A CRITIQUE OF THE WORLD BANK REPORT entitled «ACCELERATED DEVELOPMENT IN SUB-SAHARAN AFRICA»

By

Samir AMIN *

1. It has been obvious for a long time that the development of Africa was suffering from engine failure. The World Bank's latest Report, «Accelerated Development in Sub-Saharan Africa», provides some useful quantitative indications on the size of the catastrophe. During the 1960s, the GNP per capita growth rate did not exceed 1.3 % per annum and it fell to 0.8 % in the seventies, whereas the rate of growth of agricultural output per person became negative at - 0.9 % per annum. The current account deficit rose from 1.5 thousand million dollars in 1970 to eight thousand million in 1980, whereas debt servicing now takes up 12 % of export earnings as compared with 6 % ten years ago. And to make matters worse, these deplorable results apply to all parts of the continent. Table 1 of the Report informs us that the best results, achieved in countries some of which are often cited by the Bank itself as examples, are in fact modest in the extreme. The annual per capita GNP rate of growth over a period of twenty years (1960–80) was as follows: – 2.9 % in Malawi, 2,3 % in Tanzania, 3.6 % in Togo (a phosphate producer), 6.0 % in Lesotho, 7.2 % in Swaziland and 9.1 % in Botswana, 2.7 % in Kenya, 2.3 % in Mauritius, 2.4 % in the Ivory Coast, 3.7 % and 6.1 % in Nigeria and Gabon (oil producers). The annual rates of growth of agricultural output for the 1970–79 decade were as follows: – Malawi 4.1 %, Tanzania 4.9 %, Kenya 5.4 %, the Ivory Coast 3.4 %, Nigeria - 0.3 %. The industrial growth rate, too, was poor despite the extremely low starting base: 3.3 % per annum during the seventies for the whole median of Sub-Saharan Africa, as compared with 1.8 % for agriculture and 4.2 % for services. The crisis is thus a general one and it is not new. It goes as far back as the sixties, a decade of prosperity for the world system, although it has deepened during the most recent period.

One expected the World Bank to come with a far-reaching critique of local social and economic systems and the world system of the division of labour, responsible for this total failure. One even thought that the Bank would make some sort of self-criticism, since for the past twenty years it has supported most of the basic principles underlying the development system that it now being called into question. Not at all – the Bank attributes the failure entirely to the African Governments, who are accused of having held agriculture in contempt and given far too much priority to industry!

Notwithstanding, the World Bank's own statistics place China first on the list of per capita GNP growth countries in the world, at 5 % over thirty years (1950–80), with a growth rate of 4 % for agriculture and 11 % for industry. The Bank, however, does not go on to draw any conclusions

---

* *Director of the UNITAR Project on the Future of Africa, B.P. 3501, Dakar.*

from this comparison and does not ask whether China's national and self-reliant development strategy may have certain virtues from which some lessons could be learnt, nor whether there may be some relationship between accelerated industrialization and agricultural take-off. On the contrary, agriculture and industry are presented as being necessarily antagonistic one to the other. As if a 3.3 % growth rate starting from a base of more or less zero in 1960, which is equivalent only to half the rate of urban growth and barely higher than that of the population, indicated some sort of rampant industrialization! (In actual fact, Africa's share in world industrial output has fallen).

Curiously enough and contrary to all expectations, the World Bank attributes this «anti-agricultural» bias to prejudices on the part of foreign aid donors and «development theorists» (p. 49). We, on the contrary, know only of the bias of the colonial powers, who saw Africa exclusively as a producer of «agricultural and mining» commodities.

2. In his Introduction to the Report, the President of the World Bank, Mr. A. W. CLAUSEN, claims to respect the goals which the African States themselves spelt out at the Lagos Summit (April 1980). That is mere verbal diplomacy. The text of the Lagos Plan reiterates the principles of «self-sustaining and self-reliant development» (para. 3), the need to do away with dependency on agricultural and mineral raw material exports (para. 13), the need to mobilize natural resources for the benefit of national development (para. 13), the need to accord a major role to industrialization (para. 52) etc... To be sure, the Lagos Plan contains certain weaknesses, but these will be discussed elsewhere. Nevertheless, its options are diametrically opposed to those of the World Bank.

The strategy proposed by the Bank is perfectly summed up on page 4 of the Report: «The internal structural problems and external constraints impeding African economic growth have been exacerbated by domestic policy inadequacies... trade and exchange-rate policies (which) have overprotected agriculture, held back agriculture... the public sector has become overextended... «Upon which the Bank goes on to suggest a strategy of adjustment to the demands of the world system and based on exports (agricultural and mining commodities), supported mainly by devaluation measures and by resorting to a larger measure of liberalism, these to be accompanied by offering greater scope to private initiative. A carrot, that of doubling external aid in real terms during the eighties, is dangled to bring countries to accept these principles of «healthy» management.

If words have any meaning at all this is an outward-oriented and not a self-reliant strategy, a policy of adapting to the requirements of transnationalization, a strategy which means renouncing any intention of constructing a diversified national and regional economy which, through its own internal dynamics and autonomy, would be capable of acting as a partner in an interdependent world system rather than being a mere excrescence of the transnationals.

3. The analysis of internal (Chapter 2) and external (Chapter 3) constraints is particularly devastating. The problem areas listed in the chapter on internal structures are the underdevelopment of human resources, low agricultural productivity and rapid urbanization. The underdevelopment of human resources is reduced to simply a question of inadequate education. Similar childish illusions are apparent in the chapter on human resources (Ch. 6), considered to be «the most profitable investment», in which it is clear that the authors of the Report are not even aware that they measure this profitability in terms of comparative incomes between diploma-holders and illiterates.

Education (as it is) is not necessarily the best investment, but it is indeed a means of differentiating classes and incomes... Having failed to analyze the problems of society and unable to propose any changes, the Report, in Chapter 6, is limited to suggesting a number of minor cosmetic alterations designed to reduce the cost (by very little) of education as it now is. Pious hopes which, if the advice of the World Bank is followed, events will once more prove to be erroneous in twenty years' time.

Low agricultural productivity in Africa is a platitude. What the World Bank Report does not say is that this low productivity, which goes hand in hand with the land-extensive type of agriculture, was – and still is – economic from the point of view of the world system of the division of labour. It allowed the West to acquire raw materials without having to invest in its colonies. Mr. L. GAKOU (The forms and modalities of capitalist penetration in African Agriculture) has clearly described this mechanism, which is responsible for having impoverished the land and thus brought about poorer yields. The transition to intensive agriculture, a necessity today, implies an increase in the world prices of raw materials, if they are to be exported: land, like oil or water, is no longer an «unlimited» resource, but one that is becoming scarce.

Urban growth (three cities of more than half a million inhabitants in Sub-Saharan Africa in 1960, twenty eight in 1980) is another platitude. What the World Bank does not say is that rural migration is a result of impoverishment in the countryside and that this trend cannot be reversed unless you turn to intensive farming, which requires a support industry and adequate prices (not only on domestic but also on world markets, if the produce of such agriculture is to be exported). What the Bank also does not say is that insufficient industrial growth (3.3 % per annum) obviously cannot absorb the urban growth. The Bank's discourse on the deterioration in essential services in the cities and its proposals for petty adjustments to reduce their costs is, in the circumstances, nothing but empty words and wishful thinking.

The external constraints, too, are reduced to their outward expression and no analysis of their causes is provided. To note that the current account deficit of the non-oil producing countries in the region has risen from 1.5 % thousand million dollars in 1960 (financed through aid, private investments and commercial loans to the amounts of 1.6, 0.4 and 0.8 thousand million dollars respectively) to eight thousand million in 1980 (financed in the same way to the amounts of 4.3, 0.3 and 2.1 thousand million dollars) is to state the problem, not to analyze it. The Bank's analysis goes no further than saying that the growth in the volume of exports has been insufficient and has fallen from 7.2 % annual growth in the sixties to - 0.2 % in the seventies in respect of mining commodities (excluding oil) and from 4.6 % to - 0.7 % with respect to agricultural commodities. We are not told the reasons for this drop, which are the world demand crisis, the organization of surplus production in the Third World (the Bank itself advises countries to diversify and to produce the same commodities it recommends the neighbouring countries to produce...), the objectives and strategies of the multinationals in the mining sector (reserves identified and the information filed away) and the land-extensive farming expansion crisis.

4. The critical analysis of current policies (Chapter 4) and the consequent policies and priorities suggested (Chapter 5) are governed by the Bank's poor vision of the global functioning of the system and its «fundamentalist» bias of unbounded liberalism (à la REAGAN).

The Bank has only managed to discover three ills from which Africa suffers, i.e. (i) overvalued exchange rates, (ii) too high a level of taxation of farmers and (iii) excessive growth in administrative expenditure.

It is clear that if prices in foreign currencies are maintained, devaluation would allow the exporter (e.g. the coffee-producing peasant) to obtain more in the local currency. That is a pleonasm. However, one cannot conclude either that devaluation would bring about uncontrolled equilibrium in the balance of payments, nor that prices in foreign currencies would remain stable if the Third World countries devalued their own currency.

Experience has repeatedly shown that in the Third World the whole range of local prices tends to adjust to the import prices and that, therefore, the effect of devaluation both on comparative price structures and on the balance of payments are cancelled out. The absence of a self-reliant and autonomous economic structure explains this generalized contagion, which reflects the way in which the local price systems are dependent on the world price system. We can express it by saying that the law of «worldized» value governs the entire range of «para-national» price systems. This is the main reason why the per capita value added in agriculture in Third World countries is three times lower than the per capita value added in industry and the services sector, a situation that applies everywhere in the Third World in contrast to the situation prevailing in all the countries of the capitalist centre.

Thus, the real values attached to the remuneration of labour determine prices and not the other way around. A devaluation measure designed to raise remuneration in real terms (e.g. for all coffee producers) would probably fail to achieve its aim. The dollar price of coffee would adjust downwards to maintain the present (and minimal) rates of remuneration for producers! That is the lesson to be learnt from one hundred years' of history, which the World Bank superbly disregards.

This fundamental reality obviously does not exclude the fact that the currencies of a group of countries may be overvalued (or undervalued!) within the world system. However, the nature of the new equilibrium obtained by manipulating exchange rates must be described accurately and explicitely ascertained according to each specific case. It is improbable that generalized devaluation in Africa would improve the peasants' lot or even lead to an increase in agricultural exports. Mali, Zaïre and a number of other countries have devalued their currencies but their peasants have not enjoyed the slighest benefit from it.

It is true that peasants in Africa are subjected to a considerable degree of «hidden taxation» – the difference between the export price, the real cost of internal marketing deducted and the price paid to the producer – between 40 % and 50 % according to the Bank Report. But where else would the State raise these resources if this margin were abolished and if the country were to give priority in its development to the production of such export commodities as suggested by the Bank? Why not reduce consumer taxes (e.g. on coffee) in the developed countries for the benefit of the African peasant? Clearly, such taxes reflect the States' «anti-peasant» bias, but this bias is a consequence of the nature of the States' relations with the world system. The anti-peasant feature is not that of the local state alone but that of the global system of exploitation within which the State functions.

By failing to carry the analysis of the system any further, the World Bank condemns itself, on the subject of public expenditure as on others, to distribute advice that is hardly efficient and to suggest ways and means of tinkering with the economy in order to reduce this expenditure (by very little). Such savings are invariably made at the expense of the poor, in contradiction to the fine speeches about «basic needs». Moreover, does not the IMF, a close partner of the World Bank, always impose devaluation, austerity and a reduction in the standard of living of the poorest sections of the population? «Real prices» (world prices being the supreme reference) and the abolition of subsidies for the most basic consumer goods always operate against the interest of peoples.

This type of distorted analysis has led the Bank, in Chapter 5, to recite certain known «facts», without being able to suggest any viable solutions. It is already widely known that the volume of agricultural exports has dropped, from an annual rate of 1.9 % for the 1960s to - 1.9 % for the seventies, that the respective rates of growth in the volume of food crops has also fallen or remained stagnant, from 4.0 % to 2.9 % for rice, 5.2 % to 1.3 % for maize, from 0.9 % to 1.0 % for millet, 2.0 % to 1.8 % for tubers and roots etc...

The Bank naively recognizes that this catastrophe has occured despite an increased aid effort, to the tune of five thousand million dollars, distributed between 1973 and 1980 (half of which was supplied by the Bank...) Where is the critique of those projects that obtained the Bank's support? Where is the analysis of the motives behind the peasants' resistance to the implementation of those projects? Certainly not in the Report under discussion. It is also known that these poor results led to others, e.g. the growth in grain imports which increased at more than 7.1 % per annum (rising from 800,000 tonnes in the mid-seventies to 1.8 million tonnes in 1981, without taking into account the 20 % or so increase in food aid).

Is it possible, in the face of such gigantic problems, to blame only minor, often real albeit marginal, causes such as the «grandiose» nature of certain mechanized projects, the high cost of irrigation (from 10,000 to 20,000 dollars per hectare), the inefficiency of the public services supplying between 50 % and 66 % of agricultural inputs (equipment and fertilizers)? In any case, has not the Bank itself been harbouring certain illusion about «grandiose» projects? Others have suggested, long before the Bank, that it would be a better policy to introduce small-scale development projects, well aware that these – controlled by peasant communities – can be integrated only within a strategy that is popular, self-reliant and de-linked from the world system.

For de-linking is the only viable response to these basic problems. A real desire to see a substantial increase in the remuneration of peasants so as to bring about a genuine take-off in agriculture leaves only one option: the adoption of an internal price and remuneration system which is disconnected from the world capitalist system of values. We have developed this option elsewhere.

5. The substance of the proposals contained in the World Bank's Report is to be found in the chapters discussed above. The rest of the Report is made up of disjointed and superficial comments on human resources, industry, natural resources, population and foreign aid.

Industry, lightly dealt with in Chapter 7, is, in the Bank's view, «overprotected». Reducing such «overprotectionism» of an industry which is still the most fragile in the world would surely reduce even further its already negligible rate of growth.

Wages in Africa are said to be «too high» and those of Bangladesh are held up as a model. Does the World Bank see the future in terms of the bangladeshization of the Third World? And how does one reconcile this statement with that on satisfying «basic needs»? Besides, there is no discussion on industrialization strategies and import substitution is considered as by far the superior option (no attention is paid to the fact that this strategy reproduces and reinforces inequalities in income distribution), although it is said to have been «badly applied» in Africa because it too often required State intervention (without which, despite the Bank's pious hopes concerning «entrepreneurs», the rate of industrialization would have been even lower). The Bank also recommends processing mineral resources for export, although it is a known fact that such processing swallows up considerable capital without leading to interaction between the exploitation of the resources and national development. It also recommends light export industries. Have the disasters of the textile industries in Morocco and Tunisia been forgotten which, after having followed such «recommendations», saw the doors of Western market firmly closed to their products? As for the industrialization required to ensure agricultural development, this is one aspect which the Bank is, apparently, quite unaware of.

On the subject of exploiting mineral resources, the Bank sees no other option than entrusting this task to the interests and strategies of the multinationals. The idea that these resources might provide a basis for national and regional development, the stated aims of the New International Economic Order, does not even cross the minds of the authors, which goes to show the extent to which it seems painful to them to have to sacrifice the slightest detail that might threaten the sacrosanct maximum profits of the monopolies. Nothing but common place statements in the section on energy either – recommendations to the effect that hydroelectricity and coal should be developed, the need to save fuelwood (how can this be done without changing to intensive agriculture?) etc...

The «long-term» problems are hardly touched upon at all. And when they are discussed they are reduced to population problems and their effects. It is a widely recognized fact that cities whose population tends to quadruple every twenty five years will – because of an insufficient rate of industrialization – probably become shanty-towns. We also know that in twenty years' time the rural population will have risen by half. All the more reason, with due regard to soil conservation (the Bank does not tell us how this is to be done), to speed up the intensive development of agriculture, which requires industrial support and de-linking.

The Bank concludes its Reports with a discussion on foreign aid, and this again consists of yet another series of pious hopes (did not President REAGAN express his hostility to «aid» – except to political allies, naturally?). Can foreign aid really make up for the shortcomings of the strategy propounded? According to the Bank's own calculations, the most optimistic assumption – which involves «substantial» aid – cannot during the eighties do more than ensure a per capita growth of 2.1 % for the continent (half the rate achieved by China between 1950 and 1980). What is more, the aid would to a large extent be used for debt servicing, to the tune of 10 % of export earnings in 1980 and 20 % in 1990. Is it then the true function of aid to invest superabundant capital in times of crisis?

P. S. We had expressed our views on self-reliant development («Is Self-Reliant Development Possible for Africa?») in a document which was commissioned but the World Bank and... which the Bank promised to publish as an appendix to its own Report. This has obviously not been done, for the Bank's reports are designed not to be discussed but to bring the States to accept the transnational's strategies.

RESUME

L'auteur de cette critique voit dans le Rapport de la Banque Mondiale (Accelerated Development in Sub-Saharan Africa) une proposition de stratégie néocoloniale extravertie, fondée sur la priorité à l'ajustement du continent aux contraintes du «Développement Mondial», c'est-à-dire celui du Nord. Cette proposition systématique est en contradiction totale avec les principes d'un «Développement Autocentré» retenus par le Plan de Lagos. L'auteur critique le biais anti-industriel de la Banque et prétend que sans industrialisation (au service de l'agriculture) il n'y a pas de développement agricole possible. Dans ces conditions les développements du Rapport concernant le prétendu biais anti-paysans des politiques des Etats africains paraissent naïfs. Cette impression est renforcée par les longs développements apologétiques du Rapport en faveur de «l'initiative privée», de «l'ouverture extérieure» et de la «dévaluation». Il ne s'agit en fait de rien d'autre que d'un document idéologique s'inscrivant dans la philosophie «reaganiste».