UNDERDEVELOPMENT AND THE POLITICS OF SIERRA LEONE'S TRADE RELATIONS

By

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TRADE AND UNDERDEVELOPMENT

The point of departure for many scholars of Third World underdevelopment has often been the lopsided character of trade relations between rich and poor countries; they hold that poor countries are poor because of the concentration of their trade relations with Western countries, their specialisation in the production and export of primary commodities, and the low value for which their commodities exchange with manufactured ones. Very little attempt is made to examine the structure of production relations that give rise to specific commercial relations and to unravel the concrete class-agencies that are involved in the production and international exchange of commodities.

Ever since SMITH and RICARDO put forward their classical liberal theory of free trade which provided the basis for the opening up of world trade from the clutches of mercantilism, the focus of the liberal scholars has tended to be on the positive gains of inter-state trade relations; such a focus is often completely divorced from the system of production and politics that influence commercial relations in the countries that RICARDO, in his *theory of comparative advantage,* holds to benefit from free trade. The contributions of HECKSCHER and OHLIN in their factor endowment theory *(1)* were mainly to update and enrich the Ricardian theory against attacks that it did not take into account the movement of capital and the complex commodities being produced in all countries. This modification did not transcend, however, the Ricardian problematic, for although capital was inserted into the theory, no attempt was made to locate it within the system of production itself; instead, emphasis was placed on the role of interest rates as they affect the movement of capital to determine the specificities of societal factor endowments *(2).*

The failure to see capital as a social force that structures production and commerce led to such simplistic and hopelessly superficial conclusions that the export structures of nations will reflect their factor endowments. Thus because poor countries have less capital compared to land and labour, they will tend to produce and export labour-intensive products, chiefly raw materials. Conversely, because rich countries have more capital compared to labour, they will produce and export capital-intensive goods. The thesis does not tell us, however, why countries like Brazil, South Africa, Singapore, Taïwan and South Korea, for instance, that have a low capital/labour ratio produce and export capital intensive goods, apart from labour-intensive ones *(3)* nor can it tell us why Third World countries, specifically the oil rich ones, export massive capital to rich Western countries to help production there instead of in their own countries.

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The point, of course, is that the transnational character of capital has made it possible for large amounts of capital to be transferred for instance to poor countries to produce goods which would otherwise not have been produced. Thus Brazil produces, and exports high technology capital goods and is reputed to be either catching up with, or overtaking, Britain in key areas of manufacturing production, irrespective of the general level of poverty that the majority of the people there experience *(4)*. It has also been pointed out that the United States is fast becoming a service economy of health care, data processing, insurance, banking and hamburgers, transferring huge amounts of capital to South East Asia and Latin America to produce manufactured goods *(5)*.

The attacks of the *Underdevelopment theoreticians* did not go far enough when, alongside their critique of the modernisation school, they struck at the Neo-classical Economists. True, they were able to show the dominance of the metropolitan states and their business agencies in shaping underdevelopment in the periphery. They were also able to debunk the classical and neo-classical theses that all nations benefit from trade. This they did by exposing the restrictive policies which the imperialist countries imposed on the colonial economies and the manner in which production of raw materials in the colonies was structured to give what they considered to be absolute advantage to the metropolitan countries *(6)*; the colonial economy thus failed to benefit from the surplus which was accruing from production; instead it was exported to Europe. Although this school recognised the significance of production and the way in which the colonialists perverted the Third World's internal system of production *(7)*, they got carried away by the specificity of external commercial and portfolio investment relations as a dominant factor in Third World Underdevelopment. Often the internal structure of production and the attendant class forces are either ignored or underplayed; this, as many critics have pointed out, did not allow them to examine the process whereby imperialism structures global production and commerce and makes it possible for some of the peripheral countries to produce and export capital goods *(8)*.

One of the most vigorous theoretical contributions from the Underdevelopment/Dependency school has come from Arghiri EMMANUEL who, in contrast to all the other notable theoreticians of this school, rested his theory of Third World underdevelopment solely on trade. To him *«all imperialisms are mercantile in character» (9)*. He asserts that underdevelopment is due to unequal exchange between rich and poor countries; and he believes that this unequal exchange is not rooted in the specialisation on primary commodities, as the other theoreticians of his camp had advocated, but in the way in which capital rewards wages differently in the developed and developing countries. This, according to him, produces a situation where more labour hours in the Third World get less wages and less prices for their commodities and less labour hours in the metropolitan economies get more wages and more prices for their commodities. To arrive at this conclusion, EMMANUEL rather ingenuously collapsed the industries in MARX's transformation scheme in Vol. III of Capital which were meant for industries, into countries. By assuming all industries to be just one country and projecting this to the inter-state level, the specific character of the industries is eroded and the attendant contradictions between capital and labour that inform the operations of these industries in the transformation process are lost. Instead we end up getting a situation where trade is extracted from the system of industrial production and a theory of one country exploiting another through trade is established *(10)*.

Much more significantly, EMMANUEL denies the role of finance capital as a determining factor in explaining underdevelopment and unequal exchange, because, according to him, the development of monopolies and transnational capital in the late 19th century did not undermine the historical mercantilist character of imperialism *(11)*. What it represented was the movement of capital which RICARDO did not take into account *(12)*.

However, instead of recognising this development as a crucial factor affecting production relations, EMMANUEL fell into the confusion of HECKSCHER and OHLIN by seeing capital only as a regulatory device which influences the terms of trade between countries. This theoretical confusion did not allow him to see how the development of monopolies facilitated not just the movement of capital but also the subordination of international trade to capital and the specific roles which the different monopoly companies and states play in shaping the character and direction of the world economy.

Furthermore, no specific role is given to the state in terms of the way this agency structures production and organises commerce both internally and externally. Instead, a static conception of the state is offered which assumes that all states, irrespective of their socio-economic system, behave the same way in the conduct of international trade. Following from this, is the implicit position that all forms of trade relations between rich and poor countries, irrespective of their modes of production, constitute imperialism. Thus trade diversification towards socialist countries may represent a new form of imperialism since the wage rates of the Socialist countries are in many ways higher than those of the poor countries.

Any serious analysis of trade relations must start with a basic understanding of the relationship between trade and production. Trade simply represents the process whereby the commodities which emerge out of the system of production are exchanged. Thus no extra value can be produced at the level of trade, whether domestic or external, even though the complexity of capitalist commodity production (with its current international status) creates the appearance that traders create, and not just realise, profit at the level of circulation *(13)*. The most primary considerations of all capitalist producers are anchored on the following premises:

a) the ability to get means of production and labour power as basic commodities to be used in the production of use values;
b) the acquisition of raw materials; and
c) the ability to dispose of the final commodities to realise surplus value or profit.

This can be represented by the following circuit:

Several points follow from this; viz, the development of trade has a corresponding relationship with the system of production; in fact trade can never rise above its material base; trade, therefore, tends to support the specific interests of producers; but producers find it difficult to conduct both production and trade at the same time; thus the specialisation in trade by a group of individuals, companies or agencies; such specialisation is either in the distribution of means of production or labour power (labour bureaus) or in the purchase and sale of raw materials or in the distribution of final commodities. Because of the involvement of exchange relations at all stages of a capitalist producer's circuit, the impression is created that economic activity is mainly concerned with buying and selling, forgetting the crucial material process of production which makes it possible for the means of production, raw materials and final commodities to be produced and even for the employment of wage labour to take place.

It has been conclusively demonstrated that laissez-faire capitalism gave way to monopolies in Western Europe in the 19th century; this affected the processes of exchange at the various stages of production; it also made it possible for European capital to assume an international dimension; *this created the possibility for capital to begin to structure international trade much more directly.* This is one of the major implications of LENINE's assertion that the export of capital as opposed to commodities assumed a special significance in the epoch of finance capital *(15).* This connection between international finance capital and international trade has been misunderstood by many critiques of LENINE *(16)* as they attempt to show that the export of capital was not a dominant force in Africa compared to the export of commodities. The questions such critics fail to answer are whether the exchange of commodities between Europe and Africa did not follow the dictates of the new monopoly companies that were beginning to assert themselves on a global basis and whether such monopoly companies, even when they did not fully invest capital in the African economies, did not affect the very basis of the production and exchange of the commodities in Africa. Irrespective of the *quantity of capital* invested in a particular region of the world, the *historical significance of international capital in structuring and directing international trade* in the period of colonialism must be recognised.

Africa's trade with Europe was significant in expanding the monopolistic industries in Europe and in creating the foundations for the development of capitalism in Africa in the following areas:

a) European industries access to vital raw materials in Africa;
b) the export of means of production (capital inputs) into some parts of Africa to activate the mining and manufacturing industries;
c) the export of final commodities to African consumers to stem the realisation problem in Europe.

The manner in which the trade was conducted reflected the dominant interests of the various European national monopolies, as they attempted to create exclusive spheres of influence through the active military and political support of their home states. In many cases, three distinct patterns of international trade developed:

a) cases where the European companies themselves were directly involved and simply conducted trade with themselves; this is otherwise called intra-firm trade; a typical example was the United African Company *(17)*;
b) cases where the European companies relied on specialized trading agencies or other producing firms to get the produce for them; this is otherwise called inter-firm trade; this was a common arrangement between firms that stayed in Europe and those like p.z. CFAO, SCOA and even UAC that were actively involved in the African produce trade;
c) and cases where the state itself became a powerful agency for conducting international trade; this was usually done through the produce marketing boards.

All three types of international trade used local African and levantine middle-men to get the produce from the actual producers.

The point should be made that all these agencies pay for the respective commodities to the actual producers at prices less than value; which means that the peasant farmer gets less income than the incomes of the chain of middle-men and the industrial capitalists. The same position applies to wage workers in the mining and manufacturing industries who get less wages than the total value for which the commodities were being exchanged for at the international level. This exchange facilitates the process whereby the industrialists and the various exchange agencies share out the surplus of the actual producers thus consolidating the exploitation of the latter. The roots of underdevelopment should be located at this level; for undervelopment is fundamentally a class issue.

THE SIERRA LEONE STATE AND CAPITALIST DEVELOPMENT

The Sierra Leone state has its origins in the late eighteenth and early nineteenth centuries (1787 to 1807) when a section of present day Freetown was acquired by the British government for the settlement of freed slaves *(18)*. It served as a convenient launching pad for the subsequent conquest of the rest of the country and its conversion into a protectorate in 1896 and for the further consolidation of British power in the other West African countries. Before incorporation, the Sierra Leone formation consisted of separate and relatively autonomous communities with varying degrees of development and political structures; those in Temneland in the North and Mendeland in the South covered much broader geographical areas *(19)*. The level of production was very low, especially as the system of family production was still very prevalent, but the division of labour had already developed and in most cases the production of surplus for the market was a common phenomenon; such a system of production did not only focus on final commodities like mats, beds, cloths, kola, palm produce and food but also on means of production like hoes, cutlasses, knives etc... In some parts of these communities, forms of slavery and a tribute paying system were used to organise production; exchange was also organised between one community and another and between the various communities and long distant areas; for instance, even before colonialism, parts of Sierra Leone were already exporting palm kernels, ginger and kola nuts to Europe through the medium of European monopoly trading companies.

The colonial state created a new system of production and a new structure of trade relations. The various communities were brought together to form a single Sierra Leone economy under the hegemony of the European trading companies and the colonial state; the circuit of reproduction of the pre-existing systems of production was dissolved and structured into the imperialist system of production, thus making it impossible for the local producers to survive without contact with the European market; although capitalist agriculture was not introduced, the system of agricultural production itself was affected through the instruments of taxation and forced labour implemented through traditional rulers and the creole petit bourgeoisie *(19a)* as farmers were forced to produce commodities which were needed in Europe. That was how the production of cocoa and coffee became implanted into the Sierra Leone formation in the 1920s and 1930s *(20)*.

Some form of capitalist production was developed in the mines after the geological survey of 1926/27 which showed that Sierra Leone has a large quantity of minerals such as «platinum, gold, iron-ore, chrome and diamonds» *(21)*. This led to the establishment of two major mining companies, the Sierra Leone Development Company in 1930 to mine iron-ore and the Sierra Leone Selection Trust in 1934 to mine diamonds. Although, as ZACK-WILLIAMS pointed out, in his research on these companies, the workers were not completely divorced from their means of production and the companies themselves had a low level of capitalisation, the mining industries contributed to the eventual introduction of the capitalist system of production in Sierra Leone; these mining activities and the new system of agricultural production formed the new structure of trade relations that was developing between Sierra Leone and Europe; massive surplus was being extracted from the peasant farmers and workers in the mining industries and distributed between the European industrial firms and the European trading companies such as UAC, CFAO and SCOA and their local African and levantine agents.

The structure of trade relations became much more tightly regulated in the 1940s and 1950s as the British economy faced acute domestic and balance of payments problems. This persuaded the British State to intensify the exploitation of its colonies by forcing them to take part in a British-led Sterling system of trade-discrimination in which the colonies were to provide cheap raw materials, earn dollars for Britain by selling some of their commodities to the US but buying less from the latter and forcing the colonies to import mainly from British producers; the surplus derived from this intricate system of international trade was invested in British securities *(22)*.

The specific role which Sierra Leone should play in this system was clearly recognised by the Labour Party's Post War Foreign Secretary, Ernest BEVIN:

«If we pushed on and developed Africa, we would have the United States dependent on us and eating out of our hand in four or five years. Two great mountains of manganese are in Sierra Leone etc... US is very barren of essential minerals and in Africa we have them all...» (23).

Statutory marketing boards were established in 1939 under the coordination of the West African Produce Marketing Board; later when this board was dissolved to make way for national boards, the Sierra Leone Marketing Board was formed in 1949. The British Ministry of Food became actively involved in bulk purchase of commodities through the various marketing boards and in determining the prices of those commodities. This paved the way for the massive involvement of the state in the export trade of the country as the local Sierra Leonean and Levantine producers bought the commodities from the local producers, sold them to the big European trading companies which eventually sold them to the colonial government, through the marketing boards, for distribution to the industrial firms in Britain and elsewhere.

Although by 1956 the UAC had started to invest into manufacturing industries through its Aureol Tobacco Company and Sierra Leone Breweries, it was after 1961, the year of independence, that the manufacturing system was firmly established in Sierra Leone. The conditions for this development had already been set in motion during the decolonisation period as the colonial authorities exploited the contradictions between the Creole petit-bourgeoisie in Freetown and the leading strata of the communities in the interior of the country in their struggle to control the state administration. By injecting a high dose of regionalist and tribal issues into the politics of the country, the colonialists and the nationalist leaders forced the peasants, petty traders, school teachers, mine workers and public sector workers in the urban areas in both Freetown and the major towns in the hinterland to support the political parties that were dominant in their respective regions. That was how the Sierra Leone Peoples Party, under the conservative leadership of Sir Milton MARGAI, came to occupy the seat of power in the state system *(24)*. A cordial relationship was eventually formed between the colonial authorities, the party in government, the European and levantine business communities and all sections of the petit-bourgeoisie who later saw independence as a vehicle to either expand their small scale business activities or to occupy top management and civil service posts. These developments strengthened the position of the state against the dominated classes.

The state took several measures to support, and in many cases to initiate, the process of capitalist accumulation. First it created its own currency and established its own Central Bank to enable it break the 100% sterling backing of its currency which had acted as a fetter on economic expansion *(25)*. The Bank eventually centralised the utilization of foreign exchange, thus giving the state the power to link the reserves with domestic economic development. Although the government continued to peg the leone to the pound until the late 1970s, even after the pound was floated in 1972 *(26)*, these developments gave the state, through the Central Bank, the power to monitor the activities of the commercial banks and other private and corporate bodies. A working relationship was established between the bank and the expatriate commercial banks, a relationship which was later enhanced by the acquisition of shares in these banks. This relationship increased the process of the state in domestic borrowing from the banks and the general public.

Furthermore, the state became very active in the provision of basic infrastructure – roads, bridges, extension of the harbour, the provision of water and electricity and in supporting the establishment and expansion of manufacturing companies. A firm stand was taken against nationalisation, except for the public utilities which were already nationalised; and the Development Act of 1960 was passed, which among other things, provided an array of incentives to foreign private enterprises, chiefly the granting of tax holidays to new companies, tax subsidies to companies using foreign raw materials, the right to repatriate profit and the establishment of an industrial estate at Wellington in Freetown *(27)*. These measures contributed to the establishment of several manufacturing companies. The first group of companies were Sierra Leone Breweries owned by the UAC, the Aureole Tobacco Company, a subsidiary of British American Tobacco Company with substantial UAC holdings, the Sierra Leone Enterprises Ltd. which bottles Pepsi-cola, Seven up etc... and the Freetown Cold Storage Ltd., another soft-drink bottling Company.

By 1979, the modern industrial sector had registered more than 180 establishments; these include 59 industrial units producing food, beverages and tobacco; 16 units producing chemical and petroleum products; 16 units producing paper, paper products and printing; 12 units producing plastic foot wear, foam and packages; 3 units producing textile products; 5 light engineering units and 32 repair and service workshops. 76% of these industries were in the private sector and 24% in public sector. A survey carried out by the United Nations Development Programme in conjunction with the Ministry of Trade and Industry shows that the rate of capital formation and investment was 100% of the industrial base, viz. Le 11.9 million as against the assessed capacity of the 13.87 million. Newly yearly investment used for the expansion of existing industries was estimated as Le 2.14 million and that for the establishment of new plants was Le 2.05 million *(28)*.

These developments have acted as a stimulus to the expansion of the domestic market particularly in the area of food production *(29)* and the articulation of the traditional industrial sector. The latter includes small scale industrial units engaged mainly in the processing of commodities like rice husking, palm oil processing, handicrafts, tailoring, black smithing, bakery, shoemaking and gara prints which rely mainly on low level technology. A sample survey carried out by the University of Michigan in 1976 shows that employment in this sector jumped from 39,577 in 1974 to 87,000 in 1976 *(30)*.

In terms of individual ownership per unit of manufacturing industries, the Lebanese and Indians account for 50.7% of all manufacturing firms as opposed to a British ownership of 3.2% and a total metropolitan ownership of 11.3%. However, the capital outlay of the Levantine firms is very small compared to those controlled by Britain and the other metropolitan countries. British and metropolitan capital is concentrated in such

Table I – Basic Data on Modern Sector of Industry (In millions of Leones)

Industry group	Industrial Units		Employ-ment		Investment		Gross out-put value		Material imports		Salaries wages	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Food, beverages and tobacco	59	33	3012	27	55.03	50	100.19	52	40.07	38	5.71	40
Repair and service workshops	32	18	2721	25	18.14	16	10.107	6	5.92	5	3.02	21
Chemical and petro-leum products	16	9	592	5	12.57	11	51.55	27	45.52	43	1.20	8
Building materials industry	16	9	1037	10	4.08	4	5.35	4	3.15	3	1.15	8
Paper, paper pro-ducts printing	16	9	1017	9	3.08	3	3.20	2	3.09	3	1.30	9
Wood, wood pro-ducts and furniture	13	7	1462	13	8.35	7	3.03	1	0.89	1	0.80	5
Plastic footwear, foam and packages	12	7	419	4	3.60	3	3.48	2	1.49	1	0.55	4
Light engineering products	5	3	378	3	2.01	2	4.06	2	3.27	3	0.27	2
Textile products	3	1	209	2	0.62	1	0.75	4	0.19	–	0.21	2
Miscellaneous	8	4	108	2	3.45	3	4.53		2.66	3	0.12	1

Source : *Industrial Review of Sierra Leone* UNDP/UNIDO Project DP/SIL/78/002 1st September 1979 (Freetown).

dominant industries as SLST, DELCO, (now Marampa Iron Ore Mines of Sierra Leone), Sierra Leone Breweries, Sierra Rutile, Aureol Tobacco Company, Sierra Leone Petroleum Refinery and Sierra Leone Diamonds *(31)*. These easily account for more than 60% of investment capital in Sierra Leone. In terms of manufacturing industries alone, Sierra Leone Breweries Ltd., Aureole Tobacco Company, Sierra Leone Petroleum Refinery, Wellington Distilleries, Sierra Enterprises, Freetown Cold Storage, CFAO and A.J. Seward (all owned by metropolitan firms) account for 55% of computed investment outlay *(32)* and 71% of industrial output value *(33)*. The growing strength of the Lebanese bourgeoisie should not be underestimated however, as they have been making consistent attempts to break the power of the metropolitan bourgeoisie by transferring part of their capital from commerce into manufacturing *(34)*. The Match factory of P.Z and the entire commercial operations of P.Z were bought over by a group of Lebanese businessmen. It is reckoned that they have also been winning most of the contracts from the state recently. They have caused the virtual collapse of British Caledonian in Sierra Leone by forcing the Government to withdraw its shares and set up a so-called national airlines with substantial Lebanese and Jordanian controlling interest. They have also almost taken over the tourist industry by controlling or going into partnership with the government in such prominent state hotels as Cape Sierra, Mammy Yoko and Bintumani; they control the fishing industry though Jamil SAHID's (arguably the richest member of this community) agreement with the Sierra Leone government which established the Sierra Fisheries Company; and just recently it was reported that the National Workshop has been bought from the state by Tony YAZBECK, a prominent car distributor.

Unlike in Nigeria, where the state has encouraged the development of indigenous bourgeoisie, there has been no concerned efforts in Sierra Leone to create an indigenous bourgeoisie. The early attempts of the 1960s which tried to restrict certain commercial activities to indigenous Sierra Leoneans collapsed because of the nationalisation of many of the Lebanese and Indian traders. Sierra Leone's control of individual industrial units is therefore, very small – accounting for only 19.6%, with the public sector accounting for about half of this. However, many Lebanese and metropolitan companies give out some shares to Sierra Leonean businessmen. Such joint ownership firms which include Sierra Leoneans account for 14.7% of industrial firms *(35)*. It should be noted that successive governments have gone out of their way to protect the economic interests of the Lebanese businessmen against nationalist attacks; thus a very powerful linkage has been formed between the lebanese businessmen, politicians and those involved in key sectors of the public service like the Ministry of Finance, Ministry of Trade and Industry, the National Trading Company, the Ports Authority and some of the banks for the award of contracts, import-licences, and the transfer of capital from the country *(36)*.

Foreign trade is related to the contemporary capitalist system of production in four important sectors:

Sector One: that of imports of capital equipment. The establishment of manufacturing industries and the expansion of mining activities has led to an accelerated increase in the importation of capital equipment. These rose from Le 16,458,000 in 1968, for instance, to Le 85,768,000 in 1979, an increase of 431% *(37)*. The main agencies in this sector of trade are the British and metropolitan companies and the fledgling Lebanese and Indian industrialists. Specifically, these are SLST, Sierra Rutile, A.T.C., Sierra Breweries, NATCO, Sierra Fisheries, Sierra Paints, Washex Soap Company, Sierra Leone Petroleum Refinery etc... Most of those companies purchase their capital equipment directly from Foreign sources or their subsidiaries without going through local intermediaries.

Sector Two: that of raw material imports. Again the expansion of import substitution industrialisation has led to an expansion in the importation of raw materials. In fact it has been calculated that the import liability of materials in percentage of gross output value is just about 56% and the estimate of average value added is 17% *(38)*. Many of the industries perform mainly packaging activities. In many instances, as the UNDP Report maintains, industry is simply used as a cover for the expansion of import trade *(39)*. Petroleum Refinery, Metal Beds and Spring Factory, Sierra Leone Nail Manufaturing Company, Sea Board West Africa Ltd. (Flour Mills), Washex Soap Company, Freetown Cold Storage and Chanrai Chemicals Ltd. consume imported materials of between 60% and 97% of their respective gross output value. On the average the manufacturing sector depends for about 90% of its raw materials on foreign sources. It is only Forest Industries Corporation, Aureol Tobacco Company and Sierra Leone Breweries, among the leading companies, that consume imported raw materials of less than 30% of their respective gross output value *(40)*.

Raw materials imports rose from Le 6,804,000 in 1968 for instance, to Le 69,817,000 in 1979; this represented an increase of about 1050%. Most of the companies in the industrial sector conduct their own importation since they get tax relief from the government to enable them maintain a steady system of production. However, a few Lebanese and Indian companies act as agents for the procurement of raw materials for other companies and the government. Notable among these are CHELLARAMS, T. YAZBECK and SAHID.

Sector Three: that of final commodities. In line with the developments in sectors one and two, there has been a massive increase in the importation of final commodities for domestic consumption. In the case of food this has risen from Le 13,265,000 in 1968 to Le 55,117,000 in 1979, an increase of 323% ; other manufactured goods rose from Le 22,080,000 in 1968 to Le 66,343,000 in 1979, an increase of 200% *(41)*.

The dominant agencies in the conduct of the trade in final commodities are the Lebanese and Indians. Prominent among the Indians are CHELLERAMS Ltd. which has its headquarters in England, CHOITHRAMS who owns NATCO (which produces confectionary and biscuits), CHANRAI, DASWANI and SHANKERSAS: They specialize mainly in household merchandise, imported liquor and provisions. The major Lebanese traders include Jamil SAHID, Tony YAZBECK, A.H. BASMA, Toufic JAFFAR, M.S. ANTAR, M. SAFFIEDDINE, A. ABOUD and M. ABOUD. This group specialises mainly on loose garments, shoes, shirts, dresses, carpets, construction equipment and some household commodities. They have also moved into automobile distribution, mainly Japanese cars. Prominent among them is Tony YAZBECK.

Some of the old trading houses from the metropolitan countries are still active in the import trade. These are UAC with its A.J. SEAWARD branch that distributes cosmetics, detergents and medicines, G.B. OLIVANT which now specialises in the procurement of office equipment, P.Z. which, before it closed down in 1983, ran a supermarket of assorted goods, S.C.O.A. and C.F.A.O. which abandoned their other trades to specialise in the importation of lorries and spare parts and Bata Shoe Company which distributes shoes. The traditional dominance of these companies in the import trade has been seriously eroded by the Lebanese and Indian traders. Most of them have been forced to restrict their business to a limited consignment of goods. Some of the European companies like P.Z. have even sold their businesses to the Lebanese. Attention should be drawn to the attempt in 1982 by one of the most prominent Lebanese businessmen, Jamil SAHID, to cripple the Beer Industry when as a result of foreign exchange shortage and problems of importing raw materials, he used part of his large foreign exchange holdings, apparently with the tacit support of the state, to import millions of cartons of beer into the country, thus compounding the problems of the industry.

A handful of Sierra Leoneans participate in the import trade, although they have not been able to make any serious inroad into this sector. Some of the more prominent ones are Ousman THOMAS who owns an automobiles distribution garage, Paul KAMARA, Lamin BANGURA, Bailor BARRIE, KEBBE, D. MACAULEY, E. MORGAN and GOODINGS who specialise in general merchandise and drugs and a few others who traditionally had specialised in the importation of building materials.

Sector Four: that of export of raw materials. These include cocoa, coffee, palmkernels, ginger, iron-ore, diamonds, rutile and gold. As we have seen the state started to play an active role in this sector in the 1940s. For instance the dominance of UAC in the export of agricultural commodities collapsed after the formation of the Sierra Leone Produce Marketing Board. Most of the Lebanese agents also abandoned this sector of trade for the indigenous rural Sierra Leoneans and the SLPMB. The latter with its so-called price support system appropriates part of the surplus of the peasantry and sells these commodities to the foreign multinationals. Agriculture provides about 30% of the foreign exchange to the state *(42).* The export of diamonds, iron-ore and rutile is done by the metropolitan companies that control the production of these commodities. The state, however, gets rents and some other income through profits tax and dividends (it controls some of the shares). The Lebanese businessmen still participate in illicit diamond and gold production and export.

As table II shows, Britain is still the single most important trade partner of Sierra Leone. Despite successive government efforts to diversify in the 1960s, the dominance of Britain was not eroded. The major areas of diversification in the 1960s were West Germany, France, U.S., Italy and Japan. The reasons for such British dominance are not difficult to find. When we take the first two sectors of the exchange process, capital inputs and raw materials, it is clear that British companies still dominate this sector; since these companies were allowed to import directly from overseas they naturally imported from their parent companies. Also even sector three does not radically depart from sectors one and two because the Lebanese and Indian firms that dominate this sector have no links with Lebanese or Indian multinationals, but are a direct product of British capital; even some of these companies, like Chellarams, have their headquarters in Britain; they thus have a tendency to import from Britain. The only serious challenge was in automobiles where the Japanese have even penetrated the British home market. The same applies to sector four, although the SLPMB has been making strenuous efforts to establish trade contacts with non-British consumers.

We may conclude this section of the paper by making the following observations: Trade supports the production system by creating the basis for the procurement and sale of commodities that are crucial to the system of production. In the Sierra Leone economy, trade facilitates the process of imperialist control of the economy which is conducted with the active collaboration of the Indian, Lebanese, indigenous middlemen and the SLPMB; the surplus which is realised in circulation never reaches the actual producers – whether it is SLPMB and the peasants, SIST/Sierra Rutile and the mine workers or the various manufacturing industries and their various workers. The result is the same as the various factions struggle to control the surplus. Naturally, some may lose and close down or get a bad deal etc... which may affect the level of development of the national economy.

THE CRISIS OF UNDERDEVELOPMENT, AGRICULTURAL TRANSFORMATION & TRADE DIVERSIFICATION TOWARDS CHINA

Sierra Leone's strategy of industrialisation ran into very serious problems in the 1970s. Symptoms of the crisis had, in fact, already appeared in the mid-to late 1960s, leading to the defeat of the Sierra Leone Peoples Party by the All Peoples Congress in the 1967 elections. Stringent monetary and fiscal measures which were recommended by the IMF to the military government of 1967–68 and the APC government of Siaka STEVENS that succeeded it, had to be implemented to contain the payments crisis *(43).* Although there was a slight recovery in 1969/70, the situation became very serious again in the early 1970s.

The foreign trade balance ran a consistent deficit between 1970 and 1979. Whereas the value of exports rose by 160% between 1970 and 1979, that of imports rose by 250% in the same period. On the export side the main problem was the collapse of the iron-ore industry in 1975 which used to provide 12% of the foreign exchange of the state and the fluctuating performances of the volume and unit value of diamond *(44)* and agricultural exports. Diamond exports, for instance, dropped from 1,954,000 carats in 1970 to 852,000 carats in 1979. Coffee exports dropped from 14,057 tons in 1972 to 4,775 tons in 1975 and rose to only 7,867 tons in 1979 *(45).* The unit price for a carat of diamonds dropped from 46.01 leones in 1973 to 38.03 leones in 1975; although this rose to 165.37 leones in 1978 it experienced another sharp drop in 1979 to 126.27 leones. The same is true for the other commodities which recorded fluctuating unit prices between 1970 and 1979 *(46).*

But the more damaging area is the imports sector where, as we have seen, food imports jumped by 323%, between 1968 and 1979; other manufactured imports by 200%; raw materials by 1050% and capital goods imports by 431% *(47).* Mention should be made also of freight, insurance and investment income. In 1978, for instance, investment income registered a deficit of Le 40,772,000 and freight and insurance Le 26,742,000 *(48).* The deficit in the investment sector reflected the open payment policy of the state which its relationship with the pound sterling guaranteed until 1978. This provided a convenient cover for the transfer of capital out of Sierra Leone. Furthermore by 1980, the state had incurred a staggering debt of about Le 802,000,000; Le 448m. of this was owed to foreign sources and Le 353.2m. to local commercial bank, and other corporate bodies. Suppliers credits accounted for about Le 164.4m. of the foreign debt; international organisations Le 130.8m.; and foreign governments about Le 152.9m. *(49).*

The combined effects of these developments led to the closing down of factories and companies because of lack of foreign exchange to import raw materials and spare parts, a spiralling inflation rate, loss of jobs and a threat to even the supply of basic household commodities.

One way in which the government attempted to arrest the situation was by trying to transform the agricultural sector. A comprehensive strategy commonly know as «Integrated Agricultural Development Project» was adopted. This was broken down into three projects, viz the Eastern Area Integrated Agricultural Project (EIADP) and the Northern Area Integrated Agricultural Project (NIADP) *(50)*. Both projects are supported by the World Bank. The EIADP concentrates in the production of cocoa, upland rice and oil palms. The NIADP concentrates on upland and swamp rice, groundnuts and cattle ranching. The third project which is funded by the European Economic Community is located at Koinadugu District, the northeastern part of the country. This project focuses on cattle ranching and the provision of good access roads to the south of the country to facilitate the marketing of fruits and vegetables in that area *(51)*.

With the support of the British Overseas Development Administration, the government also established two subsidiary companies of SLPMB in 1979; the Sierra Leone Agricultural Production Company (SLAPCO) and the National Produce Company (NAPCO). SLAPCO concentrates on the development of cocoa and coffee plantations and training and extension services. A 250 acre cocoa estate and a 1,500 coffee estate were established for commercial and demonstration purposes. The cocoa estate was located in the Eastern region while the coffee estate was sited in the Eastern and Southern provinces. NAPCOs responsibility was with ginger production. One hundred acres were allocated to it to cultivate ginger in the Kambia and Bombali Districts in the north *(52)*. Other important agricultural projects include the World Food Programme and the Chinese Agricultural Programme.

The latter is involved in a cane sugar complex at Mamunta, Tonkolili District, in the North *(53)*.

Most of these projects are, however, at their experimental stages; no large scale production has been registered despite the huge amount of money that has been sunk into them. In fact, as officials of the Bank of Sierra Leone maintain for the EIADP projects, which can be extended to all the projects:

> *«... specifically, the bases for continuity* (a high level of farmers' participation in the decision-making process and middlemen incentives) *are lacking. As a result of this constraint, it may be very difficult to derive meaningful longer term benefits, especially as the gestation period of agricultural projects is relatively long» (54)* (emphasis mine).

Even though there has not been any massive displacement of peasant farmers from the land to give way to capitalist farming, there is a general preparedness by the government to repeal the traditional land tenure law so that land will be commercially available to local capitalist farmers and transnationals *(55)*. In fact some public officers, politicians, businessmen and traditional authorities from the rural areas have already started to operate large-scale agricultural farming. Some officials of the Sierra Leone Produce Marketing Board have even floated some companies, in partnership with overseas companies, to go into large-scale capitalist farming *(56)*.

The second strategy adopted by the government has been to diversify the third sector of its foreign trade relations towards China with the aim of closing the gap created by the shortfall in foreign exchange which has seriously threatened the political stability of the country, particularly with regards to the availability of food and basic household commodities.

The agreement with China was precipitated by the conflict with the US government in 1971 after the latter was implicated in the treason trials of Army officers, led by the late Brigadier John BANGURA, who attempted to overthrow the government of Siaka STEVENS in 1971. The American puppet Taiwanese government was asked to withdraw its diplomatic staff from the country as part of the punitive measures taken against the US.; and the Peoples Republic of China was granted full recognition even before the crucial UN vote in 1972 which formally invited the PRC to take its seat in the world body as the sole authentic representative of the people of China *(57)*.

A comprehensive package of economic cooperation between the two states of Sierra Leone and China was signed on the 29th July 1971 covering three inter-related sets of economic relations: trade and payments agreement, economic and technical cooperation; convertible currency loan agreement. We shall mainly be concerned here with the trade and payments agreement *(58)*. This agreement sets out to promote trade relations between the two countries by granting each other most favoured nation treatment regarding the level of customs duties, taxes and other charges connected with import, export, transit, storage and the transhipment of commodities *(59)*. The Bank of Sierra Leone and the Bank of China each opened a clearing account in the name of the other in leones. The payment of the goods was to be made in local currency, in leones and Renminbi. The two banks were to make a settlement of the accounts at the end of each agreement year. Settlement was to take place in goods or the currency of a third country and should be made within six months of the end of the agreement year *(60)*.

Because of the indirect nature of the foreign exchange conditions in the agreement, the trade with China has turned out to be very beneficial to the government and the business community, especially in the face of the acute foreign exchange crisis which has threatened to paralyse economic activity in the country. China has, therefore, turned out to be a major source for the procurement of commodities at sector three. These commodities include shirts, dresses, bags, shoes, school uniforms, underwear, baby wear, cotton garments, yarn, thread, kitchen ustencils,provisions, household electrical equipment and rice. By 1975 imports from China had risen from Le 1,338,000 in 1967 to Le 10,064,000, representing a growth rate of 900% which is the highest for all of Sierra Leone's trading partners; that of UK was 100%, Japan's 71%, USA's 118%, France's 25%, Germany's 300% and Netherland's 166%.

In terms of relative trade position, China rose from a position of 8th among the leading exporters to Sierra Leone in 1967 to a position of 4th; she was preceded only by Britain, USA and Japan. The trends indicate that China may well have overtaken the last two countries if the statistics for current years are made available *(61)*. Since the agreement was

Table II – Direction of Trade Imports (in Thousands of Leones)

Period	United Kingdom	Nether-lands	West Germany	France	Italy	Japan	USA	China
1967	18,270	3,052	3,326	4,839	1,716	7,154	6,906	1,338
1968	21,267	3,121	3,997	4,220	2,216	9,212	7,121	1,934
1969	29,028	3,234	4,487	3,574	2,703	9,759	7,765	3,343
1970	28,777	3,261	6,781	3,996	1,497	9,027	8,423	2,319
1971	27,136	4,279	5,764	4,840	1,427	9,606	6,120	2,591
1972	22,067	5,559	7,923	6,093	1,828	9,464	6,149	3,697
1973	28,159	6,386	10,078	9,948	3,123	11,943	11,132	4,624
1974	40,036	7,506	12,691	9,887	3,709	18,088	17,058	9,130
1975	40,623	8,587	9,057	5,884	2,794	12,415	13,301	10,064
1976	36,419	7,211	12,408	12,537	4,173	13,125	13,583	8,821

Source: *Bank of Sierra Leone Economic Review* – Vol. 14, 1980.

signed, Sierra Leone had always had a deficit with China; the government had been trying with difficulty, to convert the deficit into a soft loan; instead some of the deficit has been settled in Sierra Leone's agricultural commodities, such as cocoa and coffee *(62)*.

The diversification of trade towards China has not actually undermined the Western imperialist control of the Sierra Leone economy because Chinese Companies have not displaced the metropolitan and levantine producers. Even the trade is not conducted on a state-to-state basis. The National Trading Company's attempt to do so in the early 1970s was later broken by the combined pressure of the Lebanese businessmen and sympathetic politicians, who stood to gain from the denationalisation of the trade *(63)*. Instead NTC merely acts as a clearing house for private importers who have succeeded in establishing contact with the trading companies of China. The traditional trading companies, P.Z (before it closed), the Lebanese, Indians and a few Sierra Leoneans have simply switched over to the China trade since obtaining import licences for the trade with Europe and America is now almost impossible. As table three shows, the Lebanese traders control more than 90% of this trade.

The problem of non-availability of basic commodities which would have arisen as a result of the foreign exchange crisis has been partially stemmed by the trade with China. However, despite the fact that the companies that import from China get the goods at a relatively cheap rate compared to world market prices, the prices that the local consumers pay for these goods are really very high *(64)*. Workers had to go on a national strike in August 1981 to protest against the high prices of goods. Just recently also, in January of this year, students at the Fourah Bay College and other unemployed youth clashed with the police and some Lebanese traders as the students demanded for a programme of price reduction of basic commodities.

Part of the profit which is derived from the China trade now finds its way into the foreign portfolio investments of the Lebanese traders and their fledgling packaging industries in the country. Many well placed officials in Sierra Leone now openly admit that without the trade with China, the economy of the country would have been in a much worse shape. For, as they argue, even though the prices of goods are high, the goods have not disappeared from the shops. This has, however, not given China a special position in Sierra Leone's economy. The trade with China is just an extension of the Western imperialist control of the economy where imperialism, with its local Levantine, Indian and Sierra Leonean class allies, uses the trade with China, (which is anxious to extend its own overseas economic and political contacts) to entrench themselves in power in the Sierra Leone economy.

Table Three – Letters of Credit Applications made between January and August 1981 for the importation of commodities from China

Importer	L/C Applied for
Toufic Jaffar	124,804.40
Gay International	4,116,00
A. H. Basma	109,418.27
N. S. Store	22,242.00
Salim Aboud	31,844.20
Nackle Dayeh	10,625,55
Wadih Brothers	42,214.12
Building Material Store	7,040.34
Kayteestar	52,418.00
M. S. Antar	118,251.30
Atef Nameh	40,688.31
R. M. Faiad	157,431.10
M. Safieddine	398,224.00
Z. S. Soufan	96,884.41
M. K. Awada	160,265.28
Zeina Store	31,246.15
I. Wahbi	245,228.27
E. H. Harb	83,867.20
Albert Aboud	147,623.18
K. Chellarams	83,476.30
T. Choithram	7,870.00
Em Em Intercasa	58,840.00
A. Safiedeen	84,361.25
I. Mohsen	43,587.00
H. A. K. Basma	149,681.75
R. M. Basma	155,619.34
T. Metharam	31,650.00
M. Dialdas	22,400.00
Kamal Store	5,400.00
Merani Store	20,838.20
Hussein Huballah	124,401.20
Wansa Farran	200,140.00
M. A. Namei	315,820.00
M. M. Basma	152,181.40
Basman Store	2,708.00
	= 3,317,956.52

Importer		L/C Applied for
	=	3,317,956. 52
Toufic Huballah		1,443,837.31
Wansa Trading		26,330.00
M. A. Basma		177,481.70
H. M. Bahsoon		10,665.00
Allie Abess		20,554.00
R. M. Antar		135,187.20
Wadih Brothers		18,253.78
H. A. Basma		44,184.00
Kamal Yatim		50,197.00
J. Lall's		19,315.84
S. B. Daswani		29,935.80
International Store		61,548.60
P.Z. S.L. Ltd.		301,061.90
Chanrai S.L. Ltd.		42,540.94
Pee Cee & Sons		6,120.00
K. H. Bahsoon		172,403.45
Allied Trading Company		19,176.00
Musa Sharaffdeen		855,840.00
	=	6,760,189.04
National Trading Company		84,324.86

Source: Compiled on my request by the officials of the National Trading Compa- on 26th August, 1980.

Nos. 2, 8, 29, 44 are Sierra Leonean controlled
Nos. 20, 27, 28, 30, 46, 49 are Indian controlled
No. 48, is Metropolitan controlled. The rest is Lebanese controlled.

CONCLUSION

Trade theories that maintain that all nations, and by implication all social classes, benefit from free trade are class-blind and unrealistic; so also are theories that emphasise country exploitation though trade. Both approaches fail to see the specific connections between trade and production and the manner in which trade serves specific interests in the capitalist system of production. In the Sierra Leone economy we were able to see how trade is useful in providing capital inputs and raw materials to agencies involved in industrial production and in distributing not only the raw materials obtained from the exploitation of the peasantry and the workers, for industrial development overseas, but also the final commodities of metropolitan producers for consumption in Sierra Leone Metropolitan companies are heavily involved in sectors one and two, whereas the Lebanese and Indian traders dominate sector three. Indigenous Sierra Leone businessmen have not been able to make any serious impact in all three sectors, except in sector four, export of raw materials, where the state itself, through the Sierra Leone Producer Marketing Board, has a near monopoly. The dominance of the Lebanese and Indian traders in sector three has not given them any autonomy since in the main, they are not linked to the companies of their home states, but to metropolitan capital itself. Despite their current attempts to move into productive activities, they are still in the main vital links for the metropolitan exploitation of the workers and peasantry in Sierra Leone. The diversification of trade towards China has not destroyed this imperialist domination of the economy; the Lebanese and Indian traders dominate this trade which is now a useful avenue for sustaining their economic activities in the country.

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RESUME

Le rôle des échanges commerciaux dans le sous-développement du Tiers-Monde a suscité beaucoup d'intérêts pour les études de développement, en particulier par rapport aux sociétés africaines. Cependant la plupart de ces études ne se fondent pas sur une appréhension théorique claire des rapports existants entre la production et les échanges commerciaux. Les échanges commerciaux sont-ils indépendants de la production ? ou correspondent-ils et sont-ils au service de certains intérêts du système de production ? L'orientation du commerce vers les pays socialistes libère-t-elle, en soi, ce commerce du système de production impérialiste ? ou permet-elle de faire reculer davantage les agences liées à l'impérialisme ? C'est là quelques-unes des questions sur lesquelles ce document se penche. La première partie est consacrée aux principales théories élaborées sur les échanges commerciaux et le développement, en vue de dégager un cadre pratique permettant de saisir le rôle du commerce dans le sous-développement. La deuxième partie tente d'appliquer ce cadre au cas concret de la Sierra Léone en étudiant particulièrement la dynamique du développement capitaliste et la structure de ses relations commerciales extérieures. La dernière partie examine la crise du sous-développement et la politique d'orientation du commerce vers la Chine.