivation, the poor peasantry were to be driven off the land as landless squatters in the peri-urban conurbations of major towns and cities, then the political system has to be strong or flexible enough to cushion other social effects of capital-intensive production.

THE CASE OF KENYA

In Kenya landlessness has been one of the most sensitive political factors that no government has been able so far to ignore. The Mau Mau uprisings of the early 1950's were a product of land alienation from Kikuyu peasants, and the increasing pauperisation, especially after the Second World War, of the peasant squatters who lived off white farms (14). The colonial government first crushed the Mau Mau movement, and later responded to it by accepting the Swynnerton Plan in 1954 under which some of the squatters were given title holdings in the former Native Land (now Trust Land) under the county councils. The settlement of the landless wherever arable land could be found has continued ever since, and although the problem has been politically diffused, it still remains.

The Fourth Five Year Development Plan (1979–1983) estimated that there were, at the beginning of the Plan, 410,000 landless and squatter families, and 618,500 small farm families earning less than Kshs 2,200 p.a. (i.e. 40 % of the small farm families). These constituted almost half the total population of the country, i.e. every other person in Kenya (15).

On the eve of independence, the colonial government, following the Swynnerton Plan, had further started a programme, which the independent government continued, of purchasing white highland farms from

settlers who were leaving the country, and settling African peasant families on them. Up to now over 800,000 hectares have been purchased, some 71,000 families have been settled, and 480,000 hectares have been adjudicated (16a).

What the government in Kenya (in sharp contrast to that in Tanzania) has been doing, following the colonial government, is to encourage individual ownership of land, so that the farmer has a security of tenure that would encourage him to invest labour and capital into the development of his farm, and also enable him to offer land as security to raise loans. Still only a small portion of Kenya's land has been converted to freehold or leasehold. If we leave out arid lands, then about 20 % of the land has been converted to freehold or leasehold, a further 28 % is available for registration, and the remaining 52 % is Government-owned land or Trust Land (16b).

In the last fifteen years, however, two contradictory movements have been going on side by side on the land question. The first is the persistent tendency towards subdivision of the large mixed farms (900,000 ha.) that were purchased from white settler farms by groups of small farmers who had organized themselves into companies or co-operatives purely for the purpose of purchasing these farms. The desire to own and farm *individual* small plots of land has far outweighed aspirations towards collective farming. 62 % of the group farm area has thus been unofficially, and often illegally, subdivided without government control or assistance (17).

But while large mixed farms have undergone subdivision, there has also been a tendency towards concentration of land among the smallholders themselves. Better-off small-scale farmers have bought off their poorer neighbours' forced to sell land to pay for school fees, or because the land was too inadequate to meet the needs of subsistence. Both the subdivision of large mixed farms, and a partial concentration among smallholders have increased the number of kulak farmers.

Today the bulk of agricultural produce in Kenya comes from small farmers defined by the Fourth Development Plan as «those with land who derive the majority, but usually not all, of their incomes from working the land» (18). For example, in 1976 there were 86,389 ha. under coffee, of which 56,595 ha. were in smallholder sector, and 23,389 under estate production (19). As for maize, most of the crop, including the 20 % that goes to urban and food-deficit areas, comes from small farmers.

The small farmers are therefore actually or potentially a powerful political force. There are, however, divisions among them, and therefore they are not organized as a united political force. About 60 % of the smallholders own anything between a fraction of an acre to 1 1/2 acres, about 20 % own between 1 1/2 acres to 5 acres, about 10 % between 5 acres and 15, and the remaining 10 % over 15 acres (20).

The government's declared policy is to establish the small farmer as the pivot of agricultural development. The Fourth Five Year Development Plan explains why:

«The emphasis on the small farm family derives from evidence that on the whole, small farms produce more per acre, utilize land more fully, employ labour-intensive methods of production, and are a source of subsistence as well as cash crops» (12).

In practice, the target of state assistance in the form of credit, inputs, extension services and other facilities have so far been either the large farmers or co-operatives, or the commercial smallholders. Until recently, for example, the Guaranteed Minimum Return (GMR) credit facilities were open only to farmers who had more than 15 acres of land. This therefore excluded the bulk of the peasantry. In the case of the peasantry who formed co-operatives or companies for the sole purpose of taking over large mixed farms in the scheduled areas and later to divide the land among themselves into individual plots, they had an additional problem. Since the subdivision of the land has been unofficial, their land titles are not recognized and therefore they are out of the bounds of official credit and extension services.

As between the large scale farmers and the above 15 acres-small commercial farmers, the latter receive largely short-term seasonal credit, whereas the former receive considerable long-term loans as well. Thus, for example, in 1977/78, the division was as follows: (22)

	Short-term loans	Long-term loans
Small-scale farmers	£ 1,013,000	£ 135,000
Large-scale farmers	£ 7,117,000	£ 5,683,000

Thus whereas the small-scale commercial farmers receive credit generally to tide them over from season to season, the large farmers receive loans to undertake capital improvements on their farms, as well as seasonal credit. The discrepancy in the proportion of credit given to the two types of farmers is interesting given the fact that the small farmers contribute as much to commercial production as the larger farmers (23), leaving aside, that is, the less-than-15-acres small farmers who do not get any credit but produce for their own subsistence and for the local market.

The GMR credit scheme, with its built-in insurance, was terminated in 1979. In 1980 a new Seasonal Credit Scheme was launched without the element of insurance. The *Economic Survey* of 1980 explains the aim of the new Scheme (24).

«The Scheme aims to promote expansion of maize and wheat production. It is a nation wide programme and caters for farmers with at least 4 hectares of arable land. Some K£ 30m. borrowed from the Cereals and Sugar Finance Corporation has been made available for lending during 1980. The Agricultural Finance Corporation has already received K £ 10m. to administer while the Co-operative Bank of Kenya is to handle K £ 5m. The new scheme is to be run on a more commercial basis than its predecessor. Farmers are to be allowed credit up to

nearly Kshs. 1,900 per hectare but are to provide security for it. The measure is expected to reduce the default rate which plagued the GMR programme. The credit will mostly be made available in the form of inputs to prevent possible diversion of funds to other uses. There will also be monitoring of the crop at harvest time...»

Thus once again capital input facilities are really open only to large-scale farmers and «large» small-scale farmers. It may be that their extension to cover a million small and very small smallholders is just an astronomical task which is simply beyond the administrative and financial capacity of the Ministry of Agriculture. A single Agricultural Officer (AO) may have under him as many as 60,000 farms in his division. There is never enough money allocated to buy petrol or repair the four-wheel drive landrovers to reach remote areas, and the AO may find himself concentrating only on large-scale farmers. Smallholdings are pretty much left to the TTA's most of whom have no technical know-how to impart research findings, technology application and management skills to the smallholders they service.

Then there is the question of recovering loans from peasants. It is virtually an impossible task even with the best of conditions. A smallholder with three acres under maize may earn say Kshs. 2,000/ – a year. To double his crop he may need credit of say Kshs 600/ – to buy hybrids, fertilizers and insecticides. If a modest interest of 8 % is charged, the 48/ – shs. interest accrued would not even pay for the petrol, let alone the daily cost of the TTA visiting his farm to evaluate his credit worthiness and the value of his land should he fail to pay his loan. Even when credit is restricted only to somewhat larger farmers, loan defaulting is a persistent problem. Already the Seasonal Credit Scheme, which came into existence partly because its predecessor the GMR scheme was getting into loan defaulting problems, is getting into the same problems. According to an editorial in the *Daily Nation*:

«Out of these problems (loan defaulting among others) the Seasonal Credit Programme was evolved. After one year or so of operation there now are claims, particularly from Government departments and parastatals who administer the credit, that the farmers are defaulting at a higher rate than in previous years and therefore interfering with the flow of funds». (25)

One answer to this is co-operatives, which should enable smallfarmers to pool their financial and administrative resources to go for larger loans and bulk supplies. But the co-operatives would have the same problem of collecting loans from individual members as do the lending banks, as the experience in Tanzania amply shows. Besides, co-operatives have become virtual synonyms for mismanagement, embezzlement of funds by officials, and sometimes outright theft, a situation arising principally because ill – or semi-literate peasant members are too easy victims of smart-alec officials.

Thus promises of support to the small farmers made by politicians and by the government in official documents remain largely illusory. We argued earlier that mere moral exhortations to small peasants are not enough to increase their productivity. They have to experience actual material advancement of their family from year to year. There are three things that the peasant fears most at the socio-economic level. One is the relative price differential between the crops he sells for cash and the things he buys in return from the market. The second, if he uses certain inputs in production, is the relative prices of the inputs and the cash crops (whether coffee or maize) that he sells in the market. And the third is the fear of being out competed or cheated by the larger farmer next door.

One of the consequences of the policy of import substitution is that the peasant is asked to pay a part of the cost. As the government itself admitted in the Fourth Development Plan:

«To alleviate rural poverty, favourable prices for the agricultural products and low prices for consumer goods and agricultural inputs are necessary. Past policies directed at protecting import substituting industries and of maintaining prices of domestically traded commodities above their international levels, have made it difficult to meet this objective. The resulting high prices for basic commodities such as cooking oil, clothing, maize flour, washing soap, and kerosene, maintained in the interest of the processors and marketing organisations, do not benefit the poorest families in rural and urban areas...» (26)

According to the *Economic Survey*, «Prices paid by farmers in 1979 rose more rapidly than prices they received for their produce so that the terms of trade fell once again this time by an estimated 6 %. Overall prices received rose by only 3.7 percent compared to an increase of 10.2 percent in prices paid.» (27)

Under these conditions the farmers can hardly be expected to usher in a «green revolution» in Kenya. To end this section on Kenya, we would conclude that although the Sessional Paper No. 10 (1981) on National Food Policy highlighted the major technical and economic problems related to food production, distribution and nutrition, it is silent on the one issue that really counts: who is to grow food in Kenya and what material incentives would he have?

If it was theoretically possible to consolidate all arable land for large scale production of food with massive doses of HYV's, fertilizers and mechanized cultivation and harvesting, Kenya would have a «green revolution» in no time. But what would Kenya then do with the millions who would be rendered redundant on land? Kenya has chosen, rather, to satisfy the land-hunger of the people as far as possible, even at the cost of letting large wheat farms to be subdivided among the peasants and thus drop production. This was unavoidable, given the historical experience of Kenya, in order to keep the political system reasonably stable.

Having done so, Kenya found, however, that when it came to injecting more capital into food production, it could effectively be done only in relation to the remaining large-scale farmers and the larger ones among the smallholders. But even here, given the existing priorities of industrialization, and the fact that those who supply capital inputs such as seeds, energy, and fertilizers (namely, in the final analysis, multinational corporations) also seek profit in return for their capital inputs, the farmer found that his terms of trade are worsening year after year. His rate of exploitation is intensified daily.

Those among the farmers who operate with large acreages, either by telephone from Nairobi or on the spot, can recover their costs in other ways. The burden of increasing exploitation really falls on the smallholders who are glamorized in the official literature as the backbone of agriculture, nay, indeed of the whole economy. It is in all probability true that the smallholders' productivity per unit of land are higher than that of the large-scale farmers. But it is in equal probability also true that the returns to their labour are nowhere near those of the larger farmers, and nowhere near what they used to get a few years ago. In this situation of increasing relative impoverishment, it is to be expected that the bulk of the peasantry would continue to grow their own subsistence food while also growing the portion needed to feed the urban dwellers and the food-deficit areas, with all the socio-economic and physical (droughts, etc.) hazards that small farming is exposed to.

THE CASE OF TANZANIA

If the individualization of land was the hallmark of peasant movement in Kenya, in Tanzania it was its opposite — collectivization. Of course, collectivization took place in selected areas, areas that were generally backward and not fully integrated into commodity production during the colonial period. Areas such as Kilimanjaro and Bukoba which were already producing coffee for export were largely left undisturbed in the hands of individual owners, and some large estates.

A second difference between the two countries was that while individualization in Kenya came as a result of political pressure from below, collectivization, or Ujamaaization, came mainly as an initiative from the top. It is true that in the early 1960's there were some spontaneous efforts at forming Ujamaa villages in the south of the country, but these efforts were soon squashed, and after 1969 villages were mainly Party or State engineered. Still, when the response from peasants by 1974 was not too encouraging, the state intervened, hammer and tong, to bulldoze villagers into often badly planned and badly co-ordinated Ujamaa villages.

If the peasants did not openly rise in revolt then, it was because the Party ideology (as well as the instruments of state power) had diffused all possibilities of open revolt. The peasants chose instead to retaliate with economic weapons. This was a contributory cause (among others) of the food crisis that hit the country in 1974/75.

The National Maize Project that was initiated by the World Bank in 1974 found the peasants generally in bitter mood. Nonetheless, there were one or two positive aspects to the formation of Ujamaa villages. The first was that without some form of collectivization, it was impossible to service millions of peasants scattered all over the country. Ujamaaization brought them together and, for the first time peasants began, even if grudgingly in many cases, to enjoy the benefits of tapped water, village roads, primary schools, dispensaries and maize milling.

The second positive aspect of Ujamaaization was that it politicized the peasantry. Village Councils were not dumb bodies of illiterates, nor passive tools of Party hierarchy. Democratic politics at village level was a direct offshoot of the fact that peasants were now brought together, even if forcibly in many cases, and they now had no choice but to hang separately or live together.

Of the 21 regions of Tanzania, 13 of the best maize growing areas were selected for the National Maize Project: Mara, Arusha, Kilimanjaro and Shinyanga in the north; Morogoro, Dodoma and Tabora in the centre; Iringa, Mbeya, Rukwa and Ruvuma in the southern highlands; and Lindi and Mtwara in the south. Within these regions the Project was limited to 950 villages in 28 out of a total of 41 districts. As of July 1977, there were 7,134 villages registered under the villages and Ujamaa villages Act, 1975. Thus the Maize Project covered only 13.3 percent of the villages, selected especially for their high maize productivity (28).

Thus, whereas in Kenya the government was forced to rely largely on large-scale farmers and large smallholders for state-aided input programme, leaving the small smallholders pretty much to their own means, in Tanzania whole villages were turned into recipients of capital input. In terms of centralization of production, Tanzania thus was several steps ahead of Kenya.

In order to ensure that villagers produced according to programme, a tight system of centralized direction and control was girdled round the villages. *At the village level*, co-operatives were abolished and whole villages were incorporated as legal entities that could borrow funds from financing institutions and be responsible for paying back the loans as well as for ensuring that Maize was produced according to plan.

The Villages and Ujamaa Villages (Registration, Designation and Administration) Act of 1975 provided for the legal incorporation of villages as multi-purpose co-operative societies with powers, through their Village Councils, of «purchasing, holding, alienating, managing and disposing of any property whatsoever...» As for any co-operative there might be in the village, it was asked to «wind up its affairs and dispose of its assets and liabilities within such time and such manner as the Minister may direct».

At the national level the Tanzania Rural Development Bank (TRDB), through whom the World Bank capital was channelled to the villages, was made directly responsible for control and supervision of food production. The Ministry of Agriculture was thus pushed into the background, and by combining the National Maize Project and the Small Farmers

Food Products into one centralized project called National Food Credit Project (NAFCREP), the TRDB was made responsible for promoting the production of not just maize but of all food crops in the country.

Thus, the local representative of international finance capital, the TRDB, and the peasantry in the villages confronted one another face to face without any mediating agencies such as the Ministry of Agriculture or the co-operatives. As one official of the TRDB explained:

«Before the Villagization programme came into force, TRDB lent cooperative movement, viz. the Regional Cooperative Unions and thence to the respective Primary Cooperative Societies.

This lengthy channel for disbursing credit to the rural areas had a number of complications, which rendered project implementation difficult.

Firstly, it created a barrier between the financing institution and the client. Whereas the Bank is supposed to supervise projects closely and be able to monitor progress on a regular and continuous basis, in this case, it had to rely on the cooperative, whose financial and management problems are too fresh in our minds to warrant repetition here.

Secondly, apart from the total absence or at best poor supervision of loans, e.g. the distribution of farm inputs, construction of storage facilities, etc., the unions lacked any sense of accountability for loans disbursed through them. This rendered loans recovery inefficient. Either the unions did not keep track of loans accounts to ascertain the debtors, or even where debtors repaid loans to the unions, these were not eventually remitted to TRDB. The Unions instead used such money for their administration. This contributed greatly to the arrears amassed by the Cooperative Unions as at the time of their dissolution in 1976». (29)

The official further explained the advantages of the new arrangements. First, the TRDB itself would directly check on the viability and credit worthiness of the clients (i.e. villages). Secondly, the Village Council itself would be directly accountable for all loans given to the village. Thirdly, loan recovery would be facilitated through closing loop-holes by which peasants attempted to sell their crops through illicit markets. Fourthly, a Village Management Technicians Training Programme (VMTP) would ensure that villages were serviced by officials with knowledge of accounting, project evaluation and management techniques. And finally, it was hoped that through these arrangements regional inequalities would be scaled down.

Clearly, the new powers and functions of the Village Councils, now turned into veritable engines for promoting food production, required an extensive programme for training the Councils for these massive tasks. Early in 1975 the World Bank sent a team to study this question. The VMTP (mentioned above) was born as a result. The IDA, under Agreement 607 TA, provided a soft loan of Tshs 46.6 million (US \$ 5.8 m.) out of

the total financial requirement of Tshs 62.7 million (US \$ 7.83 m.) for this training programme.

Here then was an experiment of vast proportions. Tanzania had gone far beyond Kenya in bringing finance capital right on the doorstep of the peasant himself, so that international capital and peasant labour would join hands to produce food for the people. Socialization of production was taking place under the hegemony of finance capital itself.

The Maize Project provided for three standard maize production improvement packages.

Package 1:

Extension services concentrated on improving husbandry methods including early planting, correct spacing and timely weeding, combined with improved composite seed and insecticides, mainly 5 per cent DDT for stalk borer control and also 25 per cent DDT to combat army worm (for about 10 per cent of the cultivated area).

Package 2:

In addition to inputs of package 1, the villages are introduced to fertilizers consisting of 50 kg/ha triple superphosphate, and 100 kg/ha sulphate of ammonia. At higher altitude hybrid rather than composite seeds are used.

Package 3:

In the best maize growing area, the villages use an additional 50 kg/ha sulphate of ammonia, and in most cases hybrid rather than composite seed.

The idea was for all villages eventually to move to package 3, or at least to package 2, those backward to catch up with the advanced ones over a two – to five-year period (30).

It was an experiment which has not yet been satisfactorily evaluated, and needs to be evaluated (31).

One evaluative study carried out by a project officer of the TRDB concluded that the Project was not an «*applaudable success*» (32). Peasant response towards intake of capital inputs was one clear index of evaluation.

<u>Used Inputs</u>	<u>1976/76</u>	<u>1976/77</u>
Fertilizers (tons)	13,220	8,650
Seed (tons)	3,580	2,160
Stalkborer insecticide (tons)	935	720
Armyworm insecticide (litres)	79,000	34,660

The TRDB had supplied far more of these inputs than were consumed. In 1976/77, for example, 20,860 tons of fertilizers were supplied, but only 41 per cent of it was used; more than half was wasted. 1,866 tons of stalkborer insecticides were supplied but only 38.6 % of it was used. The only input that was taken in good quantity (63.8 %) was the armyworm insecticide – 34,660 tons out of 54,320 litres supplied. Furthermore the intake of every input had fallen between 1976 and 1977; indeed

that of armyworm insecticides had fallen to less than half the previous year's intake.

What had gone wrong? The TRDB project officer gave the following reasons:

- (i) Increase in price to farmers both from reduction of subsidy and increase in initial cost of inputs.
- (ii) Stricter adherence to the «cash only» selling policy.
- (iii) Late rains in some regions where some farmers, quite correctly did not use fertilizer and reverted to shorter term local strains.
- (iv) Introduction of new fertilizers in some regions where farmers had access and were familiar with the old type, and sold at the same prices.
- (v) Shortage of hybrid seed resulted in substitute varieties but rejected by farmers.
- (vi) Late delivery of inputs especially Njombe seed (normally delivered near the onset of rains) and International tender (tends to be late) and amounts required not known early enough in the season.

But it was not only a question of poor input intake by the peasants. Even the control and supervision mechanism had defaulted. The project officer continues:

«These inputs were not properly administered and at variance, fraudulent losses have been reported and cannot be accounted for. In some places, these inputs were either given free or subsidized. Even if the inputs were given free, at least farmers education for agriculture for development had to be taken into account... For instance the application rates of various inputs has been left in the hands of the farmers and in most cases, farmers had the liberty to diverge inputs into other food crops or use none».

Ny own field observations later in 1978 in Kilimanjaro and Arusha confirm the above analysis. Well before the planting season had begun in the Rombo district of Kilimanjaro around mid-September, the politicians and members of the CCP had carried out a sustained political campaign in favour of the maize project. And yet only 25 out of 58 villages had responded. Among the reasons given were:

- (i) Villagers thought that the TRDB was out to do business.
- (ii) Village chairmen, secretaries and local traders used to profit under the old system; they used to buy big stocks of inputs from Kilimo and sell them onwards at higher prices. There was no longer any incentive for them under the new system.
- (iii) Village Councils which were usually located on top of the hill could not supervise credit administration of loans taken by members possessing land for maize lower down the hill.

- (iv) Peasants in lowlands had very small plots of lands because of being squeezed out by the rich peasants from up the hill, and grew maize only for subsistence. Therefore, they could not afford to take up capital inputs.
- (v) TRDB as a whole and its credit facilities, despite the campaign, were not generally known to all farmers.
- (vi) The previous experience of the villagers with the Kilimanjaro National Co-operative Union had not been pleasant. Some of the peasants had taken loans from the KNCU for meat, but the KNCU had not kept proper records, and ultimately all co-operative members (including those who had not taken the loans) were forced to repay the loan.
- (vii) Previously peasants were given a choice of buying what they wanted. Most of them preferred to buy seeds only, and leave out the fertilizers and the insecticides. Many peasants decided they would rather use their own seeds than purchase the TRDB packages.
- (viii) TRDB refused to give loans to villages that would not or could not produce maize for the market or villages that were known to have smuggled maize across the border to Kenya.

Similar reasons were given to me in the Arusha region. Most villagers did not like fertilizers. It did not pay, they said. The yield did not increase that much with fertilizers, and whatever increase in yield they gained was a result of their good crop husbandry. Why should the TRDB benefit from their hard work? Farmers wanted seeds, but the TRDB did not always supply the correct varieties. The previous year they had got mixed seeds from the TRDB. Adequate soil research was not done. What was needed in the volcanic soil of the Arusha region was nitrogen compounds, and not Sulphate of Ammonia or the triple superphosphate which the TRDB insisted they should use for the package. Farmers disapproved of the formula.

What the Tanzanian experience brings out clearly is that the production of food is not just a problem of providing the right kind of inputs to the peasants followed by extension services, bureaucratic exhortations and a hammer on the head for failure to pay back the loans. Peasants calculate the *material* benefits they are likely to get from any innovation before they launch into it. And the benefits may accrue differentially to different classes of peasants. In a village a farmer owning a large piece of land and politically powerful may take the loans from the TRDB to buy his inputs. Social pressures against him may not work to force him to pay back the loan, and either the whole village suffers or the whole village refuses to pay. As one villager explained to me: The priority for the village was to stay together as a family; the question of business (e.g. paying back loans) come second. Village Councils in Tanzania have become highly politicized, and some of them know how to handle their contradictions with the bureaucracy and the politicians. (In one village I visited, the Village Council was having a meeting and would not accept the Area Commissioner's visit).

The Maize Project itself was highly capital intensive, and very expensive in terms of foreign exchange. Out of \$ 38.1 million committed for the project, \$ 14,332,000 were earmarked for farm inputs, 73 % of which consisted of purchases in foreign exchange.

Ultimately the cost of the inputs were to be borne by the peasants themselves. It was arranged that upto 1980, 25 % of the cost of the project was to be paid by the peasants and 75 % by the government. After 1980, 40 % by the peasants and 60 % by the government. And after 1984, 60 % by the peasants and 40 % by the government. Thus over time an increasing portion of the burden was to be shifted directly over to the peasants.

But already during the first phase, the peasants were beginning to feel the burden of the loan. They did not feel it was necessary to pay for fertilizers when all they needed were seeds, or that they should pay for Sulphate of Ammonia and TSP when what they needed was nitrogen compounds.

In the ultimate analysis the return to capital was higher than the return to labour. In other words, the peasants were asked to produce not only *food* for the people but also *profits* for the multinationals that supplied fertilizers, seeds and insecticides. One form of energy (petrochemical essentially) was turned into another form of energy (calories), but the latter was being produced at an increasing cost of the former. From occasional imports of food, Tanzania had changed to regular importation of inputs for food. It was an instance of import-substitution agriculture. Still it did not work.

By 1981 Tanzania was back to where she had started in 1974. In early 1981, President NYERERE set off on a tour of the capitals of developed countries to ask for food for his starving people. In Tokyo he said:

«Up to one-third of Tanzania's 18 million people could face starvation if the drought continued and adequate food supplies were not obtained from abroad». He said: «Japan and other Western countries should come to the aid of Africa». (33)

CONCLUSION

The problem of food scarcity cannot be isolated from the general problem of poverty of East African countries. This poverty itself has historical causes which are rooted in the system of global production of commodities, of which food is a part.

The allocation of world resources to the production of various commodities is determined primarily by the movement of capital. As far as East Africa was concerned, the emphasis upto 1974 has been on the production of industrial raw materials for export, and, after independence, on a certain amount of import-substitution small-scale industries. The emphasis has not substantially changed since 1974, but an area of agricultural production, food, that hitherto had been neglected, has now come within the purview of capital.

Kenya and Tanzania have responded differently to the demands of the new situation, and these differences are related to their historical experiences, and to the socio-political structures of the two societies. A significant factor about the socio-political structure is the individual ownership of land in Kenya, and the collectivization of the peasantry in Tanzania. The latter afforded a better prospect for a centralized system of production and control than the former. That is why Tanzania was able to launch a much more ambitious programme of food production than Kenya.

International finance capital was, of course, indifferent to what system of production prevailed in these countries. If anything, Tanzania's «socialist» system was administratively more amenable to capital penetration than Kenya's «capitalist» system. In essence, both are neocolonies, and both are capitalist. In Tanzania the peasants are exploited by the same capital under a «socialist illusion», and on the basis of a nominal «collective ownership» of land, as the peasants in Kenya under the illusion of «independent capitalism». The difference is only in form, not in substance.

Only the Kenyan system is a little more *laissez faire* than Tanzania's. When something goes wrong in Kenya, the burden can «freely» be thrown on the peasants. Thus when in 1977/78 the peasants produced more than enough maize to feed the nation, but the state could not purchase it all, the peasants were told to do what they liked with the maize. The state refused to bear burden. The next year when the peasants cut down on maize production, the state was alarmed, and exhorted farmers to go back to maize. In the Tanzanian system, the burden is still thrown on the peasants, but since it is a more centralized system, the state cannot as easily escape direct responsibility as in Kenya.

In both Kenya and Tanzania, the peasants produce their own food for subsistence. 80 % of the food produced both in Kenya and Tanzania is either consumed on the farms by the producers themselves or sold on local markets. Of course, this is never enough for the families of poor peasants who suffer perpetual and unmitigated malnutrition, or simply starve in times of droughts.

The 20 % of the food produced to feed the urban dwellers and food-deficit areas in the two countries is produced by the commercial smallholders in Kenya and the commercialized (Ujamaa) villages in Tanzania, and is delivered to these consumers on terms of exchange that are unfavourable to the peasants, and continually deteriorating. This, in fact, is one of the major and most fundamental problems of food production in East Africa.

When imperialism wanted peasants to grow export crops in East Africa towards the turn of the century, they made it materially worthwhile for the peasants to grow these crops. In Kenya where coffee growing by the African peasantry was barred by the colonial government in the interest of white settlers, the African farmers fought hard for their right to grow coffee, and it became a major issue in the political struggle for liberation. When again an import-substitution industrialization was inaugurated after independence, the government made it materially worthwhile for the

comprador class to engage in industrialization by protecting them against external competition and by subsidizing their wage bills through cheap «importation» of food from the neighbouring peasant areas.

Only when it now came to producing food, the peasants have to do three things at the same time. They have to provide continuous supplies of cheap food to the towns, and the export crops growing food-deficit regions. They have to provide adequate profits for those who put in their capital in the form of tractors, seeds, fertilizers, insecticides and management. And above all, they have to maintain competitiveness against food crops produced in food surplus areas such as the United States and Canada. Food producer prices are related not to the prices of inputs that the farmers use, or expected to use, nor to the prices of the basic commodities like salt and soap that they have to purchase in the market, but to something called «import parity» (34). It is supposed to ensure that farm-gate prices remain competitive in the world market.

Despite the entry of capital in food production in East Africa, food thus still remains the Cindrella of agricultural production.

NOTES

1. See Prof. Kimathi, Muhimbili, *Sunday News*, Feb. 26, 1978; and *Lisho* (Journal of the Tanzania Food and Nutrition Centre), Vol. II I, p.31.
2. See, for example, the study written by members of the Hudson Institute, USA: Marilyn Chou, David P. Harmon Jr., Herman Kahn and H. Wittwer, *World Food Prospects and Agricultural Potential*, New York: Praeger, 1977.
3. A. E. Humphrey, «Starvation: Chemical Engineering can help fight it,» *Chemical Engineering*, 1966, p. 149.
4. A. H. Moseman, «Science and Technology in International Agriculture,» in *Symposium on Research in Agriculture*, Feb. 1966, Warranton, Va. Washington D.C. USDA, 1966.
5. Bank of Tanzania, *Economic and Operations Report*, June, 1975, p. 4.
6. «Role of International Agro-Industry in a New International Economic Order», *Summary Report of the Industry Cooperative Programme General Committee*, 18–19 February, 1976, FAO, Rome. (Document DDI: G/76/32, 26 March, 1976).
7. World Bank, *Appraisal of National Maize Project*, Report No. 897a – TA, December 8, 1975.
8. Republic of Kenya, *Statistical Abstract*, 1979, p. 105, Table 82.
9. Republic of Kenya, Sessional Paper No. 4 of 1981 on *National Food Policy*, Government Printers, 1981, p. 2, para 1–5.
10. *Ibid*, p. 12, para 2.28.
11. *Ibid*, p. 14, para 2.34.
12. *Ibid*, p. 30, para 4.19.

13. There is an extensive literature on the green revolution in India, but few writers have touched on the important issue of how a political system is structured to absorb some of the socially destabilizing effects of the green revolution. On the destabilizing effects themselves see the debate carried out in the pages of the *Economic and Political Weekly* (Bombay), for the years 1972 to 1974.
14. See F. Furedi, «The Social Composition of the Mau Mau in the Highlands», *Journal of Peasant Studies*, I (1974).
15. *Fourth Development Plan of Kenya, 1979–1983*, Government Printer, Nairobi, Part I, p. 35.
- 16a *Ibid*, p. 283.
- 16b *Ibid*, p. 285.
17. *Ibid*, p. 249.
18. *Ibid*, p. 22.
19. *Ibid*, p. 264.
20. These figures are not derived from any documentary source, but from interviews with several people who deal regularly with the peasantry. The ILO Mission Report on *Employment, Incomes and Equality*, Geneva, 1972, gave some figures of breakdown of the peasantry on the basis of land ownership, but the figures are a decade out of date.
21. *Fourth Development Plan*, p. 53.
22. Ministry of Economic Planning and Development, *Economic Survey, 1980*, p. 102, Table 8–9.
23. For comparison see Republic of Kenya, *Statistical Abstract*, 1979, p. 104, Table 81 (c). Gross Marketed production from:

	<u>1977</u>	<u>1978</u>	(K £ million)
Small farms	208.5	183.3	
Large farms	206.0	143.8	
24. *Economic Survey, 1980* p. 103.
25. *Daily Nation*, Nairobi, February 23, 1981.
26. *Fourth Development Plan*, p. 227.
27. *Economic Survey*, 1980, p. 100.
28. The national average yield for maize was estimated at 750 kg. per ha. whereas in the Project area selected the average yield was about 1,100 kg/ha.
29. D. Y. Temu, «The implication on Rural Credit of the Dissolution of Co-Operative Unions and Co-Operative Societies and the Experience of the Tanzania Rural Development Bank in Financing Villages.» Paper presented at a TRDB Seminar, Dar-es-Salaam, December, 1977, pp. 4–6.
30. World Bank, *Appraisal of National Maize Project*, Report No. 897a – TA, December 8, 1975.
31. I toured the villages of Kilimanjaro and Arusha regions in 1978 to see for myself the degree to which the experiment was succeeding. Plans to go to some of the other regions were subverted by my return to Uganda following the Uganda-Tanzania war. Therefore observations made here are somewhat limited.
32. E. A. Lyatuu, «Food Crop Production Programme», TRDB, December 13, 1977.
33. *Daily Nation*, March 20, 1981. AP Report.
34. See Kenya Sessional Paper No. 4 (1981), *National Food Policy*, p. 16, para 3.1.

RESUME

L'article de Dr. Yash TANDON traite des nouvelles stratégies pour la production alimentaire et des transformations sociales en Afrique de l'Est. Après avoir noté dans son introduction que l'optimisme créé par les résultats des recherches scientifiques en matière de production alimentaire n'a aucun sens pour les pauvres paysans, il estime que contrairement aux arguments souvent avancés pour expliquer la crise alimentaire que traverse le monde, les raisons fondamentales sont d'ordre socio-politique. Ainsi, dit-il, il s'agit moins de la production de calories ou de protéines que d'une meilleure combinaison du capital, de la gestion, du travail et des autres intrants, dans le cadre d'un système socio-politique donné qui a sa propre dynamique et ses propres problèmes. Parlant ensuite des raisons historiques de cette crise alimentaire, il fait remarquer que la production de nourriture à des fins strictement alimentaires n'a pas été une priorité des capitaux d'investissement pendant et quinze ans après la période coloniale. Ce n'est qu'à partir de 1974, année de la crise alimentaire mondiale, que les gouvernements des pays de l'Afrique de l'Est ont senti la nécessité d'intervenir dans la politique de production alimentaire. C'est aussi à partir de cette date que les organismes internationaux commencèrent à s'intéresser à la production de produits vivriers à des fins strictement alimentaires. Il s'en est suivi un changement de direction dans le mouvement du capital d'investissement. L'auteur passe ensuite à une analyse plus détaillée de la manière dont le Kenya et la Tanzanie ont répondu à ce qui avait l'air d'être une invitation de la part du capital international à se donner la main pour rendre ces pays autosuffisants en matière de production alimentaire. Ces deux pays ont répondu d'une manière différente compte tenu de leurs expériences historiques et de leurs structures socio-politiques. Du point de vue de la structure socio-politique, le Kenya pratique une politique de propriété privée alors que la Tanzanie a opté pour une collectivisation de la paysannerie. En conclusion, l'auteur note que malgré l'introduction du capital d'investissement dans la production vivrière, les problèmes posés par la crise alimentaire ne sont toujours pas résolus.

SOUTH AFRICA, JEWISH PALESTINE & ISRAEL: THE GROWING RELATIONSHIP 1919–1974

By

*Joshua David KREINDLER **

THE PRE-STATE PERIOD 1919–1948

The Balfour Declaration is the most important document in the history of Zionism, since the State of Israel derives its very legitimacy from it. The most prominent figures in drafting this document were Lloyd George, Lord Balfour, and Lord Milner, although, Leonard Stein, author of an analysis of the Balfour Declaration, says that «Smuts must rank among the architects of the Declaration» even though his contribution was not «of the same order as that of Balfour, Milner, or Lloyd George» (1).

The years between 1919 and 1924 were a crucial time for the Zionist movement as efforts to implement the aims of the Balfour Declaration came into conflict with the beginnings of nationalistic expression by the Palestinian Arabs. Consequently, the strengthening of the relationship between the Zionist movement, the Jewish community, and Prime Minister Smuts of South Africa, were important for the Zionist movement's goal of a «Jewish National Home» in Palestine.

Speaking on November 3, 1919 to a meeting arranged by the South African Jewish Board of Deputies and the Zionist Federation of South Africa, Smuts said; «The Old Testament, the most wonderful literature thought out by the brain of man, the Old Testament has been the very matrix of Dutch Culture here in South Africa. This is the basis of our culture in South Africa, that is the basis of our white culture, and it is the basis of your Jewish culture» (2). The Prime Minister on the same occasion was honored with the following declaration; «We shall never forget the valuable aid you rendered in the furtherance of our claim to national reconstruction in Palestine» (3).

Upon hearing that the mandate for Palestine had been awarded to Great Britain, and that the Balfour Declaration was included in the Peace Treaty at Versailles, the South African Zionist Federation cabled its thanks to the Prime Minister for his «Unfailing sympathy and powerful support» (4).

In February 1921, Smuts attended the mid-year Imperial Conference in London. Before he left he received a deputation of Jewish members of Parliament and local Zionists who urged him to make sure that Zionist interests would be safeguarded. Apparently he kept his promise because after his return to South Africa, Chaim Weizmann cabled the South African Zionist Federation informing them that General Smuts had not only carried out his promise to the Federation, but had been of great service to the Zionist cause during the recent crisis.

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During the years 1925–1933 when Smuts was not Prime Minister, he still was able to exert much influence on behalf of the Zionist cause. In an address to the South African Zionist Conference of 1926, he reminisced about the history of the Balfour Declaration and the roles played by Weizmann and Sokolow in obtaining it; «I remember the travail and labor that was required to secure the formula of the National Home, which is far more than a formula. In the War Cabinet it was discussed... and there was a great struggle of ideas centering around this principle. I want to mention two names specifically concerned with the working out of this formula. One was Lord Milner. All praise is due to Lord Balfour and the formula is properly associated with him. There is another who worked very hard for the success of this movement. Today he is Secretary of State for the Colonies, Colonel Amery. I say it is fortunate that the Jewish People in our day, at so critical a stage in history, has been guided and led by two such great statesmenlike men (Weizmann and Sokolow). To the work of these two men, the triumph of the cause is due» (5). These words of praise, aside from showing the importance of Zionism, also indicate the knowledge Smuts had of the behind-the-scenes efforts to push the Declaration through, as well as his genuine sympathy with the movement. During the 1929 Palestinian Revolt, Smuts placed himself entirely at the service of Weizmann. Weizmann pointed out during this period that a Jewish National Home would be an important ally for the Empire and Jewish immigration to Palestine should be fostered. If, however, the sympathies of the Palestine Mandatory authorities were going to «drift» to the Arab side, it would be better if Great Britain gave up the mandate. When Smuts met with Lord Passfield in December 1929 as a result of the meeting with Weizmann, he warned him not to continue «drifting» in dealing with the Jews because it would be, consequently, running against historic justice. Smuts told Weizmann that he had been offered the position of High Commissioner for Palestine and declined, but felt honor bound to help. On December 20, 1929, *The Times* printed a letter from Smuts, Balfour, and Lloyd George warning the Labor Government not to go against the Balfour Declaration (6). A few days later Smuts was on his way to America for a lecture tour on behalf of the League of Nations. At a luncheon in his honor tendered by the Zionist Organization of America on January 17, 1930, he told of the support that Zionism had, not only among the entire Jewish community of South Africa, but also within the Christian community of South Africa:

«I come from a little country where the Zionist movement is very strong. There may be doubts and misgivings or even a difference of opinion in other parts of the world over this great cause. In South Africa there is none. In South Africa all Jews are Zionists, and the Christians are pro-Zionists. And, therefore, in addressing me as you have done, you do not do it merely to a person, but you do it to a people, to a country which has not only in words but in deeds... through its contributions, and through its unwavering support of the Zionist cause... shown how wholeheartedly it supports that cause.

It is a very remarkable fact which nobody knows, and therefore should be publicly stated, that next to the United States, the country which makes the greatest contributions to the cause of Zionism is South Africa.

I am here once more to bear evidence of the faith in me as a friend of that great cause. My friendship with the great cause for which you stand springs out of very deep sources. I admire your people for the contribution that you have made to the history of the world. Dr. Wise has spoken about an immortal people. I take off my hat to the smallest of peoples, which has made so great a contribution to the advancement of the world. It is a wonderful people. I have stood in Palestine at certain points and viewed that little land which is so small that those who sit here as citizens of the United States have no conception how small that country is. And yet, that small people, inhabiting a small homeland, made a contribution to the cause of humanity such as no other nation has been privileged to make. I know that we are doing justice and showing the right sense of gratitude when we who are not of the Jewish faith and Jewish blood stand up for that great cause of that people, for what they have done for humanity...

It is not a small thing, not a hole in the corner. It was before the great history of the world, dealing with the great history of the world, that we made this promise, this Declaration which is called the Balfour Declaration: «His Majesty's Government view will favour the establishment in Palestine of a National Home for the Jewish people, and will use (these are the operative words) their best endeavors to facilitate the achievement of this object.»

The Balfour Declaration was laid down not in vague terms or aspirations, not merely as a gesture of good will, but as a definite constructive policy. «His Majesty's Government will use their best endeavours to facilitate the achievement of this object. «That is the promise. That is the policy; and it will stand. That was the first step. The next step was at Paris, when this solemn promise had to be pushed a stage further and had to become the law of the world, so to say; when other nations had to bind themselves to this solemn pledge...

At Paris the Mandate for Palestine was given to Great Britain. Under the Mandate the British Government is made responsible for placing the country, that is, Palestine, under such political administrative and economic conditions as will secure the establishment of the Jewish National Home and the development of self-governing institutions. Here you find not only the original promise made under the greatest stress to which the world was subjected, but solemn ratification of that promise and renewal by all Great Powers in the world taking part in the giving of the Mandate to Great Britain. Such policy must be carried out under this Mandate as will secure the establishment of the National Home.

In the days since August last, the question has been put whether there is any doubt, whether there is any misgiving, whether there is any weakening on this promise, on this pledge originally made by Great Britain, supported by President Wilson on behalf of the American Government, and finally ratified by the Great Powers in the Mandate. As far as I am concerned, as one of the original projectors of this Declaration, and in view of my knowledge of all that has happened since, this document, this promise, this pledge... the Balfour Declaration... will stand, and will be carried out both in the letter and in the spirit...

You will have to help more than ever with financial contributions in order to accelerate a reasonable pace of immigration to the National Home. Not only will your material assistance be necessary; there will remain the problem of statesmanship and of making peace with the Arabs. I do not despair. I think that with the wise guidance of the British Government and maintenance of law and order, and with the strong hand necessary in the East, I do not doubt that wisdom will be forthcoming and the initiative of the Jewish people will be forthcoming to help in the solution of the problems that have arisen with the Arabs.

There is a great responsibility on you. I do not want the Jewish people to adopt an attitude of fault-finding with the British Government. The British Government will play the game with you and it will carry out its pledge. On the Jewish people rests the responsibility to be wise and statesmanlike and to help in arriving at a settlement with the Arab people. I think it can be done with absolute consistency with the Arab people. I think it can be done with absolute consistency with the Balfour Declaration. You can have Palestine as a National Home without waving a red flag.

I hope that you will make your contribution, and with the British Government backing you up and carrying out in letter and spirit the pledge which it has given, and you helping from your side to the best of your ability to bring peace between two kindred peoples. I have no doubt that policy will win through and generations to come will see a new Palestine arise.» (6a)

Almost immediately after his speech he received a cable from Weizmann expressing his thanks for his words of encouragement in a critical time.

On October 21, 1930, The Passfield White Paper was published. This document offered as a remedy to the disorders in Palestine that Jewish immigration and land buying be stopped. At Weizmann's request, Smuts cabled the Prime Minister telling him that the British Government could not back down from its obligation for a Jewish National Home in Palestine. Prime Minister Macdonald reassured Smuts by saying that the prohibition of land buying by Jews did not mean that the Government was in any way shirking its responsibilities towards a Jewish National Home. Smuts also set up a meeting between Weizmann and Lloyd George, and as a result of

their meeting the Prime Minister wrote to Weizmann early in 1931, modifying the 1930 White Paper. The Seventeenth Zionist Congress which met in July 1931, did not appreciate Weizmann's conciliatory attitude towards the British Government, and, consequently, not only demanded that MacDonald's letter to Weizmann be published as a second White Paper revoking the first one, but also insisted upon the creation of a Jewish National Home on both sides of the Jordan. Infuriated by their demands, Weizmann left the office of President of the Zionist Organization for the next four years, although he remained loyal to the Zionist cause and a staunch Anglophile.

In late 1931, Weizmann went to South Africa on a fund-raising tour. Weizmann was impressed by the united Zionist front which the Jews of South Africa displayed. During the next four years when Weizmann was out of office, his requests of Smuts were mainly of a personal nature. Smuts would help Zionist fund-raisers on their way to Palestine, and Smuts introduced (by way of a letter) M. Kentridge, a Labor member of the South African Parliament and an ardent supporter of the Zionist cause. Smuts advised Weizmann to discuss the developments in Palestine with Kentridge.

By 1935, both Weizmann and Smuts were back in positions of power. Weizmann was again President of the Zionist Organization and Smuts was a Deputy Prime Minister and Minister of Justice. This simultaneousness of victory was Providential in that they were to meet two serious events and try to deal with them as best they could. The first event was the second Palestinian revolt in 1936; the second was the arrival in Palestine of the Royal Commission headed by Lord Peel. The Commission was entertaining the thought of partitioning Palestine into separate Arab and Jewish States. These events stimulated a considerable amount of correspondence and consultation between Weizmann and Smuts in which Weizmann asked Smuts to prevent the partition plan from being adopted as official policy. As the pressure on Weizmann and the Zionist Organization to accept partition grew, Smuts wrote Weizmann a «prophetic» letter saying that partition was inevitable; why not accept it on the condition that a certain amount of Jews be allowed into Palestine yearly and request that the Mandatory Authority remain not only to protect the Jewish State, but to protect British interests as well. Weizmann did not appreciate Smuts' suggestion and instructed Smuts that he do everything in his power to fight against partition.

When Great Britain entered WW II on September 3, 1939, the situation in Palestine was shifted in the minds of the policy makers to that of second place. The ongoing interest of Weizmann during the war, amid the sufferings of the Jewish people, was to implement the Balfour Declaration, although by this time the word «state» was used instead of «National Home». Weizmann, seeing that Great Britain was preoccupied with the war as well as with trying to find a compromise on the Palestine Question, wrote to various officials about the possibility of using American Jewry, especially the intelligensia among them to exert pressure on Great Britain. Smuts approved of this tactic, but advised Weizmann that it could backlash on him.

In the middle of the war, Smuts broadcast a lengthy message to mark the twenty-fourth anniversary of the Balfour Declaration on November 2, 1941: «Whatever it was, the step was taken, the document signed. With the approval of the British, French, and American Governments. (Note: The Balfour Declaration was in fact not approved or disapproved by the American Government). It was at least a great gesture before History. And finally it was embodied in the Peace Treaty, and the promise to Abraham had at last become part of the International law of the world. The Balfour Declaration is thus not a mere accident, a mere eccentricity of the Great War, but in its large historic setting and its solemn legal form is one of the great acts of History» (7).

In the remaining war years, the topics dominating the correspondence of Weizmann and Smuts were: the immigration restrictions imposed by the White Paper of 1939, the question of a Jewish Army, and Zionist terrorism against the British in Palestine. On October 14, 1939, Weizmann and Smuts met in London, their first meeting in eleven years, during which they spoke of the aforementioned topics. In 1944, with the end of the war in sight, Weizmann wrote to Smuts in October, asking him to oppose partition. As he had told Weizmann eight years previously partition was now more than ever, inevitable. Weizmann was still convinced that if Great Britain would be firm in her demand for a Jewish State, the Arabs would acquiesce. Weizmann hinted in later memorandums that unless a Jewish State were formed, Jews would flood Great Britain and the United States.

On April 4, 1945, Weizmann again met Smuts in London where the latter was attending the Commonwealth Conference as a preliminary to the International San Francisco Conference. The two primary reasons for meeting Smuts were: – 1/ To ask him to use his influence to end the White Paper policy which stopped immigration to Palestine, and – 2/ To further Zionist interests at the Conference since the Jewish Agency had not been invited. Apparently, Smuts fulfilled his duty, because upon his return to London he received a cable from Weizmann congratulating him on the role he played at San Francisco. In spite of the stalemate on the Palestine Question (at the San Francisco Conference), Prime Minister Winston Churchill told Weizmann on July 9, that he would not discuss the Palestine Question until the Peace Conference would convene. At the same time, many of Weizmann's colleagues were pressuring him to resign from office as head of the Zionist Organization because of his extreme Anglophilism, which his colleagues were afraid, might affect his activities on behalf of Zionism. Smuts cautioned Weizmann against resigning. His advice was well-timed because on July 26, the Churchill Government was defeated and the Labor Government came back to power. In mid-September, Smuts wrote to Weizmann telling him of his efforts to have the White Paper abrogated. Smuts submitted a lengthy memorandum to the Anglo-American Commission of Inquiry corroborating what Weizmann said, namely, that admitting 100,000 refugees would relieve the Jewish situation in Europe, and would stop terrorism once they arrived in Palestine as a result of which amicable relations with Great Britain would be reestablished. Weizmann testified before the United Nations Special Committee on Palestine (UNSCOP) during its

sitting from June 16 to July 24, 1947, reading a letter by Smuts to him (Weizmann) as «one of the last surviving statesman who formulated the Balfour Declaration» which encouraged the Committee to recommend partition. After the UNSCOP delegation left and the Palestine Question was put to the United Nations, Smuts told the South African delegation in New York to cooperate with Weizmann as much as possible. On November 15, 1947, Weizmann cabled asking him to exert his influence at the United Nations, as well as on the (British) Foreign Office so that they would vote for partition. Smuts complied with both requests of Weizmann; on November 29, 1947, the partitioning of Palestine into Jewish and Arab States became the declared policy of the United Nations.

The year 1948 saw increased violence on the part of the Haganah, Irgun and Stern groups. Consequently, the United States suggested that since the United Nations could not enforce partition, Palestine should be placed under trusteeship. Weizmann asked and received from Smuts the help of the South African delegation in maintaining the United Nations partition resolution and getting Australia and New Zealand to join with it in support of this resolution. On May 15, 1948, the State of Israel was declared independent. Weizmann sent Smuts the following cable: «Now that Balfour Declaration has been consummated by establishment State of Israel I take opportunity of expressing to you as one of architects of Declaration and most constant supporter of Jewish cause my deepest appreciation and gratitude for manifold kindness which you have shown to Zionist movement and to me personally during intervening years STOP I understand that new state has approached you for recognition and I venture express hope it will be possible for you to crown your life long encouragement of our national aspirations by giving speedy recognition STOP» (8). On May 24, 1948, in a cable to Foreign Minister Moshe Shertok, South Africa granted de facto recognition to the State of Israel (9). Two days later, the Smuts Government fell. Immediately after the Nationalist victory, Prime Minister Malan extended de jure recognition to Israel.

ISRAELI SOUTH AFRICAN RELATIONS 1948–1967

The new South African Government under Dr. Malan had a long record of anti-Semitism as well as racial discrimination, i.e. apartheid to its credit, the former being the reason for the internment of its leaders by the Smuts Government. Israel, to a great degree was created by the Western powers due to its feelings of guilt over Nazi crimes. In considering these facts, it would seem unlikely that both states (Israel and South Africa) would ever collaborate. However, due to the developments in the Middle East and Africa over the past thirty years both countries developed diplomatic, economic, and military relations, particularly after the June War.

Since Israel's admission to the United Nations, its representatives have made impassioned speeches against apartheid, as seen from this speech by Shlomo Hillel, Israel's Minister of Police:

«Amongst the people of Israel, this shameful tragedy of apartheid and discrimination has aroused the deepest indignation. Our position on apartheid, our support of all the resolutions passed here or anywhere else against apartheid, has not been only a matter of a government policy, but it was the instinctive reaction of our people for whom discrimination and persecution on racial grounds have been their lot for 2000 years, and who cannot possibly forget their horrible experience in our generation. I believe that for every Jew, and for that matter for every Israeli, the ugly face of discrimination is only too familiar, and it cannot but be regarded by all of us as the most horrible, shameful and dangerous expression of inhumanity. In this, we share with our African friends not only the same aims of eliminating apartheid, but we share with them the same feelings that come out of the same experience. These same sentiments might have aroused the words of the Premier of the Democratic Republic of Congo, when he greeted the Prime Minister of Israel in Kinshasa, as follows:

«The African people like Israel, because we are all victims of racial discrimination, and we have had to fight for our liberty.»

When Prime Minister Eshkol addressed a State dinner offered to him by the President of Liberia, His Excellency William Tubman, early this year, he expressed the feeling of the people of Israel when he said:

«... none have felt the lash of oppression down the ages of history, as have the Africans and the Jews.»

As indeed was the expression of the feeling of the people of Israel in the message sent by the venerated philosopher and theologian, Martin Buber -- and his appeal, with other Israeli writers and spiritual leaders, to the Government of South Africa:

«Yours is the supreme opportunity of proclaiming supremacy of sanity and understanding over ruthlessness... From the Land of Israel, we ask you to assert your faith in the nobility of man, whatever the colour of his skin. And if you 'Do Unto Others' in accordance with this faith, the future is yours, theirs and the world's».

It is our duty to continue to use this august rostrum to raise our voice against racism and apartheid, and to do whatever is possible and is in our ability to eliminate it. My delegation will support any resolution which aims at this purpose. We shall vote for such a resolution; we shall contribute to any programme of aid to the refugees from South Africa, as we have contributed last year to the United Nations Trust Fund for South Africa. And let us hope that after all the day will come when -- in the words of Martin Buber -- «supremacy of sanity and understanding over ruthlessness» will prevail.» (10)

With the passage of time and the strengthening of relations between Israel and South Africa, those speeches have become less condemnatory, such as this speech by Ambassador Chaim Herzog:

« We are asked to vote today on a malicious and irrelevant resolution designed to abort the expression of the universal consensus on apartheid that exists in this chamber. The concoction of lies and innuendos contained both in the resolution and in the special report of the Special Committee Against Apartheid on which the resolution is based, serve no purpose other than to assuage the consciences of the many states represented here which maintain close relations with South Africa. By singling out Israel for special condemnation and thereby diverting attention from the massive quantities of foreign trade, investment, tourism, gold purchases and oil supplies flowing to and from South Africa, the Special Committee has betrayed its mandate, sabotaged international efforts to combat apartheid and slighted both the General Assembly and the African world.

Just a few days ago, on December 4, The New York Times published detailed statistics on investments, sales, assets, loans and credits of major foreign corporations in South Africa.

Mr. President,

Israel's total investment in South Africa is an infinitesimal percentage of that of any one of the companies listed in that survey. Since the same statistics that were available to the New York Times, were available to the Special Committee Against Apartheid, we must assume that they have been deliberately withheld from this Assembly.

Israel's relations with South Africa are alleged, in resolution A/32/L.23 to constitute «a hostile act against... The entire African continent,»

I cannot help but refer the distinguished representatives to an article published but a few days ago, in the Wall Street Journal on December 9. It is a very detailed article describing the economic links between much of the continent of Africa and South Africa. Referring to this subject, a diplomat is quoted as saying that «hypocrisy is the main ingredient on this continent.» I would add that the General Assembly shares this distinction as far as the use of the ingredient of hypocrisy is concerned. We are informed in that article that the South African Trade Organization estimates that South Africa's dealings with the rest of Africa total a billion dollars in exports and half a billion dollars in imports annually.

Indeed I would draw the attention of the Chairman of the Committee to the statement by Professor Piet Nieuwenhuizen, chairman of the department of economics at Rand Afrikaanse University in Johannesburg in which he describes the clandestine trade between Africa and his own country. Indeed, trade with South Africa is so extensive that it includes «almost every country on the continent», Professor

Nieuwenhuizen says. «I walked into an automobile component manufacturing company's dispatch warehouse and the managing director showed me about 100 wooden boxes ready for dispatch to 64 different countries,» he says. «There was hardly a country in Africa whose name wasn't included on the list.»

That article emphasizes that South Africa's trade extends beyond the continent to socialist bloc countries that would like to keep such business connections a secret. The representatives of Byelorussia and Ukraine who have chosen to sponsor this resolution, will be interested to learn that according to the Wall Street Journal article, «they seemed to do their own shenanigans through Amsterdam and Antwerp.»

Let us look at the facts: African trade with South Africa which includes the trade of many of the countries which are co-sponsors of this resolution against Israel, amounts to one and a half billion dollars annually or 16 % of South Africa's trade. Israel's trade with South Africa is 2/5 of 1 % of South Africa's trade. Yet Israel is singled out for condemnation.

The investment of Europe in South Africa is 13 1/2 billion dollars.

The investment of Asia in South Africa is 400 million dollars.

The investment of Africa in South Africa is 550 million dollars.

Israel's investment in South Africa is 1/8 of 1 % of the investment of Asia. Yet Israel is to be condemned.

Israel's investment in South Africa is 1/10 of 1 % of the investment of Africa. Yet Israel is to be condemned.

Israel's investment in South Africa is a tiny percentage of that of any single American corporation let alone the large ones. Yet Israel is to be condemned.

Mr. President,

This debate is an international disgrace. It is unworthy of any serious organization. By their craven submission to the dictates of those intransigent elements in the Arab world which oppose the process of peace-making today in the Middle East, the sponsors of this resolution have struck at the heart of the cause which they are supposed to be espousing. They have actively sponsored the case for apartheid because they have rendered the discussions here totally irrelevant by making them such a mockery.

We will not participate in this cynical exercise in international hypocrisy. Accordingly, because Israel has been singled out as the only country in the world for specific condemnation on its own in a special resolution, my delegation will not participate in any of the votes on this issue. Our position on apartheid has been clear and unequivocal. We do not need to be lectured to by those in this Assembly who preach a great deal and practice very little, if at all.

However, in order to identify with our opposition to Apartheid, we shall make one exception and vote for the resolution on International Anti-apartheid Year (A/32/L.21). If there is a consensus, we shall support that consensus. But on all other resolutions we shall not participate in the vote and thereby express our abhorrence, our condemnation and our disgust at the farcical level to which this discussion on apartheid has been dragged down by allowing cynical hypocrisy and double standards to prevail». (11)

Ambassador Herzog's speech not only seeks to defend trade with South Africa in general, but also to minimize Israel's guilt with the ridiculous argument, «when in Rome, do as the Romans do».

It is interesting to note how in a mere eleven years, Israel's sense of morality takes on a chameleon-like quality, able to blend in with the scenery and the times.

Until 1960, the African countries were not a force to be reckoned with at the United Nations due to their colonial status. With the independence of the African countries came conflicting pressures on Israel, for while wanting to win the friendship of Black African countries by voting against apartheid, they also had to consider how such a vote would affect the status of the South African Jewish Community, and, the reaction of the South African Government to such a vote. From 1960–1962, Israel supported resolutions calling for sanctions against South Africa as well as voted in favor of resolutions condemning apartheid. These actions by Israel against South Africa led to condemnation of Israel by South African officials. After the first Israeli vote against South Africa in 1961, South African Prime Minister Dr. Hendrich Verwoerd wrote a letter to a South African Jew which was «Leaked» to the press: «They (the Jews) took Israel away from the Arabs after the Arabs had lived there for a thousand years. In that, I agree with them. Israel is an apartheid state. People are beginning to ask why, if Israel and its rabbis feel impelled to attack the policy of separate development, the policy of separate development in Israel is not wrong in their eyes as well... It may be said that they wish to differentiate in separate states because of religious and not racial differences, but if differentiation is wrong on one score, it is also wrong on another... We believed in the separate State of Israel, but now begin to wonder whether that support should be withdrawn, if, according to their own convictions, the idea of separate development is wrong.» (12) Eric Louw, the South African Foreign Minister told the Israeli delegation to the United Nations that if Israel would ever again vote against apartheid, South Africa would not allow money to be sent to Israel (by the South African Jewish Community) free of exchange controls, or would sever diplomatic relations. The threat of Eric Louw was fulfilled in 1962 when funds to Israel (raised by the South African Jewish Community) were frozen by the South African Government.

Following Israel's vote against South Africa, Prime Minister Ben-Gurion explained the background for the vote; «For 2000 years we knew what racial discrimination meant, and we cannot in the Knesset adopt an attitude of indifference to a regime that upholds such discrimination in its

most extreme form» (13). «After 1960 we changed, because we did not want to alienate the new African countries. We knew that the Jews there (i.e. South Africa) wouldn't suffer very much. The South African Government was very angry, but not against the Jews there - - - against Israel. If there would have been pogroms, if their lives were in danger, then we would have abstained, but we would not have voted in favor (of South Africa). Certainly not. A Jew can't be for discrimination» (14). In the same Knesset debate, Yaacov Herzog observed that Israel had criticized South Africa because its national interest in friendship with the new African states was at stake (15). Dr. Haim Yakil, Director General of the Foreign Ministry 1960–1964, stated in 1966 that: «On no issue do I remember more discussion than on apartheid - - - among issues not directly concerning Israel's vital interests. Since 1951 this has been so. There was intense discussion among officials in the Foreign Office. The majority pressed for a strong line on principle; the minority stressed the welfare of South African Jews» (16).

It should be noted that during the years 1961–66, Israeli exports to South Africa averaged \$ 2–2.7 million, but its imports went from \$ 6.8 million in 1961, to \$ 3.4 million in 1966. Since exports went down so drastically it shows there was a deterioration of relations.

THE SOUTH AFRICAN JEWISH COMMUNITY, ZIONISM AND ISRAEL

At this point in our discussion of the evolution of relations between Israel and South Africa, it is important to understand the staunch Zionist feelings and support of the South African Jewish community in order to better understand the «concern» of some members of the Israeli Government for that community.

Since many, if not most of the Jewish immigrants to South Africa were of Lithuanian origin they brought with them a staunch support of Hibbat Zion. This is not to say that there was no opposition, but rather, since it was only from a small segment of the Jewish Community, it was eventually overcome, and the Zionist creed became the unquestionable victor.

Before the first Zionist Congress in Basle (1897) there were several chapters of Hovevei Zion in South Africa. In 1898 in a Zionist Congress of their own the various Zionist factions united to form an umbrella organization, the South African Zionist Federation. The first all-South African Zionist Conference was held in 1905. Zionist activity greatly increased after the Balfour Declaration. The Zionist movement counteracted assimilation and unified the different communities in far-flung parts of the country. The South African Zionist Federation's activities were and still remain widely diversified; fund-raising, promoting aliyah, tourism, youth work, adult education, and encouraging Jewish culture.

Although at the beginning of 1969, the number of South African Jews in Israel was over 6,000, at least according to one source, most of them have gone back to South Africa. Some South African Jews who

immigrated to Israel and achieved prominent positions in the Government are: Abba EBAN, Michael COMAY, Louis (Aryeh) PINCUS, Arthur LOURIE, and Jack GERI. In the 1948 Israeli War of Independence, thousands of South Africans volunteered. Of the 800 that were sent to Israel, one quarter remained there. Many Jews also volunteered their services for the 1956 and 1967 wars. As a result of the ongoing contact between the South African Jewish Community and Israel, Jewish identity in South Africa has been strengthened (17).

THE SOUTH AFRICAN JEWISH COMMUNITY & APARTHEID

At this juncture in our study, a brief essay about the South African Jewish Community and Apartheid is relevant in order to understand this unique Jewish community's ability to blend into the «white» South African population, thereby guaranteeing themselves an established place in their country's society and continuing to serve as a conduit of funds to Israel.

The South African Jewish Community's views on Apartheid and/or lack of them depended upon (at first) the position of the ruling party towards Jews, and later, the position of this same party towards Israel.

During WW II, the National Party, was openly pro-Nazi. Yet, upon the independence of the State of Israel, Prime Minister MANLAN granted de jure recognition to the new State. This dramatic about-face could be attributed to the admiration of the Afrikaaners for Israel in throwing off the British yoke (something which they themselves did) and wanting to gain the moral and financial backing of a very vocal and (economically) burgeoning community. As a result of the government's recognition of Israel, and the desire of the Jewish community to be as «white» in their views as they were in fact, *Jewish Affairs*, the official organ of the South African Board of Jewish Deputies from 1948 onwards never wrote a critical word about apartheid.

As relations between Israel and South Africa became stronger, the official resolutions and statements of the South African Jewish Board of Deputies regarding «racial problems» became more and more ambiguous as the following two statements will show:

«On South Africa's racial problems, the Board of Deputies' congress unanimously adopted a resolution stating:

Congress (of the South African Jewish Board of Deputies) recognizing that the fundamental racial problems of South Africa concern members of the Jewish community as vitally as they do all other sections of the population, urges every Jewish citizen to make his individual contribution, in accordance with the teachings and precepts of Judaism, towards the promotion of understanding, goodwill and cooperation between the various races, peoples and groups in South Africa and towards the achievement of a peaceful and secure future for all the inhabitants of the country based on the principles of justice and the dignity of the individual.

At the same time, the board deplored

any attempts, from within or outside the Jewish community, to introduce Jewish issues into the political controversies of South Africa. It affirms that there is no collective Jewish attitude on political issues (and) emphasizes that, in common with other South Africans, Jewish citizens as individuals have the right and duty to hold and express views on such questions and to exercise their civic responsibilities through the political party of their free choice.» (17a)

The following resolution was adopted in May 1976 by the South African Jewish Board of Deputies:

«Whilst recognizing that, in regard to the racial and political problems of the Republic, there is a diversity of outlook in the Jewish community as there is among our fellow South Africans (emphasis added), we share with all those who dwell in our country the great challenge and opportunity involved in establishing, on ethical foundations, a just, stable and peaceful relationship between all races and groups in South Africa, which acknowledges the right of all to live in dignity and security, to maintain their group identity and distinctive culture, and to exercise the opportunity to advance in all spheres.

The Congress therefore calls upon every Jew to make his contribution to the promotion of these ends in accordance with the teachings and precepts of Judaism, in his personal attitudes and dealings and in the particular sphere of life and activity in which he is engaged.» (17b)

This desire to be part of the Afrikaaner community was amplified by E. J. HOROWITZ, Chairman of the South African Board of Jewish Deputies, on July 8, 1951. «The South African Jewish Board of Deputies is a non-political body. It acts only in matters of concern to all Jews, and since individual Jews have diversified political opinions, the Board itself cannot adopt a party political attitude, and does not do so. The Board emphatically disapproves of attempts, no matter by whomsoever made, to persuade Jews as a group to vote for any one political party.» (17c) The National Party commented upon HOROWITZ's speech by saying: «The tone and tenor of Mr. HOROWITZ's statement are welcome... This is the only healthy position... In our opinion, anyone, Jew or non-Jew, who desires to force a united Jewish front on one side or other side in South African politics is a threat to race relations and to Jewry as a whole. The consolidation of Jewry against one of the big parties can only lead to the formation of a front against Jewry.» (17d) Considering that the National Party was «one of the big parties», the National Party's newspaper was appending a subtle warning to HOROWITZ's words, i.e., if you fight us, we will resume our anti-Semitic policies, consequently, the silence of South African Jewry on apartheid. In March 1960, South African Police suppressed a demonstration in Sharpeville, killing 70 people. Not a single leading

member of the Jewish Community spoke out against this terrible act. The «Board» again stressed that it was a non political party.

In 1961, the President of Upper Volta visited Israel. At the conclusion of his visit the governments of both countries issued a joint statement: Therefore they (the Israeli and Upper Volta Governments) regard the apartheid policy of South Africa as disadvantageous to the interests of the non-white majority of that land.» (17e) The South African press asked if perhaps the time was ripe for them to examine Israel's internal and foreign policies, specifically its treatment of the Arab refugees, and its «racial» and political aloofness from the Arab world. South Africa was especially hurt in view of all the special privileges they had given to South African Jews to raise money for Israel (in tax-deductible form) and to serve in the Israeli Armed Forces while at the same time retaining their South African citizenship. Matters were further exacerbated when in October 1961, Israel voted with 66 other countries in condemning the speech of the South African delegate, Mr. Eric LOUW. In a broadcast from South Africa to New York, Mr LOUW accused Israel of ingratitude especially in view of the fact that the South African Government had gone out of its way to foster good relations with Israel, and that Israel should have abstained from voting on that resolution. The three major Jewish/Zionist newspapers, the *Zionist Record*, the *Jewish Herald* and the *South African Jewish Times* were all vociferous in their condemnations of Israel's vote, not because it would have repercussions in the relations between the South African Government and the South African Jewish Community, but rather because it would rupture relations between South Africa and Israel. Many Jews who were still upset about Israel's vote at the United Nations, cancelled their contributions to the United Israel Appeal. Four months later the (non-Jewish) South African press revealed that the South African Government had rescinded the special concessions in the foreign currency regulations which allowed South African Jewish organizations to transfer money and goods to Israel. However in 1967, if not beforehand, this law was repealed.

In conclusion, why South African Jews more than any other ethnic group of the South African populace fight apartheid? The fact that many South African Jews have lost relatives to Nazism, an ideology just as dangerous as apartheid if not more so should make the South African Jewish Community sensitive to the oppression of a majority of the population. It is easily realized that a small white minority cannot forever dominate a growing, race conscious, black majority. «Siding with the powers of today is bound to mean alienating the makers of a very different tomorrow. Conversely, unpopularity with the bosses of the present might well be the price of becoming accepted and respected partners in the formation and running of a more just South African future.» (17f) Quite simply, if the blacks are the targets of oppression one day, it is more than likely that Jews will be the next victims. It is unfortunate that Jews in South Africa think that the National Party, by becoming so staunch an ally of Israel has become

pro-Jewish. The most powerful gentiles in various governments have been the most virulent anti-Semites (Count Plehve in Russia who had spoken to and encouraged Herzl, Lord Balfour who at one time was against Eastern European Jews coming to England and Verwoerd during WW II was all in favor of exercising a quota on immigrants allowed into South Africa). The Jew is enjoined to «Love your neighbor as yourself» (Leviticus IXX, 18) and that eventually the Holy Temple «will become a house of prayer for all Nations» (Isiah LVI, 7) the Jews are not allowed to discriminate and yet, by being silent when it comes to speaking out against the oppression of its neighbors «the chosen people are choosing not to be chosen.» (17g)

1967 – 1970

Both Jews and non-Jews distinguished themselves in their aid to, and support of Israel before, during, and immediately after the June War. The South African Zionist Federation at one of its meetings in Johannesburg was reputed to have raised «tens of thousands of rand». (18) Jewish doctors from Port Elizabeth flew to Israel while their community raised two million rand. In a discussion in Parliament on June 5, 1967, members of all parties identified with Israel, and many leaders of the opposition United Party attended a special service on behalf of Israel in Cape Town's Great Synagogue.» (19) Students at the English-speaking University of Witwatersrand collected blood for the Magen David ADOM (i.e. Israeli Red Cross). The Dutch Reformed Church (which is the national Church of South Africa) called upon its congregants to support Israel. Dave MARAIS, member of Parliament and chairman of the Nationalist Football League, planned a game to raise funds for Israel. There were reports that the Afrikaaner fraternal organization, the Brozderbond, had given money to the United Israel Appeal Fund; the Johannesburg Star reported that it had made a sizable contribution to assist Israel (20). A spokesman for the Zionist Federation stated that several «well-known Afrikaans organizations are among the many non-Jewish bodies which have contributed to the United Israel Appeal Fund. (21)

The South African Government remained officially neutral during the June War, Foreign Minister Dr. Hilgard MULLER stated after the war (22). The neutrality Dr. MULLER spoke of was by no means absolute. During the war and immediately afterwards, the South African Blood Service loaned blood to Magen David ADOM. The Government relaxed its restrictions on the transfer of money out of the country imposed upon Israel after the 1962 United Nations vote, to allow money to be sent for humanitarian purposes, while allowing all money donated by individuals to be sent without hinderance. At the United Nations, South Africa abstained from the votes in the General Assembly dealing with Israeli annexation of Arab Jerusalem which was even condemned by the United States; South Africa claimed that the issue was the responsibility of the Security Council. *Perspective*, the journal of the South African Foundation, a group of businessmen devoted to improving South Africa's image abroad, stated in its August 1967 issue: «The recent war in the Middle East aroused fevered interest and passionate concern in many parts of the world, but in so few a deep sense of personal involvement as in South Africa. Sympathy for Israel

was not confined to the Jewish community, however. White South Africans generally identified themselves personally with the plight of the Israelis... All were aware of the analogy between the situation of Israel, surrounded by hostile neighbors, and the situation of South Africa... In the circumstances, it seemed only natural that white South Africans generally should view the Israelis as comrades in peril, and seek to assist and succor them accordingly.»

During the Six Day War and the period immediately following, Israel had the financial and political support of the Anglican, Methodist and Presbyterian churches, who, in a joint statement, condemned the Arab States, and, as stated previously, the Dutch Reformed Church, as well as fraternal Afrikaaner organizations gave their moral and financial support as well. Chief Rabbi Abrahams felt that the support extended to Israel by South Africa was due to one important interest shared by both countries, namely, to fight against the spread of communism.

E. J. HOROWITZ, chairman of the (South Africa) Zionist Federation speaking at its 30th conference in September 1967, said that one of the results of the Six Day War had been the signs of a marked improvement in relations between both countries, though they still might have their differences on their mutual internal policies.

The positive reactions of the South African Government and people to Israel gave way to the idea of increased contacts between both countries.

In January 1968, Eliezer SHOSTAK, a Knesset member of the Free Center Party, formed the Israel-South African Friendship League, whose purpose was to foster increased trade and general improvement of relations between both countries. The South African Foundation formed an «Israeli-South African Committee.» Its most prominent (Israeli) members were: Colonel Ephraim SHURER, El Al's manager in South Africa and Dr. Sholomo PEER, a co-founder of the Rafi Party, living in South Africa since 1965. One of the first actions of this Committee was to arrange a meeting between P. W. BOTHA, South African Minister of Defense and Shimon PERES, Secretary General of the Israeli Labor Party. During PERES' stay in South Africa he said that Israeli-South African relations had undergone a slight improvement, the primary reason for this being South African support of Israel during the June War. «Although we still have different points of view, our relations are excellent (23). Another activity by the South African Foundation Committee was to participate in a «Millionaires Conference» held in Jerusalem in the beginning of April to raise money from businessmen and to promote trade. David SUZMAN of Cape Town, was appointed chairman of the South African Regional Committee of the conference. A number of leading South African businessmen attended.

The newspaper *Die Burger*, official organ of the Nationalist Party in the Cape, wrote in an editorial on Israeli-South African relations: «Israel and South Africa have a common lot. Both are engaged in a struggle for existence, and both are in a constant clash with the decisive majorities in the United Nations. Both are reliable foci of strength within the region,

which would, without them, fall into anti-Western anarchy. It is in South Africa's interest that Israel is successful in containing her enemies, who are among our own most vicious enemies; and Israel would have all the world against it if the navigation route around the Cape of Good Hope should be out of operation because South Africa's control is undermined. The anti-Western powers have driven Israel and South Africa into a community of interests, which had better be utilized than denied» (24).

One example of expanded commercial relations was the Israel Fashion Week, held in Johannesburg and Cape Town in August 1968 and organized by the Israeli Export Institute headed by Ruth KIMMEL. Another example was increased flights by El Al to South Africa. «Trade between Israel and South Africa has doubled since the end of the June War and air freight is playing an increasingly important part in this growth (25). The Karmon Israeli Singers and Dancers and the comedian Shimon DZIGAN visited South Africa in July and August. The Director of the foreign broadcasting branch of Kol Israel, Dr. Geoffrey Wigoder visited South Africa for six weeks (26). Among the many leading Israelis who visited the country were Gideon Hausner, former attorney general and member of the Knesset for the Independent Liberal Party (27), and General Uzi NARKISS who came as a guest of the South African Zionist Federation (28). During the year, trade between both countries rose greatly from the 1967 level. Exports to South Africa from Israel rose from \$ 4 million to \$ 5.7 million, an increase of over 40 %, while imports from South Africa rose from \$ 3.4 million to \$ 5.2 million, an increase of over 50 %. Despite an increase in the level of Israeli exports to Ethiopia during the year, the rise was sufficient to secure the position of South Africa as Israel's major trading partner in Africa (29). The establishment of the Israeli-South African Trade Association was the primary factor for increased trade. Expansion of trade continued into the following year together with more visits by prominent Israelis to South Africa. At the beginning of the year, Michael was named the new head of the Israeli diplomatic mission in South Africa. He had held the title of Charge d'Affaires and had held a number of posts in the Israeli Foreign Ministry. In a comment from Tel Aviv the day that the appointment was announced, the correspondent of *The Star* reported: «Israel will try in the future to maintain much closer and fuller contacts with South Africa. The pro-South Africa faction has, so it seems, won the day» (30).

The former business manager of the *South Africa Jewish Times*, Harold BLUMBERG, was appointed to a post with Israeli Publications in Tel Aviv in January; he described his role as that of helping to expand trade through publications produced by the company. He was assisted by official Israeli sources, whose representatives in South Africa emphasized their desire for more trade. In May, Amitay BEN-JOSEPH addressed the Executives Association in Johannesburg, saying that South African businessmen could easily and quickly double their exports to Israel, and urging them to set up joint projects with Israeli businessmen (31). In May 1967 the World Federation of Diamond Bourses and the International Diamond Manufacturing Association Conference was held in Johannesburg, following the one held the previous year in Israel. Given the importance of the Israeli

diamond industry, becoming the largest foreign currency earner for the State, and given the world diamond market dominance by De Beers of South Africa, collaboration in this field grew steadily closer.

The Israeli-South African Trade Association announced in June that 17 South African businessmen were to attend the first meeting of the Economic Advisory Council set up in Israel. Their aim was to discuss ways and means to increase bilateral trade between Israel and South Africa.

The Israeli shipping company, ZIM, announced in early August that through its subsidiary, Gold Star Line, it would provide four ships for the South African-Japan route. It also stated that traffic on the Israel-South Africa route had shown a 50 % increase since the June War, and that the Australian-Eilat run would be extended to include a call at Durban. The Zim Far East director, Carmel HACOHEM, who visited South Africa a week later came to study port conditions and inquire into the possibility of expanding South Africa-Israeli trade, for which he believed there was considerable scope because of the tremendous development in South Africa (33).

There was also an increase in the number of prominent Israelis who visited South Africa, among them former Prime Minister, David BEN-GURION, and former head of intelligence services, Chaim HERZOG. Both came in May for the fund-raising appeal launched by the Zionist Federation. During his visit, BEN-GURION had discussions with Prime Minister VORSTER, and was accompanied by Colonel Joseph GOLAN, former military attache in France. General Aharon DORON who had been commander of Tel Aviv's civil defense during the June War arrived in August as guest of the Zionist Federation.

In an editorial welcoming BEN-GURION, *Die Vaderland*, one of the most influential Nationalist papers stated: «Israel's survival is a fundamental part of our security. If our Jewish citizens would listen to what our important visitor has come to ask, help for the building of Israel, then their contribution is also a contribution to South Africa's security. Israeli control over the Suez Canal has meant that South Africa had gained a large material as well as strategic advantage.» (34)

BEN-GURION took the opportunity during his visit to deny a report earlier in the year that Israel had developed a nuclear weapon. Reporting on the Dimona nuclear project in Israel, which had initially been a joint Franco-Israeli project, the *Rand Daily Mail* wrote: «It is now virtually certain that Israel has, or is within weeks of possessing a nuclear bomb,» (35) drawing attention to the fact that Israel refused to sign the Non-Proliferation Treaty, or to incorporate its nuclear program into the International Atomic Energy Commission based in Vienna. This was followed in early May by reports from Montreal that Israel had assembled five small nuclear bombs. Dismissing the report as nonsense, BEN-GURION refused to elaborate, but the report gave rise to speculation that South Africa and Israel might be collaborating in this field.

In November, Israel Aircraft Industries appointed a South African company, Placo, as distribution agents for their new Commodore 10 seat executive jet, which was due for delivery in August 1970.

Trade during 1969 showed a further rapid increase. Israeli exports to South Africa rose from \$ 5.7 million to \$ 8.2 million, while imports from South Africa rose from \$ 5.2 to \$ 5.8 million (36). Israel's exports to South Africa thus reached the level of nearly a third of its exports to the rest of Africa (Israeli exports to South Africa: polished and cut diamonds, chemicals, medicaments, paints, foods and metal processing equipment).

1970 – 1972

The first report of trade in military hardware between Israel and South Africa was at the beginning of 1970; «The South African Government has begun to organize the export of tanks to Israel, marking a new stage in their cooperation. The South African tank is a 65-ton giant, armed with a heavy gun, and designed according to the model of the new British tank» (37). The following day the *Jewish Telegraphic Agency* (hereafter abbreviated JTA) reported; «The Israeli Foreign Ministry had no comment today on a charge that South Africa was shipping arms to Israel... The charge, which appeared Sunday, stated that the South African Government was planning the export of giant 65 – ton tanks to Israel». (38)

Not long after the JTA report, the Commander of the Woman's Army Corps in Israel, Colonel Stella LEVY, visited South Africa. She was accompanied by Mrs. Tamar ESHEL, in charge of foreign relations for the municipality of Jerusalem. They came for a three week visit to launch the 1970 Women's Biennial Zionist Campaign (39).

Allister SPARKS, a commentator for the *Rand Daily Mail*, discussing the similarities between Israel and South Africa, wrote in March that; «They (the similarities) have broadened out beyond the Biblical and historical, in the contemporary world, they have become political too. There are obvious similarities between the position of modern Israel, embattled and fighting for survival in a corner of the Arab World, and that of white South Africa, at the southern tip of a black continent» (40).

In July the (South African) Government controlled Industrial Development Corporation signed an agreement with David GOLAN, managing director of the official Foreign Trade Bank of Israel, extending a guarantee line of credit for 10.7 million rand, to help augment the level of South African capital exports to Israel. In October, the Steel Pipes Industry Party, a subsidiary of the African Gate Holdings, sold a spiral steel pipe mill for 250,000 rand to the Middle East Tube Company of Haifa, thus taking a share in the company.

Jewish Affairs, official organ of the South African Jewish Board of Deputies, had the following editorial, emphasizing the similarities between Israel and South Africa: «The argument that Israel and South Africa have a basic community of interests in the Middle East and further south has more than a grain of truth. There is nothing secret or sinister about it. The strong ties between the two countries, closer than ever since the 1967 war, are inseparable from their geographical and strategic position, from their anti-Communist outlook, and all the realities of their national existence. In short, the destinies of the two countries, so different in many ways but so alike in the fundamental conditions of their survival, are interwoven in a

much more meaningful sense than any enemy propagandist could conceive, or for that matter, would be happy to see. Israeli and South African interests converge not just on the eastern fringe of the African continent, but more positively in the heart of the continent itself. Both share an interest in the material and social development of those among the 20 million Africans who wish to seek their help and cooperation. It is on African soil that the paths of Israel and South Africa are certain to cross in the 70's, and to an increasing extent, in the more distant future. It is not, and never has been a question of rivalry, but rather complimenting the other where they happen to meet.» Such a clear analysis of identity of interest in the official journal of the South African Jewish Board of Deputies is an indicator of the extent to which the Jewish leadership felt identified with the Nationalist Government.

Besides the development of trade and the encouragement of South African capital in joint projects, the progress of cultural and sporting relations have begun to accelerate as well. Two Israeli musicians from the Israeli Philharmonic visited South Africa to play in Johannesburg in August, 1970. The Israeli Lawn Tennis Association declined to use its proxy vote at the Davis Cup meeting in London which was to discuss the participation of South Africa and Rhodesia, thereby disassociating themselves from those who were working for the implementation of the boycott of South Africa in sports (43).

In 1970, Israeli exports to South Africa amounted to \$ 10.7 million, while imports amounted to \$ 10.2 million. Exports increased to over 30 % of the total figure for the rest, while the increase in imports from South Africa (up from \$ 5.8 million) meant that Israel imported from South Africa nearly half as much as it imported from the rest of the continent as a whole (44).

Increase in trade was matched by an increase in tourism between the two countries. The number of South African tourists to Israel increased by more than 11 % according to Israel Zuriel, deputy director, Ministry of Tourism (45).

The most recent incident which potentially could have caused a break of relations, or at best, economic sanctions as in 1962 by South Africa against Israel, was the decision by Israel in the summer of 1971 to offer a contribution to the Organization of African Unity for use by liberation movements in Southern Africa. An examination of the relations between both countries during the year shows that this disagreement – which was resolved by the decision of the Israeli Government to withdraw the offer – did not affect the development of relations (46).

Trade continued to advance, with the South African government making two important decisions during the year in favor of Israel, as well as working to strengthen trade. In January 1971, the first delegation of the South African Trade Association, under the auspices of the Israeli Consulate, visited Israel. It was composed of representatives of some of South Africa's largest heavy engineering, construction, casting and foundry work companies. Standard Bank and Barclay's Bank International also participated in the mission, which sought to insure that the line of credit extended to Israel in 1970 was fully taken up, and that the campaign to strengthen trade would receive another increase (47).

At the beginning of May, the Israeli Consul General in Johannesburg, Itshak Unna, stated at an Israeli Independence Day rally that relations between the two countries were stronger than ever. «We would not have been able to maintain this good relationship if we could not overcome our differences. On the contrary, a free and open discussion on matters on which we agree, as well as those on which we disagree, improves the atmosphere for a better understanding of each other's problems.» (48)

Almost simultaneously, the first permanent representative of an Israeli bank in South Africa was announced. The Japhet Bank, one of Israel's oldest and controlled by Bank Hapaolim, one of Israel's three largest banks, appointed a South African representative, Ephraim FREUND, whose task was to promote trade contacts, especially in the field of base minerals, semi manufactured and manufactured products, to promote South African exports by providing financing through associate companies abroad, to give information about investment possibilities in Israel, including the field of joint-capital projects, and to give exchange advice (49).

At the end of the month, the South African Government announced a further incentive to trade (with Israel). Controls on direct investment by South African companies in Israel were relaxed to the extent of 10 million rand, meaning that South African companies wishing to enter partnership in Israel or set up new enterprises, were free to do so. The ceiling of 10 million rand was generally expected to be raised once the investment generated the need for further participation. *The South African Financial Gazette* reported: «This move is seen as the forerunner of further relaxations designed to encourage the «export» of South African capital to Israel. The development follows closely several other moves which have highlighted the growing trade and economic ties between Israel and South Africa. The *Financial Gazette* understands that most of this credit (i.e. that granted in July 1970) has been subscribed and that demand for its facilities were particularly heavy after a South African trade mission, organized by the Israeli Consulate in South Africa, visited Israel's main centers earlier this year. The significance of the latest development is that the South African Government, for the first time, has given its official encouragement for further investment in Israel» (50). The journal also revealed that some private investment had already begun - - - the Desiree Clothing group of companies in Cape Town had established the Cecil knits textile venture in Israel, in collaboration with local interests, while African Gate had bought into a tube company in Haifa (51).

The relaxation of controls was rapidly followed by a new line of credit being granted by the Industrial Development Corporation at the beginning of June. The second in a year, it was worth \$ 14.9 million. Again, the primary reason for the extension of credit was to increase exports (52).

The growing importance of the trade to Israel was revealed by the disclosure in July that from mid-1971, South Africa and Mozambique would be supplying two-thirds of Israel's monthly needs of sugar to be shipped to Eilat (53), while Carmel HACOHEM, of ZIM, revealed during a visit in October that the new direct route from South Africa to Japan was

now being plied by Gold Star Line ships on a monthly schedule (54). Likewise, the figures released by the Deputy Director General of the Israeli Ministry of Tourism, Israel ZURIEL, indicated that the increase (of tourists) of the previous three years was being maintained. In South Africa to attend the conference of the Association of South African Travel Agents in Swaziland and to spend two weeks in South Africa, ZURIEL said that figures from January to June 1971 showed a 27 % increase over the same period in 1970 (55).

Increasing public knowledge of the growing relationship between Israel and South Africa and its importance, continued to be a source of embarrassment to the Israeli Government. In an article in the *New York Times*, C. L. SULZBERGER wrote: «The basic truth remains that this country (SA), which had few friends abroad, regards Israel as one of them. For some time, Israel's policy of cultivating black African nations was resented. Now this has been forgotten in the belief that Israel's stand against Russia and Russian proxies at this continent's extreme north helps prepare a position for a similar stand, if need be, when the day for such comes to the extreme south» (56). He said that especially for South Africa, the relationship has psychological importance. Among foreign critics of South African policy, there are many Jewish voices, especially in the United States and Britain. South Africa feels, therefore, that if Israel is sympathetic, this will help its own international standing. He quoted South Africa's Prime Minister VORSTER: «We view Israel's positions and problems with understanding and sympathy. Like us, they have to deal with terrorist infiltration across the border; and like us, they have enemies bent on their destruction.»

What disturbed the Israeli Government most was the report of collaboration in the military field. SULZBERGER said that South Africa was manufacturing the Israeli Uzi submachine gun under licence, granted by Belgium, and went on to repeat what he termed «wholly unconfirmable» rumors that the Israelis, having obtained blueprints of the French Mirage fighter, had made them available to South Africa. He also reported that he had been told officially that a South African mission flew to Israel during the June War to study use of weapons and the tactics of lightning strikes.

A Foreign Ministry press briefing in Jerusalem the following day denied the SULZBERGER allegations about military ties, and claimed that the last links of even a vague nature, had been in 1955, when Belgium sold some Uzis to South Africa (57). The Israeli embassy in Washington after consultation with Jerusalem, issued a statement saying that there was «absolutely no truth» in the SULZBERGER report (58).

Attempts to develop arms trade, however much denied by the Israeli Government, were exposed by the Israeli offer in May to sell three airplanes to replace those of the South African Air Force which crashed into Table Mountain. While the South African Government did not take advantage of this offer, collaboration was confirmed by an incident in Durban involving a fire aboard a small Greek freighter. The ship, the *Antonios Ventorious*, had sailed from Eilat, via Mauritius, to Durban with a cargo of high explosives. The fire broke out after most of the cargo had been unloaded and led to publicity as to the nature of the cargo (59).

In early 1972, the expansion of links continued. It was marked by the decision of South Africa to open its first diplomatic representation in Tel Aviv, announced early in March. The former South African consul general in Angola and New York, Charles FINEBAUM, was sent to open the office together with, E. A. Van NIEKERK. Although the South African government refused to comment officially on the decision, it was welcomed by one Israeli official who said that, «it should have happened years ago. Israel have considered the unfavorable reaction that is bound to come from the Afro-Asian and possibly the Scandinavian missions based in Tel Aviv and Jerusalem before agreeing to the establishment of the South African mission. By having accepted the South African request, Israel has shown that it values a close relation with South Africa». (60)

A new South African trade mission was announced in April, when the Israeli trade consul in Johannesburg said that a mission from the city's chamber of commerce would visit Israel in November to consolidate the growing trade. The South African minister for water affairs and forestry, Stephanus BOTHA, visited Israel in June to study Israeli methods of water conservation, telling reporters on his arrival that he hoped to establish cooperation with Israel. The former Israeli ambassador to Denmark, Ester HERLITZ, spent a month in South Africa in the early part of the year at the invitation of the Women's Zionist Council. She addressed a meeting of parliamentarians in Capetown. Raya JAGLON, president of WIZO, was also in South Africa during this period to assist with the fund-raising campaign of the Women's Biennial Zionist Campaign for Israel's Human Needs (61).

An Israeli Women's Tennis team visited South Africa in March to participate in the international Federation Tennis Cup. It was the first time Israel had taken part in this event (62).

The pattern of growing collaboration continued throughout the year. One indication of it being the statement by the South African deputy commissioner of police General Danie BESTER, in May, that following the establishment of diplomatic links, an extradition treaty was now a possibility (63).

1973

Following the October War, Israel found itself being increasingly isolated, especially from the black African countries, as the following list shows: (Israel was asked to leave the following countries at these respective dates):

Benin,	10.6.73
Botswana,	11.13.73
Burundi,	5.16.73
Cameroon,	10.15.73
Central African Rep.	10.21.73
Equatorial Guinea,	10.15.73
Ethiopia,	10.23.73
Gabon,	10.30.73

Gambia,	10.26.73
Ghana,	10.28.73
Ivory Coast,	12.8.73
Kenya,	12.1.73
Liberia,	12.2.73
Mali,	1.5.73
Madagascar,	10.20.73
Nigeria,	10.25.73
Rwanda,	10.9.73
Senegal,	10.28.73
Sierra Leone,	10.30.73
Tanzania,	10.18.73
Togo,	9.21.73
Upper Volta,	10.11.73
Zaire,	10.4.73
Zambia,	10.26.73

It is specifically because of its isolation from other African countries that relations between Israel and South Africa increased so dramatically.

South African officials openly expressed their support for Israel during the October War. Mr. P.W. BOTHA, South African Minister of Defense and present Prime Minister, declared that «within our means and without declaring war» his government would provide assistance to Israel. Prime Minister VORSTER stated that if Israel lost the war, its defeat would have important consequences for South Africa (65). To lend credibility to their words, South Africa immediately lifted exchange controls to allow free transfer of funds to Israel, and provided various forms of material assistance. After the war, South Africa became Israel's sole substantive supporter on the African continent and one of the few governments anywhere not calling for Israeli withdrawal from occupied Arab territory (66).

In the years since the October War, the two countries have further consolidated relations. They upgraded the level of their diplomatic relations from the level of legations to that of embassies. Several joint projects were undertaken by corporations in both countries, and commercial and scientific ties were strengthened with the appropriate organizations and the exchange of high level visits. Political contacts were greatly intensified. Among the high-ranking Israeli officials who have visited South Africa since 1974 are: General Moshe DAYAN, former Minister of Defense and Former Foreign Minister, General Meir AMIT, former head of the Israeli Intelligence Service, and General Chaim HERZOG, former representative of Israel to the United Nations and now in private law practice in Tel Aviv. While such Israeli visitors had in the past usually been admitted to South Africa in connection with fund-raising and functions of the Jewish community, this limitation was dropped in 1974 (67).

CONCLUSION

In researching the unique relationship between Israel and South Africa the following parallels, non-parallels, emotional and practical reasons explain why relations have been consolidated to so well in the last decade.

Both Israel and South Africa feel that their lands are more than simply, places of residence, they are «promised lands». One needn't be an expert in Middle Eastern or African affairs to be aware of the Biblical characteristics of both these countries and their peoples (particularly their newest settlers).

The Israelis claim that Palestine was promised to their Patriarch, Abraham (of course Abraham is looked on as the father of both Arabs and Jews). Consequently, the modern term, «historic rights», for this particular people to a specific geographic area is a continuation of the religious and cultural attachment of Jews to Palestine over the centuries.

The Afrikaaners of South Africa have adopted and adapted the «historic rights» argument to their own national-religious beliefs. The Dutch ancestors of today's Afrikaaners, fleeing the unrest and religious persecution of 17th century Europe landed in South Africa in a miraculous way, just as NOAH was «guided» to Mount Ararat. Providence had, in their opinion, given them a new lease on life, a new land. This religious bond to the land has grown stronger in the course of three centuries of struggle against various enemies, black and white.

Israel and South Africa, due to their individual struggles against the British, see themselves as nationalists rather than colonialists. In many present-day international forums, such as those of the Organization for African Unity and the Conference of Non-Aligned Countries, Israel and South Africa are often accused of being vestiges of the colonial past. This is one accusation which raises the ire of leaders of both countries. Israelis and South Africans have been taught by national ideologies to view themselves and their countries as the *victims* of the colonial powers. Both struggled against the British — the South Africans in the Boer War and the Zionists in the late 1930's and 1940's. Consequently, Israel and South Africa are at least as sensitive to outside meddling in their internal affairs as are other countries that lived under colonial rule.

Both Israel and South Africa view themselves as outposts of Western civilization (to guard against Asian and African barbarism). In spite of assertions of independence from European ties that are part of Israeli and South African national ideologies, there remains a strong sense of participation in the course of Western, i.e. European, civilization. Both use the parliamentary system of democracy, of constitutional government, and of freedom of religion. Yet because both are small nations that are geographically cut off from the North Atlantic world, there is a growing sense of isolation. A «siege mentality» or «Massada complex» has developed in both countries. In his book *The Jewish State*, HERZL said that a Jewish Palestine «should form a portion of the rampart of Europe against Asia, an outpost of civilization as opposed to barbarism» (68). The deepening antagonism of their neighbors has reinforced and intensified this sense of isolation.

In recent years many people in Israel and South Africa have come to feel that they have been abandoned by the West. Since its independence in 1948, Israel has had a fluctuating relationship with the West. The 1956 invasion of Egypt by Britain, France and Israel was reversed by President EISENHOWER who forced a complete withdrawal. During the June War of 1967, the French government under Charles De GAULLE cut off further arms sales to Israel which was then heavily dependent on advanced French weaponry. In 1973, all of the NATO allies with the exception of Portugal, refused landing rights to American cargo planes carrying weapons to Israel. At the United Nations, there has been a serious erosion in the support given Israel by Western states.

South Africa has suffered a similar decline – from being a respected member of the world community to the status of a pariah. Nearly sixty years ago, South Africa was given mandatory powers over the German colonies, South-West Africa, by the League of Nations. Today, South Africa is the object of universal condemnation by the United Nations. Unlike Israel, which continues to receive grants of military aid and also purchases additional sophisticated weaponry mainly from the United States, South Africa faces the prospect of a total arms embargo. If further international sanctions are forthcoming, South Africa will probably suffer the loss of future foreign investment and may experience a damaging flight of internal capital to safer havens abroad. South Africa might have gone under economically much sooner but for its vast wealth in diamonds, gold and uranium.

In the field of military tactics and strategy, Israel has entered a number of contests with only partially modernized Arab armies but has, however, rightly gained a reputation as a strong military power in her theater. By contrast, South Africa has faced no serious external threat to her hold in the region, but the internal strife in recent times has reached a critical stage. Israel, by contrast, prior to the 1967 war, purged its borders of an overwhelmingly large Arab population. As in the case of Kenya, Uganda and the Rhodesias, South Africa may ultimately find it impossible, even with a modern military to stand up to a black-white ratio of 20 to 1. Israel may also face a demographic monster if it does not settle the Palestine question. In both cases, military prowess does not seem to be solving the problem of survival.

Until recently, Israel's internal enemies, the Palestinian nationalists have had a «terrorist» image in much of the West partly because of the effectiveness of Israeli propaganda. Palestinian commandos generally have committed atrocities in public, while Israeli 'hit squads' have killed or maimed beyond the public eye. South Africa's internal enemies, the Black nationalist are viewed as «civil libertarians» and «freedom fighters» in the West because they have effective spokesmen in the United Nations and Western journalists.

Given this difference in public image, Israel enjoys considerably more latitude in dealing with internal security. A case of this Western intolerance was seen in 1973 when the Israeli Air Force shot down an unarmed civilian airliner that strayed over the Sinai Peninsula with a loss of 106 lives. Not only was Israel not condemned for this vicious attack, but it was even

pitied because it is a nation that is in a constant state of war. However, when the South African government takes steps to deal with its internal enemies there is usually an outcry of major proportions. The closing of Black newspapers and the banning, arrest or killing of dissidents provoked a storm of protest. Yet the Israeli government has closed down Arab newspapers, arrested, deported and eliminated dissident Arabs for years without comparable international reaction of the proportion seen in South Africa.

South Africa has enjoyed a strong, viable economy while Israel's economy is weak and dependent. The difference in the strength of the two economies is largely a product of another non-parallel. South Africa is rich in natural resources, Israel is not. South Africa is the world's largest producer of gold, diamonds, platinum and antimony, the second largest producer of chrome, vanadium and vermiculite. It is the third largest producer of uranium, manganese and asbestos. More than 90 % of Africa's total coal production takes place inside South Africa and 80 % of the continent's coal reserves are found inside South Africa's borders. Besides mining, the country's economy is well balanced with strong agricultural, manufacturing and commercial sectors. By comparison, the Israeli economy is negligible. One problem they share is that both are dependent on the exploitation of native laborers whose land they have colonized.

Israel has had the benefit of strong lobby groups in the West, because Jewish supporters and many Bible fundamentalist Christians have worked for Zionist ideology. Israel is bolstered by the pressure of strong Zionist organizations in Europe, the Americas and South Africa. The ability of these organizations to raise funds for Israel and to lobby on behalf of Israeli interests before their respective governments has proven invaluable to Israel time and time again. White South Africans, lacking the worldwide «family» support so useful to Israel, has encountered considerable difficulty in projecting a favorable image to the governments of many key countries. Rather, it is the Black South Africans who can call for the support of large Black populations in North and South America as well as in sub-Saharan Africa. The growing strength of the Black lobby in the United States is viewed as a growing threat to South Africa. To counter this, as noted above, South Africa has supported a number of public relations schemes in recent years. One may cite the «Time magazine» style journal, *The Point International*, whose initially appointed liberal editors were fired when they failed to remember that their financial support came from the South Africa establishment.

While the government of Israel continues to make statements at the United Nations criticizing apartheid, and from time to time makes seemingly «progressive» offers to the Organization of African Unity, it has become evident, especially in the years after the June War, that both countries are engaged in a process of strengthening their relationship. The role of the South African Jewish Community, as sometime mediator between both countries as well as a major (financial) contributor to Israel, is widely known, but the Israeli diplomatic, commercial, cultural, scientific and military collaboration, which the Israeli government seeks to hide, keeps Israel to a large degree, in diplomatic isolation from Black Africa, and to a lesser degree also from the Arab World (69).

FOOTNOTES

1. Stein, Leonard – *The Balfour Declaration*, Simon & Schuster, New York, 1961, p. 482.
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3. *Ibid*, p. 33.
4. *Ibid*, p. 34.
5. *JTA Bulletin*, May 26, 1926.
6. *The Times* (London), December 20, 1929.
- 6a. Smuts, Jan Christian – «A Great Historic Vow: An Address On British and Jewish Responsibilities in Palestine». *Palestine Papers* # 3, London, 1930, pp. 1, 2, 3, 7.
7. Radio Address by Prime Minister Smuts, November 2, 1941, cited in Stevens, p. 14.
8. Cable from Weizmann to Smuts, cited in Stevens, p. 102.
9. *South African Jewish Chronicle*, May 28, 1949.
10. Israel Mission to the United Nations: *Statement by Mr. Shlomo Hillel in the Special Political Committee, December 9, 1966*.
11. Permanent Representative of Israel to the United Nations – *Explanation of Vote by H. E. Ambassador Chaim Herzog before the Vote on the Policies of Apartheid, December 14, 1977*.
12. *Rand Daily Mail* (Johannesburg) November 24, 1961. (hereafter R.D.M.)
13. *R.D.M.* November 28, 1961.
14. Brecher, Michael – *The Foreign Policy Systems of Israel*, New Haven: Yale University Press, 1972, p. 234.
15. *Ibid*, p. 235.
16. *Ibid*, p. 145.
17. For this chapter, I have relied heavily on the following sources:
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- 17a. *American Jewish Yearbook 1963*, The American Jewish Committee New York and the Jewish Publication Society of America, Philadelphia, 1963, p. 420.
- 17b. *Ibid*, 1976, p. 504.
- 17c. Katzew, Henry – «Jews in the Land of Apartheid» *Midstream*, Volume 4, December 1962, p. 71.
- 17d. *Ibidem*.
- 17e. *Ibid*, p. 73.
- 17f. Ungar, Andre – «The Abdication of a Community» *Africa-South*, Vol. 3, January – March) 1959, p. 35.
- 17g. *Ibid*, p. 38. For this chapter on the «South African Jewish Community and Apartheid» I have, aside from the above sources, consulted the following articles: Sachs, Bernard, «South Africa: Life on a Volcano: The Jewish Commu-

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18. *R.D.M.*, June 3, 1967.
 19. *R.D.M.*, June 6, 1967.
 20. *The Star*, June 10, 1967.
 21. *R.D.M.*, June 9, 1967.
 22. *R.D.M.*, June 19, 1967.
 23. *R.D.M.*, April 5, 1968.
 24. *Die Burger*, May 29, 1968.
 25. *R.D.M.*, August 1, 1968.
 26. *R.D.M.*, July 17, 1968.
 27. *R.D.M.*, September 9, 1968.
 28. *R.D.M.*, October 28, 1968.
 29. *International Monetary Fund*, Directions of Trade, 1968.
 30. *The Star*, January 3, 1969.
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 49. *South African Digest*, (Ministry of Foreign Affairs), May 7, 1971.
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60. *R.D.M.*, March 10, 1972.
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62. *Jewish Chronicle* (London), March 24, 1972.
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RESUME

Dans cet article l'auteur donne les raisons du rapprochement de plus en plus étroit entre Israël et l'Afrique du Sud depuis 1919. Il analyse successivement la situation de ces deux pays pendant la période 1919-1948, leur relation entre 1948 et 1967, le rôle qu'a joué et que joue encore la communauté juive de l'Afrique du Sud dans ces rapports, ainsi que les rapports de cette communauté avec l'apartheid. Puis l'auteur continue son analyse de l'évolution de ces rapports entre 1967 et 1970, de 1970 à 1972 et en 1973. Cette analyse lui a permis de noter que le rapprochement qui s'est progressivement installé entre ces deux pays était dû à plusieurs raisons de nature différente :

Il y a d'abord des raisons liées à une identité de situation de ces deux pays :

— Ainsi tous deux affirment que leur terre est plus qu'un simple lieu de résidence, qu'elle est aussi et surtout «une terre promise». Aussi parlent-ils de droits historiques.

— A la suite des luttes qu'ils ont menées contre l'impérialisme britannique, Israël et l'Afrique du Sud se considèrent plus comme des nationalistes que comme des colonialistes.

— Ils estiment aussi qu'ils constituent un avant-poste de la civilisation occidentale.

— Ils ont tous l'impression d'être abandonnés et isolés du reste du monde par l'occident.

Au titre des situations différentes mais qui ont un effet de rapprochement entre ces deux pays, l'auteur note que :

— les deux pays ont eu et continuent d'avoir une expérience de la guerre (interne en Afrique du Sud et externe en Israël). Dans les deux cas, la puissance militaire n'a pas l'air de pouvoir résoudre les problèmes.

— qu'étant donné une différence dans l'image que se fait le public à propos de ces deux pays, Israël jouit d'une grande liberté de manœuvre pour résoudre ses problèmes internes que l'Afrique du Sud; mais que par contre l'Afrique du Sud possède une économie moins dépendante, plus forte et plus viable.

— sur le plan purement politique, Israël bénéficie de plus de soutien des lobbies dans les pays occidentaux et des mouvements sionistes solides en Europe, aux Amériques et en Afrique du Sud, tandis que l'Afrique du Sud rencontre énormément de difficultés pour se faire une bonne image auprès des gouvernements des autres pays.

En conclusion, l'auteur fait remarquer que bien que le gouvernement Israélien continue de faire des déclarations à l'O.N.U. et à l'O.U.A. condamnant l'apartheid, il est maintenant clair, surtout après la guerre de Juin, que ces deux pays ont décidé de renforcer leurs liens.

BOOK REVIEWS – REVUE DES LIVRES

«Principles and Practice of Public Administration in Nigeria,»
by Augustus ADEBAYO; published by John WILLEY
and Sons Ltd in association with Spectrum Books Ltd., Ibadan, 1981;
193 pages; paperback; price: N 4.00.

Reviewed by H. HEINECKE*

There is a saying that, «You cannot know a book by looking at its cover.» The cover of this book is dull and the title is dry. But the potential reader should not be put off: the book is lively, witty and reflects the rich experiences of a seasoned administrator whose experience as a civil servant goes back to the colonial days. From 1963 to 1975, ADEBAYO was a permanent secretary and later the head of a state civil service. He also lectured in public administration and is now special adviser to a state governor.

No condition is permanent, so they say, and it is indeed an achievement to have survived the storms of public office for so long. In ADEBAYO's words, «many friends remark that the most impermanent official is the permanent secretary». He seems to have proved his friends wrong.

As a practical guide for training in public administration the book covers such topics as Qualities of an Administrator, Communication: Putting Ideas on Paper, Administrative Ethics, the Problem of the Administrator and the Professional, and the Military in Nigerian Public Administration. The author is aware that public administration can never be learnt from a textbook which is no substitute for relevant experience.

His comments on military rule are revealing: «Most of the military rulers progressed from rational decision-makers to absolute dictators... the entire civil service was reduced to a pathetic state of subjugation.» To illustrate the point, he recalls a meeting of the Supreme Military Council which he attended, at which GOWON, against the united opposition of all twelve military governors, singlehandedly bulldozed the idea of the Federal Government taking control of primary education «by introducing a joke at which all the members were convulsed with laughter.»

Civil servants are very conservative people and ADEBAYO is no exception. «The administrative function,» he says, «ensures continuance of the existing order». Most civil servants would probably agree with the dictum, «Never bite the fingers that feed you.» Accordingly, ADEBAYO, after condemning the khaki boys in one part of the book, later praises them: «the military deserve to be given credit for their vigorous attention to the social and economic development of the country,» and he feels that occasional dictatorship, in small curative doses, may be acceptable.

Some criticisms are necessary. ADEBAYO is aware that most junior workers see top officials as «exploiters who reap all the fruits of labour,» but he sees this as only an «unfortunate attitude» without seriously considering whether it may be true.

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Morover, he regards work-slackness and lack of dedication to duty as mostly a problem of the junior workers, as if it does not pervade the whole of society from top to bottom.

On the origins of corruption in the public service, he is far from explicit. He says that the military rulers «became a law unto themselves. That was usually the beginning of the road to corruption and nepotism.» Was it really the *beginning*?

Finally, it is necessary to question ADEBAYO's belief that, «In government, it is hardly possible to speak of one single goal or objectives.» Surely the major aim of all public organizations is to lubricate the private sector by providing and maintaining the human and material infrastructure for efficient capitalist growth. This view was clearly expressed by ABOYADE in his address to the Nigerian Economic Society in 1973. To attempt distinctions between administration in the public and private sectors is a somewhat futile exercise since, as Yusufu Bala USMAN says, «Public institutions are only public in name, because they are run, in fact, for the purpose of accumulating private wealth. This is a normal feature of a capitalist system.» It is thus totally wrong for ADEBAYO to say that, «Business firms are not directly integrated with the political system in the way that all public administrative agencies are. These agencies inhabit a political rather than a market environment...» Why does he not regard the market environment as political? After all, is not capitalism a political as well as an economic system?

Although the book's general approach is elitist and conservative, its strength is its chatty, even hilarious style, coupled with many incisive, practical insights into policy formation.

«*Administration for Development in Nigeria*,» edited by
Paul COLLINS, published by African Education Press,
8 Denton Street, Ebute Metta, Lagos, August 1980,
337 pages, price: N 6.50, paperback.

Reviewed by P. HEINECKE*

Administration as an academic discipline in Nigeria has been justified as a means of training officials to man the country's rapidly expanding public services. In contrast to political science, sociology or economics, administration tends to be limited to practical study of the working machinery of organizations. According to Max WEBER, compliance with impersonal and objective regulations is one of the major characteristics of modern bureaucracies. Consequently, textbooks on administrative studies are unlikely to fundamentally question the existing social order.

Morover, he regards work-slackness and lack of dedication to duty as mostly a problem of the junior workers, as if it does not pervade the whole of society from top to bottom.

On the origins of corruption in the public service, he is far from explicit. He says that the military rulers «became a law unto themselves. That was usually the beginning of the road to corruption and nepotism.» Was it really the *beginning*?

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337 pages, price: N 6.50, paperback.

Reviewed by P. HEINECKE*

Administration as an academic discipline in Nigeria has been justified as a means of training officials to man the country's rapidly expanding public services. In contrast to political science, sociology or economics, administration tends to be limited to practical study of the working machinery of organizations. According to Max WEBER, compliance with impersonal and objective regulations is one of the major characteristics of modern bureaucracies. Consequently, textbooks on administrative studies are unlikely to fundamentally question the existing social order.

«Administration for Development in Nigeria» could be described as cautiously reformist. It contains essays by sixteen authors. Seven of the essays have already been published elsewhere. They are divided into the following themes:

1. Theoretical perspectives
2. Central planning, parastatals and the private sector
3. Local administration for development
4. Administration reform

According to COLLINS, shortfalls in bureaucratic performance are to be understood «more as a reflection of the major contradictions of Nigerian society, particularly the ambiguities over the role of the state, than as a failure of organization bureaucratically defined...» This theme of contradictions recurs repeatedly throughout the book: the «role of public administration is ambiguous... when faced with conflicting demands of national interest, foreign and domestic private capital». COLLINS thus gives great prominence to the struggle by Nigerians to assert economic nationalism through planning, indigenization and nationalization, and he highlights the internal conflicts arising from this process.

How real is the «incompatibility» between the public sector, the foreign capitalist and the local capitalist? In capitalism, the state can act as a junior partner to multinational business or it can adopt a somewhat more commanding posture, rather more in the form of partnership. Whatever role it plays, the state, as Eskor TOYO says, «invariably resolves the contradictions in favour of the most influential owners of the means of production, distribution and exchange, except when it is acting as agent of a radical revolution». ABOYADE confirms this in his essay when he explains how the state is the lubricant of capitalism which is the dynamo of the whole economy. Whether it is called state capitalism or private enterprise, the distinction is not fundamental – it is still capitalism, and all the conflicts and contradictions highlighted by COLLINS are within the ruling class itself, whose various factions each strive to grab a larger proportion of the national cake than their rivals. There is surely no ambiguity about capitalism which is both multinational in its spread and yet national in its growth points.

O'CONNELL's essay on the Second National Development Plan defines the state as «an organizational device for the sake of common order and social welfare.» – a definition which neatly brushes aside the state's coercive role. Moreover, O'CONNELL displays gross ethnocentricity in his belief that it is too soon for «state nationalism in new countries» because «the traditions and languages of the people differ too much; they have not lived long enough together as have the Normans, the Bretons and the Burgundians.» Is he unaware that what European scholars of Africa call «ethnicity» is a normal feature of all democratic societies, albeit under such other names as «pluralism»? IDANG's essay, likewise, fails to grasp the fact that inter-ethnic tensions, exacerbated by colonialism, are deliberately fostered by the ruling class to weaken the power base of the masses.

The most interesting essays are those which take the form of case studies. WATERMAN's detailed historical analysis of the Lagos Post Cargo Handling Industry meticulously shows the ways in which the port workers resistance is broken by the employers divide and rule tactics. Turner gives some revealing insights into the Nigerian National Oil Corporation. And BARRETT has produced a sparkling gem on the village of Olowo which by 1957 «was said to have the highest standard of living of any village in the country».

In conclusion, the book adopts a reformist approach in that it accepts, with minor criticism, the political, economic and administrative framework inherited from the British. It diverts attention from the major global contradiction between capital and labour, by focussing parochially on minor intra-elite contradiction.

The book could become a basic textbook for students of public administration even though most of the essays fail to expose the root causes of Nigeria's administrative malaise.

**AFRICAN ASSOCIATION OF POLITICAL SCIENCE
RESOLUTION ON WALTER RODNEY
26 MAY 1981.**

We, the members of the African Association of Political Science, here assembled in Harare, Zimbabwe, May 1981: —

Recognizing the importance of the commitment of African scholars to the struggles of the peoples of Africa against colonialism, imperialism and neo-colonialism;

do hereby

Deplore arbitrary acts of governments to silence the right of African scholars and scholars of African descent to freely express their views on the condition of the African peoples, and condemn in the strongest terms acts of arbitrary imprisonment and acts of assassination against committed scholars like Walter RODNEY of Guiana who was a son of both the African and the West Indian soil, and who made a significant contribution to the development of the struggles of the peoples of Africa and of all oppressed peoples everywhere; And

Associate ourselves with the demand for an international inquiry into the death of Walter RODNEY.

A A P S

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

THE ASSOCIATION OF AFRICAN WOMEN FOR RESEARCH AND DEVELOPMENT (AAWORD).

History of AAWORD

Political independence in most African countries did not result in autonomous universities and research institutions. Until the 1970s, most African research institutes focused not only on received topics and disciplines from abroad, but continued to be funded in the form of research personnel and their research expenses. It is only in the mid-1970s that a stable core of local researchers focusing on topics deemed internally relevant have begun to work in these research institutes. The direct link of these universities and institutes to Europe and the United States meant that there was no communication among African scholars within the continent.

In recent years, more attempts at pan-African communications and regional research institutes, regionally published journals and conferences have made it possible for African scholars to meet and exchange problems of mutual concern. One example is the Council for the Development of Economic and Social Research in Africa and its quarterly journal, *Africa Development*. However, studies on African women and the recruitment of women researchers are not the priorities of these research institutes. Here and there, one finds African women as staff members in these institutions. Not all work on issues concerning women, however, and when they do, it is often related to either «population studies» or nutrition. It is important to note that while these two topics are solicited and supported by a steady supply of external funding, neither topic, particularly the former, is considered a priority locally.

It was a combination of all these factors that accentuated the need for creating an organization. This Wellesley event and other frustrations experienced by African women scholars gave birth to the idea of having an African-wide organization of women, who are committed to a type study and a new methodology that would lead to the amelioration and transformation of the lives of African women and that of the continent as a whole. Discussions between African women following Wellesley revealed that many African scholars have in recent years become increasingly aware of the need to articulate their own reality, particularly women scholars who in the past have been left out of the traditional avenues of research. Further discussions between individual researchers and research groups and deliberations at national, regional and international conferences identified concerns and culminated in a concrete research proposal. This proposal was presented to the Swedish Agency for Research Cooperation with Developing Countries (SAREC) in August 1976 for funds for a consultative meeting. The meeting was held in Lusaka, Zambia in December 1976.

Institutional framework of AAWORD

The Association is made up of (a) the General Assembly, (b) the Bureau and (c) the Editing Committee.

The General Assembly is the central organ of the Association. Its membership is open to indigenous African women researchers who adhere to its objectives. Currently all its members are subdivided into four working groups. Each working group has a convener and a co-convener.

The Bureau is made up of the President, Secretary-General, and the Treasurer, and is in charge of the administrative duties of the Association. The Editing Committee is made up of an editor and co-editor, who are responsible for editing publications. The headquarters of the Association will be in the country where the President resides, presently Senegal.

Objectives of the Association

The general objective of the Association is to promote multidimensional development, i.e., development in the service of political awareness, as well as the economic social, cultural and psychological fulfilment of the African people, and to make Governments, public authorities and research centres sensitive to the need for decolonizing research.

The specific objectives are:

(a) To create and develop, on the one hand, lines of communication between the women researchers themselves, and, on the other hand, between the women researchers and others concerned with problems of development in Africa;

(b) To promote research oriented towards action which calls for crucial and conscious participation of the population in the formulation, realization and evaluation of development projects which concern them;

(c) To evaluate and re-examine the methodology and research priorities, the application of which is in the service of the African populations;

(d) To undertake and develop publishing activities. The Association is a non-governmental organization.

The functions of the Association are:

(a) To identify resources and accord its members facilities to permit them to put the above objectives into practice;

(b) To encourage the formation of national research groups in conjunction with the National Research Centers to facilitate the attaining of these objectives;

(c) To maintain contact with research groups in other developing countries, who are working towards similar objectives;

(d) To create a magazine and bulletin to end the present isolation of African researchers, to establish a permanent communication network among them and publish the results of their research.

THE INSTITUTE OF SOUTHERN AFRICAN STUDIES AT NATIONAL UNIVERSITY OF LESOTHO

The history of the Institute of Southern African Studies at the National University of Lesotho (ISAS) goes as far back as the University's Development Plan, 1976–1980 which recommended that «the University establish at Roma an Institute of Southern African Studies. This Institute will promote and co-ordinate research projects dealing with Southern African matters, provide research, conference, seminar and workshop facilities, and collect, receive, store and disseminate information and data on Lesotho and Southern Africa region.»

Consequently a Briefing Committee consisting of representatives of academic departments was set up to work on the academic and physical structure of the Institute. The first Project Summary of ISAS prepared by the Briefing Committee appeared in 1977 and the final Project Memorandum was approved by the Senate and Council in 1978.

The Institute was established as an integral part of the National University of Lesotho on the 1st July, 1979 with the appointment of its first Director and Assistant Administrative Secretary. However, the implementation process of the Institute was slow because of the sudden departure of Dr. S. MUDENGE of Zimbabwe, its first Director and the delay in the appointment of its Second Director, who was appointed in March, 1981.

The Purpose of the Institute is to promote, plan and co-ordinate problem-orientated and policy-related research into the socio-economic as well as natural sciences fields of Southern African Studies. The research and teaching programmes of the Institute will be directed not only at scientific conceptualisation of the objects of investigation, but the results of the research will be directed at the solution of the contemporary problems of vital concern to the socio-political development of Lesotho and the Southern African region as a whole.

Given Lesotho's unique politico-geographical situation in the heart of Southern Africa, the Institute is ideally located and has a potential to develop into a major centre for academic enquiry into the Southern African region.

In carrying out its scientific activities, the institute proposes to forge close links of co-operation with academic departments of the University, the community, scholars, and institutes elsewhere with similar objectives, as well as with governments and interested organization of the region of Southern Africa.

The Institute's Five Year Development Plan recently approved by Senate and Council as an integral part of the University's Second Five Year Development Plan 1981–1986 emphasises that «the research and teaching commitment of the Institute will be carried out» in the five year plan period. However, it is underlined that «the best approach and timing for the implementation of the M.A. programme» will be explored as soon as research programmes are underway. The Institute is to have Documentation and Publication Centres and the first batch of Research Fellows to the Institute is expected to be appointed by the beginning of the 1981/1982 academic year.

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 future critique.*

1. **A. S. Bhalla (ED)**
Technology and Employment in Industry ILO 1981.
2. **ACMS (Symposium Papers)**
Monetary Theory and Policy in Africa ACMS Dakar/Senegal, 1981.
3. **Carmen A. Miro and Joseph E. Potter**
Population Policy: Research priorities in the Developing World. Frances Pinter (Publishers) London 1980.
4. **Daniel Boda Ndlela**
Dualism in the Rhodesian Colonial Economy Lund Economic Studies 22.
5. **Frank Long (ED)**
The Political Economy of EEC Relations with African, Caribbean and Pacific States Pergamon Press 1980.
6. **Gunnar Haaland (ED)**
Problems of Sarannah Development: The Sudan Case. Department of Social Anthropology, University of Bergen 1980.
7. **Gunilla Andre**
Industry in Ghana: Production Form and Spatial Structure Scandinavian Institute of African Studies, Uppsala in Cooperation with Department of Human Geography, University of Stockholm, 1981.
8. **IDP., INED., INSEE., MICOOP., ORSTOM.**
Recensements Africains — 1ère Partie et suite — Monographies Méthodologiques.
9. **Ignacy Sachs**
Initiation à l'Eco-Développement Privat Editeur, 1981.
10. **Johan Helland**
Five Essays on the Study of Pastoralists and the Development of Pastoralism Department of Social Anthropology, University of Bergen, March 1980.
11. **Leif O. Manger**
The Sand Swallows our Land Department of Social Anthropology, University of Bergen 1981.
12. **Nils Olof Svedberg**
External fiscal Audit in the Public Sector of Six Selected English-Speaking Countries in Africa.
13. **Raul Urzua**
Social Science Research on Population and Development in Latin America IRG, El Colegio de Mexico, Mexico City, December 1978.
14. **Sir Rupert John**
Racism and its elimination — UNITAR.
15. **UNFPA.**
Organizational Determinants of Family Planning Clinic Performance Policy Development Studies No. 5.