Uppsala Conf.

Africa/Ec.

World Bank defenders and 'de-linkers' clash

Exponents of divergent economic viewpoints met in Sweden to discuss "Africa — which way out of recession?" Some common ground was noted by Roland Stanbridge

ROLAND STANBRIDGE

Nomvete: "We want to see African economies restructured so that Africa can develop its own productive capacity"

With little chance of the world economy recovering in the foreseeable future, sub-Saharan Africa is in the grip of deepening economic crisis. The search is on for new strategies to direct Africa off the path that is leading to economic collapse.

While there is no shortage of theory, there has been very little agreement and certainly no real dialogue between opposing camps. Thus when world economic experts met at a conference in Sweden recently it was a momentous occasion, bringing together thinkers of such differing analytical and ideological viewpoints as radical economist Samir Amin and World Bank executives.

Although the differing ideological positions were maintained, common areas of agreement were found. Most important, dialogue had at last begun.

Apart from the World Bank officials and radical Black intellectuals, the conference in Uppsala, hosted by the Scandinavian Institute of African Studies, was attended by African policy makers, Scandinavian diplomats and key persons holding the purse strings for development assistance. These and other scholars debated the question: *Africa: which way out of the recession?*

At the one extreme was the view of the World Bank, contained in its controversial report *Accelerated Development in Sub-Saharan Africa — An Agenda for Action.** Its basic advice to the 45 countries is: expand agriculture-linked exports in which Africa has a comparative advantage; cut down on overextended state bureaucracies and turn over several areas of present state activity to private enterprise; reform incentive structures, consider devaluation, but most important of all, GET EFFICIENT!

Presenting, or defending, the World Bank position were vice-president Timothy Thahane and Senior Adviser Stanley Please.

At the other extreme was the new "delinking" school of thought, which holds that sub-Saharan Africa needs to withdraw somewhat from the world economy. Prominent among the delinkers at the conference were Samir Amin and Kwame Amoa, both from the United Nations Institute for Training and Research (UNITAR) Strategies for the Future of Africa unit in Dakar; Bax Nomvete of the Economic Commission for Africa (ECA); and political scientist Emmanuel Hansen, secretary to the Provisional National Defence Council (PNDC), Ghana.

The views of the World Bank came under sustained attack by the delinkers. This powerful capitalist institution was accused of prescribing "export-led growth" whereas the only realistic proposition for Black Africa in the decades ahead was, as Kwame Amoa put it, an inward-looking development strategy that relegated foreign trade to a residual position. Such a self-reliant delinking strategy would ensure that world market prices could not unnecessarily interfere with internal planning.

Part of the delinking strategy, as explained by Bax Nomvete, is for African states to co-operate regionally and eventually join forces with other Third World countries in united economic bargaining with the developed world.

Though the World Bank perceives most of sub-Saharan Africa's problems as originating internally — the report cites drought and civil war, ineffective government and black markets — African thinkers are generally agreed that the crisis has deep roots in the colonial past and in present dependency structures. Kwame Amoa pointed out that the current food crisis is due largely to a system of valuation which makes production for export more "profitable" than food production for internal consumption and that Africa's debt burden, which has increased five-fold in the last decade, is due largely to the original structuring of African economies to satisfy the interests of export markets.

Unlike the self-reliance strategy being advocated in the late 60s, which held that Africa had to "break off" from ties with capitalist centres, delinking does *not*, conference delegates were told, imply autarky or go-it-alone.

On the contrary, the delinkers stressed that exports in many cases would have to increase and it was obvious that there would always be critical inputs which had to come from the outside world.

As Reginald Green of the Institute of Development Studies at the University of Sussex told the conference: "African economies, if they want to operate de-linking strategies, have got to raise real exports . . . In a few cases rehabilitation of an existing export sector may do the trick — Ghana is an example. In some cases there are identifiable new resource-base exports of some promise — coal in Mozambique, iron and steel in Zimbabwe, paper and natural-gas-based fertilisers in Tanzania . . .

"I am not talking about export-led growth, I am talking about exports to make possible the imports which are necessary either to run the existing economy or to carry out the transformation. Similarly, I am not saying that exports generate investable surplus — or at least not necessary. I am saying, if you have an investable surplus generated in domestic manufacturing, and you need to transform it into fuel and capital goods, the only way is via exports."

Bax Nomvete explained to *Africa Now:* "In the ECA we are not saying that African countries should go for isolation. We are saying that African countries, to get out of the present state of stagnation should redirect their thinking and strategies away from what has been happening since independence and even before independence, which has been the transfer of agricultural and mineral resources either in raw form or semi-processed form to developed countries for manufacture and re-export back to Africa as consumer goods. We want to see African economies restructured so that Africa can develop its own productive capacity."

Along the lines of the OAU's *Lagos Plan of Action,* Nomvete has a vision of a future delinked Africa producing most of the food and manufactures required for the

*See *Africa Now September 1981.*

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immediate needs of its population. Subregional transport and telecommunications will have been developed; there will be inter-country specialisation for training manpower and inter-African trade links will be operative. To reduce the flow of money out of the continent, Africa will control the pricing systems of foreign multinationals and banks.

"Then there will be collective action in bargaining with developed countries on export prices, purchase of technology and knowhow, conditions of investment by foreign companies, negotiations with the World Bank and International Monetary Fund and so forth. This is what we mean by a delinked Africa," said Nomvete.

But the World Bank approach, he added, was very different. "In terms of the existing structure of the international division of labour, the Bank report believes it would be better if the Africans concentrated on those areas of economic activity in which they have a relative advantage over the developed countries. The Bank wants us to support export-led growth, based on agriculture. The Bank, of course, reflects the interests of big capitalist countries which have their own orientation and vested interests in the maintenance of the existing order. That is the objective fact."

To reduce dependency on external sources, Kwame Amoa told *Africa Now,* African countries had to look closely at the establishment of such things as metal and capital goods industries. "The present terms of trade between what Africa produces and the outside world continuously goes against us. There is no consistent argument to show that what we produce now reflects any true comparative advantage on our behalf. You have only to consider the circumstances under which cocoa or copper production were established. They were enforced by colonial administrators."

Samir Amin did not mince his words on the subject: He told journalists that the aim of the *Agenda for Action* was to get African governments to submit to the global strategies of multinational companies. The multinationals and Western countries were most interested in extracting strategic minerals from Africa.

"This is why the Bank is so opposed to industrialisation in Africa — it does not want to see any real development. The World Bank has a target, which is to prevent delinking, that is, to ensure growth within the system. Hence it considers that the world market prices are the supreme law of rationality," he said.

To illustrate his point that major vested political interests lay behind the World Bank, Amin pointed to its support of Zaire. "By no criteria can Zaire be said to be a success story and it is absolutely known to anybody that any money you put into Zaire goes into the pockets of Mr Mobutu and nowhere else. And still it is poured in, for obvious reasons."


WORLD BANK

Harvesting sorghum in the Upper Volta: World Bank advocates and de-linkers agreed centrepiece of African development

"I'm a delinker"

Defending the World Bank against its critics, Senior Adviser Stanley Please, who commutes between his home in Oxford and his office in Washington, told *Africa Now* that the Bank's *Agenda for Action* was never intended as a blueprint for all countries at all times but rather has a pointer to what could be done. It had already begun to make certain governments rethink their policies.

"People are realising that the old policies are not working, even where the balance of payments is not a problem. Take Nigeria — it has virtually all the problems of other countries with food imports going up and export agriculture going down. Nigeria has enormous inefficiencies in resource use.

"In my view, the situation that Africa has reached is comparable with that of the Soviet Union in the 1920's when its programmes were clearly going wrong after the revolution of 1917. It is comparable to what has happened in China in the last three years; it is comparable with what has happened in Hungary as opposed to Poland, where governments have realised that the old programmes were ignoring market forces and ignoring the fact that the country could utilise the motivations of individual peasants, individual workers, individual small firms, more effectively without in any way betraying their socialist objectives. And these countries have been successful.

"Africa has reached that watershed where it has got to realise that socialism does not mean government doing everything. African governments have tried to do too much, and in trying to do too much even the very important things that governments should do, have been done badly. And it's far better that they do those things well, and leave other things to co-operatives or the private sector."

Stanley Please said gross misunderstandings had crept into the debate surrounding the *Agenda for Action,* and despite Samir Amin's insistence to the opposite, he believes the Bank's proposals were consistent with the development objectives of the *Lagos Plan of Action.* The Lagos plan did not detail how its objectives were to be achieved, and the Bank report set out the steps necessary to do so. Many areas of supposed disagreement between the World Bank and its critics, he said, tended to disappear on closer examination.

"At times it looks as though we are in disagreement with the delinkers. But when people start to define what they mean by delinking, by which they mean ensuring that government development programmes are inward-looking, getting productivity of the peasants improved, getting small-scale industry to produce basic tools for the peasants, basic consumer goods . . . we have no problem with that. If that's what they're talking about, I'm a delinker.

"The World Bank perhaps thinks that some recognition of the costs of internal production as opposed to imports should be looked at, but even there I think we are in danger of exaggerating our differences.

"We are said to favour export-led growth in Africa, but I believe we are saying something very close to what at least some of the delinkers are saying. What we believe

smallholder development was the

basically is that governments in these countries should look at the efficiency in the use of their resources. In doing that they will find that they will have advantages, in the short run, in producing certain exports. They might have to diversify out of those because their markets are not very good. Quite obviously they should diversify out of cocoa and other tropical beverages. But Ghana, for example, has got cocoa and in the short run could produce more cocoa. I see no advantage to Ghana, or to Africa, to see its markets being handed over to Brazil, which is what has happened over the past 10 years, with Ghana's production going down by something like half, and Brazil and a few other countries like Ivory Coast and Cameroon taking up the position that Ghana once had. We don't believe that implies that country strategies should be export-led."

Complete agreement existed between the World Bank and its critics, said Stanley Please, that smallholder agriculture was the centrepiece of African development.

"State farming, whether it be public sector or private sector, is typically, with few exceptions, not the most productive way ahead. Country strategies should therefore be focussed on improving the productivity of the smallholder sector and should be focussed on developing small-scale industry, which is labour intensive, and which can be adapted to local technologies.

"But in doing that, these people will be assisted if they can get imported goods for some of their exports, and there is no point in shunning export opportunities. And that again is different from saying that growth should be export-led."

Power to the peasant

For a variety of reasons African government bureaucracies have in many cases grown to huge proportions — at independence most countries inherited a fairly big public sector from their former colonial masters; often no organisations existed to do certain things except the state; there was the need for firm control over the economy and a feeling of a need to create a sense of nationalism. Also there were demands from transnationals for certain types of infrastructure and insistence by aid donors on the need for a strong bureaucracy in order to implement certain projects.

Furthermore the dominant class that inherited political and administrative power at independence consisted of the educated élite of lawyers, doctors, administrators, plants, big merchants and sometimes traditional rulers. Peasants were not among them and were, not surprisingly, excluded from decision-making processes relating to agriculture or rural development. While few delegates to the conference were prepared to agree in a general way with the World Bank suggestion that bureaucracies needed to be scaled down in size, all were agreed that smallholder-farming and not large state farms needed to be supported.

World Bank spokesmen Please and Thahane stated on several occasions that the Bank did not finance big estates but supported smallholders. Pushed to define smallholder agriculture, Stanley Please said it could vary from family activity on a couple of acres of land in Rwanda, to a farm of 100 acres or more in Zambia, where beyond the family labour there was wage labour as well.

The point was important, because African critics of the Bank maintain that IBRD basically wants to organise peasants around agri-business. "The World Bank wants to see the peasantry producing for larger producers who are in turn subservient to external companies," Kwame Amoa told *Africa Now*. He indicated a section entitled "Focus on Smallholders" in the Agenda which reads: "In a smallholder-based strategy which places production first, larger farmers can be used to spearhead the introduction of new methods."

When Stanley Please told the conference that the World Bank had given its total preoccupation to smallholder development in Malawi, some African delegates pointedly picked up the conference document on Economic Crisis in Malawi, written by Thandika Mkandawire of CODESRIA. This study convincingly portrays the development strategy of Malawi as an export-orientated capitalist one in which the central preoccupation of the government has been to attain and maintain a high growth rate. Since 1969 the government has vigorously encouraged large-scale estate farming as well as *achikumbe* or "master" farms. All these have been guaranteed an almost infinite supply of cheap labour since huge tracts of customary land were converted into leasehold farms leading to the displacement of peasants.

The immediate effect of these policies was a dramatic upsurge in tobacco production and the rapid growth of tea estates from a handful at independence to over 1,100 today. Peasant agriculture has witnessed a deepening crisis. While estates and master farmers are allowed to sell their produce directly to the world market through auction floors, peasants may sell only to ADMARC, the state agricultural marketing corporation, at prices often one fifth of world prices.

Malawian peasants are also heavily taxed. Poll tax collection campaigns are timed to coincide with the period when estates need labour. Thandika notes: "Peasants are thus forced to seek wage employment to pay taxes at precisely the time they should be working on their farms . . . creating a labour reserve very much along colonial lines."

From the World Bank's point of view, noted Stanley Please, there were also problems. "Take Kenya, where the class with power has taken over the White highland estates of the White settlers and has become the large landowning class whilst mouthing all the objectives of smallholder development . . . It is purely political rhetoric. There the Bank, let's be honest, has enormous difficulties in operating, because we are very genuinely convinced that smallholder development in Kenya is more productive."

How then does the perceived massive productive potential of the African smallholder — the farming unit utilising family labour — become unleashed?

"If you allow me to oversimplify," said Samir Amin, "there are perhaps three social means of getting higher productivity in agriculture. One is class differentiation in the rural areas, not necessarily *latifunda*, but larger farming concentrating modern means and getting cheap labour. The second is to have co-operatives controlled by the state bureaucracy. These will speak in the name of the smallholder, but in one way or another the smallholders will oppose it. This is quite often done in the name of African socialism, yes? The third one would be — I don't see any glorious case up to now in Africa — peasant-controlled co-operatives which have a share in political power at high level."

That state parastatals are often exploitative, indeed repressive, of peasants was common cause among delegates. Though the small African producers contribute often as much as 90% of agricultural production and are the stated target group of African governments, aid agencies and the World Bank; loans, inputs and aid seldom reach him.

"Resources are being injected into a

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social political structure which makes them flow according to the class logic of that system," said Björn Beckman of Nigeria's Ahmadu Bello university. "So if, for example, you sell subsidised fertilisers in such small parcels that they are obviously intended for smallholders, you find a process of a secondary market which makes sure that these parcels are concentrated into the hands of those who really control sufficient resources of land and labour to make such profitable use of these fertilisers that they are willing to pay a significant differential over the subsidised price. This is what I have experienced with World Bank projects in Northern Nigeria."

As long as peasants remained order-takers, Africa was not going to get anywhere with development, Emmanuel Hansen told *Africa Now*. "Nearly all those experiments which have been done with state fishing corporations, state food corporations, and those things done to satisfy the small grower or the urban poor have actually worked in the interests of those who don't even need state support. As long as the class which represents the peasants is not represented in the state, this question cannot be resolved," he said.

"It is important to tap the sources of people's experience. Unfortunately this view is not too widely shared among government circles in Africa . . . But, for example, Tanzania is coming to realise that it made serious mistakes with *Ujamaa*. It should not have imposed it on the people. We in Ghana have got to the point where we are now going back to the people and I think that increasingly in Africa other countries will come to the same kind of position."

Emmanuel Hansen speaks with conviction." It is very important, if one is sincerely thinking of improving the lot of the mass of the people, particularly workers, fishermen and peasants, that political and social institutions be created to give these people some measure of control on the state and the decision-making apparatus."

ROLAND STANBRIDGE

New realism in Nordic aid

As deepening economic crisis has undermined the credit-worthiness of many African countries, some of them can now only look to aid as a source of external finance.

But economic recession in the developed world is also putting pressures on donor countries. The dearth of "success stories" resulting from development assistance aid is leading Western taxpayers to believe that their money is being thrown away. Business interests are pressurising their governments to tie bilateral aid increasingly to purchases from the donor country.

The Scandinavian countries enjoy much goodwill in Africa. Aid is generously contributed for genuine humanitarian reasons and is far less tied than that of other Western countries. Sweden, for example,

Thahane: defending the World Bank position

Amin: "The World Bank is opposed to industrialisation in Africa because it does not want to see any real development"

gives 1% of its GNP in aid. Its annual assistance to Tanzania is in the order of $US100m a year. In a climate in which the US is cutting back on its contributions to international development agencies, the Scandinavian countries are coming to be ever more perceived as the "heavy" aid donors.

The message to Africa delivered at the conference by the aid agencies of Sweden, Denmark and Norway — SIDA, DANIDA and NORAD — was not comforting. It was not a light-hearted situation. Behind the statements made by the aid agencies lay the knowledge that if the crisis continued they might in a few years be facing "permanent emergencies" in some African countries where the infrastructure had broken down, with roads impassable, railroads out of action, water supply systems inoperative, health clinics without medicines — a catastrophic scenario. Anders Forsse, head of the Swedish International Development Authority (SIDA) told an attentive audience that the "Flower Power" era of handing over resources to recipient countries to do with as they wished, was over.

Hope for the future

There are other means of attaining viable economies outside of a national economic integration — i.e. delinking — strategy, as Reginald Green noted, such as finding oilfields, or discovering some remarkable new resource which, despite spiralling transport costs and worldwide recession, could take off and revive the economy. Both are most unlikely.

Outside of these are strategies involving wholesale state repression such as in Zaire today, where a small productive enclave supports the government, the security forces and external beneficiaries who do not want the country to collapse. The rest of the economy is ruthlessly abandoned.

"From the point of view of the majority of people in Zaire life may not be very viable, but the Zairian system is more viable than nine-tenths of those of Africa," said Professor Green.

At the conference close the World Bank spokesmen openly stated that the Bank was not committed to *export-led growth, superiority of private sector,* and *devaluation* as a panacea for economic revival. Whatever measures were recommended in a Bank "package of progress" to any state would be derived from that state's specific historical and structural situation. They said the IBRD had no problems with the underlying objectives of a national economic integration strategy and it seems that this is a direction in which hope lies for development in Africa, both social and economic.

Following on from the 1980 Lagos Plan of Action, the 1981 publication of IBRD's Agenda for Action, the 1982 crisis conference in Uppsala has opened up pressing questions to wider debate.

Both the Bank men, the delinkers and others at the conference agreed on a number of short to medium-term priorities for action in Africa. Chief among these were the need for rehabilitation of productive installations and infrastructure which presently are inoperative and for assistance in their maintenance rather than investment in new projects.

All declared their firm support to smallholder peasants, who constitute the main productive social force in sub-Saharan African economies. Such support should also include industrial production geared to providing peasants with implements and with necessary consumer goods.

Africa has to address itself to the issues and plan for the future while facing the cold facts that there is not going to be a massive increase in effective resource transfers from the developed world. Neither is there much likelihood of the world economy becoming buoyant ●