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THE DEVELOPMENT OF CAPITALISM IN  
THE IVORY COAST

by

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THE DEVELOPMENT OF CAPITALISM IN THE IVORY COAST

Nature, scope and prospects.

Most of the former French and English colonies in Africa became independent in the years 1958-60. Some of the newly created African states immediately chose "the socialist road to development", a rather radical form of socialism. Others chose "African socialism" which is a more moderate approach. Yet a few others proclaimed their preference for free capitalistic enterprise, whether or not the capital was to come from abroad. Practically all the new nations at once set up planning services and the resulting "plans" laid down ambitious targets. Five years later, most of the countries had achieved very little : stagnation, even falling output, difficulties in public financing and external payments as a result of the badly organized expansion of government, expenditure and finally, a worsening of the dependence on foreign capital. The socio-political meaning of independence appears to be the same everywhere, despite ideological differences which, in fact, are becoming gradually less distinct. There is a rapid creation of new local privileged classes, made up of government officials, lacking in economic dynamism and, where power and prosperity are based on the foreign assistance. This is followed by an alienation of the masses, political instability mainly due to tribal rivalries within the new classes and to interference from outside. The illusions of the first years of independence were accompanied by a gradual decline in European views on Africa. Europeans now talk of Africa as having started on the wrong foot, or of being incapable of "taking off". Some, on the other hand, regarding history from a deterministic point of view, complacently declare their optimum and are amazed at the emergence of local "elites".

Is this then, the general rule in Africa? Perhaps the Ivory Coast may be regarded as the most outstanding exception. Nobody interested in the future of the continent has a right to ignore this experience, although people with socialist convictions may regret the capitalist turn which development has taken in that country. In a way the economic growth of the Ivory Coast has been remarkable during the fifteen years between 1950

and 1965. This is not only shown by the growth rate of 9% per annum itself, but there are at least three other positive aspects to this growth which we shall deal with.

First, the economic growth rate in the Ivory Coast, which started in 1950 with the opening of the Vrid canal and the creation of a deep-water port in Abidjan, rose from 7-8% during the years 1950-60 to 11-12% during the five years from 1960 to 1965. This latter growth rate, obtained from our own calculations, is very much greater than the official figure of 6.5%.<sup>1</sup>

The increasing growth following independence was accompanied by a comparatively balanced growth of the different sectors: 7% in agriculture, of which 3% in food production, 9 to 10% in agriculture for export and nearly 2% in forestry, the growth for the other sectors being 11% of which 13 to 14% for industry, handicraft and construction, 10% for transport, trade and services and 12 to 13% for public administration. The result was a reduction in the share of agriculture from about half of the gross domestic product in 1950, to about a third in 1965, while that of industry increased from 9 to 17%, transport, trade and services from 34 to 40% and administration from 6 to 9%. Two particularly positive facts should be added to these general conclusions: the accelerated growth of the modern processing industry, from 15% during the first 10 years to 25% during the last five years and the slowing down of administrative expenditure since 1961-62, which is now growing at only 5 to 6% per annum.

Secondly, the structures for financing growth have greatly improved. Investments have been quite large, increasing gradually from 15% of gross domestic product at the beginning of the period to 19% at the end. The investments seem, in fact, to have been well distributed. At the beginning, public investment was mainly for infrastructure, representing about

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1. Taken from "Perspectives" lecture by Father J.L. Fyol, quoted on p.58.

60% of total investments. During the last five years, industry has taken over, so that by the end of the period, private investments represented 60% of the total volume of investments. The result of this comparatively balanced distribution of investment has been greater efficiency of the country's capital equipment. Self-financing, through industrialization, has thus become an increasingly important method of financing.

At the same time the improvement in public revenue and expenditure made an increasing surplus available for capital formation. While the tax load gradually increased from 15% of gross domestic product around 1950 to 2% at the end of the period, current administrative expenditure did not exceed 16% of the G.D.P. in 1965, as against 12% in 1950. At some time between 1956 and 1961, public expenditure in the Ivory Coast, like in most other African countries, had risen considerably and without control, to attain 21% of the G.D.P. in 1961. The country, however, reacted to this tendency by a return to the policy of austerity of the colonial period which preceded the adoption of the "loi cadre" (general law). The result was a gradual reduction of foreign capital used for financing, from 50% around 1950 to 25% around 1965.

Thirdly, despite its rapid growth, the Ivory Coast economy has not met with any difficulties with regard to external payments during the fifteen years between 1950 and 1965. This development policy was in fact based as the priority given to primary export products. In fifteen years, exports increased 4.4 times as against 3.5 times for the gross domestic product. Although the imports induced by such a development, increased pari passu with exports, that is, faster than the G.D.P., the surplus in the trade balance has necessarily increased in absolute and relative terms. Under these circumstances the Ivory Coast has, without any difficulty, been able to cope with the transfer abroad of profits and external savings which have increased pari passu with the national product, although the inflow of public and private foreign capital was increasing

at a much lower rate.

However, the techniques for obtaining rapid balanced growth have nothing extraordinary about them. A number of exactly similar cases are to be found in the history of the colonial period, for instance in Senegal, at the time of the vast expansion of groundnut production and the establishment of light industry in the Cape Verde region, Ghana and South-Western Nigeria. In the Congo, the development of the crop economy during the Belgian colonization was complemented by the development of the rich mineral deposits of Katanga. The only difference between these experiences of colonial development and that of the Ivory Coast is that the formers, dating back to an earlier period, were spread and over much larger periods of time, whereas in 1950, the Ivory Coast was still a kind of colonial "reserve" where development had not yet started. The result was that the Ivory Coast experienced even more rapid growth rates than elsewhere. Thus, with the exception of timing and rapidity of growth, the experience of the Ivory Coast falls within the framework of a familiar development pattern. It was, in any case, subject to the same limitations, three aspects of which will be discussed below.

Firstly, further progress in agricultural development will probably be impossible without a radical change of policy. The main reason for this is that the economy, based on large plantations which achieved good results too easily and without direct investments in agriculture (except in transport infrastructure), has created a regressive social structure through the use of a paid foreign labour force. However, a geographical expansion of this type of economy is no doubt still possible for some time by the development of the western part of the country. Provided an outlet on the external market can be found for the goods produced.

Two important observations can be added to this conclusion. First of all, this kind of extensive development, and worse still, the type of agricultural exploitation which has made the Ivory Coast one of the

main producers of timber in Africa, is evidently devastating to the economy and poses a serious threat to the future of the country.

Furthermore, unless serious attempts are made to improve food production, the contribution of agriculture to the general development of the country, runs the risk of being limited in the future. The growing of root crops and tubers in the southern parts of the country has more or less kept pace with the population growth, as this kind of agriculture only demands a moderate quantity of work while the population density remains low. Nevertheless, the introduction of money into the rural economy of these regions has resulted in an increasing demand for different food products that this type of agriculture cannot cope with. Already the share of calories provided by foreign products to the southern areas, increased from 4% in 1950 to 10% in 1965. The only true "miracle" in the agriculture of the Ivory Coast is the progress achieved in growing cereals in some northern areas of the S enoufo country where the surplus exported has increased from 4% of the output in 1950 to 20% in 1965. But this spontaneous progress carried out through intensive cultivation runs the risk of reaching its limit very rapidly. Despite the agricultural progress of the Ivory Coast, the country has not grown self-sufficient with regard to food. On the contrary it has become one of the biggest importers of food products. Imports have increased only slightly more slowly than the gross domestic product.

Secondly, with regard to industrial development, further progress will no doubt be impossible without a radical change of direction in investments. It is indeed only after the splitting up of the A.O.F. (French West Africa) that a number of light industries were established in the Ivory Coast, taking the place of the Senegalese industries whose products were imported for the local market. However, there are still possibilities to expand these activities as the late start of the Ivory Coast in this field, has not yet been made good.

Thirdly, the economic growth of the Ivory Coast is financed in such a way as to involve serious problems for the future. The remuneration, at very high rates, of the foreign capital which completely dominates, the entire economy of the country, reflects the external dependence of this growth. Like some other countries during the colonial era, the Ivory Coast is rapidly passing from the stage of development, characterized by a net inflow of foreign capital, to that of exploitation, characterized by a reversal in the balance of capital flows, that is, the profits that are repatriated are growing increasingly larger than the inflow of capital.

It may be argued that the rapid development of a territory by foreign capital is better than nothing, and that the stagnant economy of the neighbours who have turned down this type of development, speaks in favour of the Ivory Coast option. Some African leaders went as far as to claim that political independence in Africa came too far in advance of the ability to develop the countries economically, except within the framework of foreign capital domination which should be accepted for some time to come. The positive historical role of this stage of development certainly seems unquestionable. There is often a tendency to forget some of the outstanding periods of the colonial era. The Ivory Coast experience is a reminder that opportunities for foreign capitalism are not exhausted.

But it is important to know that these possibilities are limited and do not depend on the African governments, but on objective economic laws.

Nigeria, for example, has given proof of much good-will towards foreign capital. However, the southern parts of the country which, like Ghana, had already gone a long way under the colonial system of development, have been subjected to stagnation as a result of their adoption of different political ideologies. A critical appreciation of the Ivory Coast experience should thus emerge from an analysis of the blocking mechanisms behind this kind of growth, based on a study of the experience of others as well as on theoretical considerations.

In "Perspectives décennales"<sup>2</sup> which cover the period 1960-70, extended to 1975, as well as in recent public statements by certain Ivory Coast officials, there is clear evidence that at least the planners and some heads responsible for the development of the economy are aware of the danger which these blocking mechanisms represent for growth prospects. This awareness has already resulted in a few concrete measures, like the bill concerning public property designed to put an end to the spoliation of timber resources. But we have the feeling that this awareness is still limited. This perhaps explains why the document entitled "Perspectives" written years ago contained rather cautious views, which now run the risk of being considered outdated. A study of the mechanisms hindering the growth based on extensive cultivation intended for export and on light industries of import substitution for a small market, will in fact indicate the limitations of the "Prospects" mentioned in the paper by Father J.L. Fyot. These limitations will now be reviewed from an agricultural, industrial as well as from a financial point of view.

The possibilities of continued rapid growth of the export tropical products are limited unless production is intensified these export possibilities will reach a ceiling, which is not far short of being attained at present, except in the western part of the country. Further, the prospects are limited with regard to the international demand. The solution would no doubt be to intensify and diversify production.

With regard to coffee and cocoa, the paper claims that the aim should be to increase the yield rather than the production but, to our knowledge, it makes no suggestion as to how this increase in yield is to be achieved. In our view, this would imply changing the social system in the rural areas in such a way as to force the peasants, through market forces, to make more investments, for example, by instituting a land tax.

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2. Lecture given by Père J.L. Fyot at the IBRD, May 1965.



Concerning diversification, "the paper" envisages a change in the growing of tropical products intended for export notably palm oil and hevea which, in the long run, are expected to come up against unfavourable terms of trade. In our opinion, diversification should rather be concentrated on food production, with a view to providing the urban areas in the Ivory Coast with adequate food supplies and additionally on providing sure industries with additional raw materials within the framework of a West African system of complementary industries, yet to be established. On the question of diversification, the paper says so little that one gets the impression that much of it is wishful thinking which is not really taken seriously.<sup>3</sup>

The same argument applies to industrialisation. The light industries of direct import substitution make no effort to expand though the possibilities for expansion are restricted by income growth. The next stage would be to establish basic industries for the production of capital equipment and intermediate goods. The output of such products should grow at a much faster rate than that of income or final consumption. However, the establishment of such industries is meaningful only within the framework of a wide economic area. Although these are well known facts, the paper makes no attempt to deal with them and does not mention the fundamental problem of setting up a system of complementary industries covering a large geographical area and subject to a central authority for decision and planning. This is probably so, because such a situation is considered impossible with existing political structures. In fact, no suggestion at all is made with regard to the establishment of any important industry (except the light industries for import substitution and the development of primary exports) nor of industries for the manufacturing of tools and steel and for the processing of metals. Further there is no suggestion to establish basic chemical industries capable of supplying the secondary

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3. Conference quoted above pp. 45 to 50.

chemical industries with synthetic raw materials, nor is consideration given to the possibilities of exploiting the sub-soil of the Ivory Coast about which very little is known.<sup>4</sup> When the possibility of slightly more ambitious projects is at all considered, the fundamental problem is avoided, that is, finding out whether foreign capital could be involved in such projects considering the reduced profitability of such industries.

The result of the policy proposed in "perspectives" is a number of contradictions which come to light when projections are made with regard to financing and the balance of payments. If the kind of growth recorded during the last fifteen years is to be continued, the result would no doubt be: firstly, a slow down in the export growth, secondly, the maintenance of a high rate of growth for imports and thirdly, a relative increase in the repatriation of profits and savings.

The first of these consequences is clearly admitted in "Perspectives" the projections of which make allowance for a decreasing rate of growth of exports.<sup>5</sup>

The second, on the other hand, does not seem to have been given adequate consideration. Light consumption goods industries do not have as favourable an effect on the trade balance as is often believed. These industries give rise to wide distributions of income, which, taking into account the conditions of under-development, are spent largely on imported manufactured goods. The result is a negative forward linkage effect particularly when the elasticity of demand of these types of products is rising. Moreover due to the absence of basic industries, intermediate consumption goods must to a large extent be imported. Assembly plants, for

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4. Lecture quoted p.50-56. See also "Perspectives" vol.III (Industrial Expansion) the list of projects, recapitulatory table p.228 and comments on projects on the following pages.

5. 5.9% a year for the period 1970-75 as against 7% for the five preceding years (Lecture quoted p.58).

(bicycles, cars, electrical appliances and various mechanical goods etc.) and small-scale industries such as the plastic industry, to which a lot of importance is attached in this strategy of development, constitute the best examples of a backward-linkage, negative effect on the trade balance. The experience during the fifteen years 1950-65 shows that this has been the case in the Ivory Coast. Imports have risen faster than the gross domestic product, from 19% in 1950 to 24% in 1965. Although the share of consumption goods fell from 59% to 45% of the total volume of imports, the growth rate of imports of such goods has been similar to that of the G.D.P. On the other hand, the share of imports of intermediate goods increased from 12% to 2% and that of capital goods from 29% to 35% as the growth rate of these imports was very high (12-13% a year). If the same strategy of development were to be pursued, these general trends will necessarily continue. However, the projection figures given in "Perspectives" show that, as from 1965, the rate of growth of imports would be much lower than that of the Gross Domestic Product.<sup>6</sup>

The third consequence, the increasing importance of transfer of profits and savings abroad, has not been given adequate consideration either, particularly since the projection figures do not include any detailed studies of financing in general and the financial flows particular.<sup>7</sup>

What lessons can be drawn from the experience of the past fifteen years? We have seen that from 1950 to 1965 the revenue from the European sectors, that is, the gross revenue of the big foreign enterprises, the profits of individual enterprises and the salaries of non-Africans - have represented a consistently high proportion of non-agricultural revenue of around 5%. Since, on the one hand, the share of non-agricultural activities in the gross product has increased and, on the other, the share

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6. While between 1960-65 these respective rates were: 6.5% for production and 7.4% for imports, for the years 1965-70 these rates should be 7.1% and 6.5% and for the years 1970-75, 6.6% and 4.5% respectively.

7. In the three economic tables 1960, 1965 and 1970, financing capacities and needs are not disaggregated. ("Perspectives" vol.I, Table XI, XII and XIII).

of revenue of the big enterprises in total non-agricultural revenue has increased as well, the proportion of gross profits of the big foreign enterprises, necessarily intended for repatriation, has risen from 7% of the gross domestic product in 1950 to 14% in 1965. This is no more than just the inevitable consequence of a growth dominated by foreign capital, a characteristic which is also peculiar to the Ivory Coast. Thus, there is no reason to believe that the same type of development will not lead to the same consequences in the future.<sup>8</sup>

It could than be proved, at a theoretical level as well as at the level of historical analysis, that this type of growth is possible only up to a certain point, unless foreign capital increase faster than the product. In other words, the growth process can be efficient only on the condition that foreign aid gradually assumes responsibility for an increasing part of investments and later, for the current administrative expenditure otherwise, the growth mechanism stops operating. A large number of countries in the Third World have reached this point of development. The type of growth that the Ivory Coast has recorded since 1950 does not automatically result in an economic "take-off" but rather in increased foreign dependence and the bar to further growth.

This is why the optimistic views put forward in "Perspectives" that all the conditions for take-off will be achieved in the Ivory Coast by 1970, seem rather doubtful to us. Certainly by 1970, savings in the Ivory Coast will, at least theoretically, be large enough to ensure ultimate self-sustained growth. But a large part of the savings is intended for repatriation and no financial system for "mobilizing the savings" will make it possible to transgress this objective law.

It is not possible here to give a figure for the anticipated deficit of this type of actual growth were to continue. This would need additional statistical information and studies covering longer periods of

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8. According to "Perspectives" however, the balance of "net capacity of financing" of the foreign accounts should increase from 13.9 billions in 1960, for a G.D.P. of 135 billions, to 25.3 billions in 1970, for a G.D.P. of 272 billions, that is, the share of net transfers abroad should decrease from 10 to 2% of the product. ("Perspectives" table XI and XIII).

development than would be relevant in a survey devoted mainly to an appreciation of the past fifteen years. Nor is it possible to analyse the theoretical reasons behind the limitations and technical quantity of the views put forward in "Perspectives". It is, however, recognized that these problems have not completely escaped the attention of some of the experts but that their awareness of these problems will only gradually percolate through to those responsible for elaborating the economic policy of the country. It should further be noted that "Perspectives" like any other analytical study which hopes to have decision-making effect, describes a particular stage in the gradual understanding of the problems arising, and that, as such, it is necessarily a solution of compromises and contradictions. However, awareness of the nature of the problems, deep as it may be, is not necessarily a solution to the difficulties involved. The question is whether social structures, set up in the course of a particular type of development, like those of the Ivory Coast since 1950, are not going to be an obstacle to changes in strategy.

The Ivory Coast has, during the past fifteen years, been the scene of considerable social upheaval in the rural areas, where a new class of rich planters has emerged, and in the cities, where the population has increased from 7% of the total population of the country in 1950 to 17% in 1965.

At national level, the populations between the original population and the immigrant population have altered considerably in the cities as well as in the rural plantation areas. While the natural growth of the population, between 1950 and 1965, was about 2.2% a year, the migration of workers from the North led to an annual increase of 1.6% such that, by the end of the fifteen year period, the foreign African population represented about a quarter of the total population of the country, 35 to 40% of the active male labour force, half of that of the urban areas, occupy more than 60% of the urban jobs outside the public administration, and form about half or two thirds of the labour force in the rural plantation areas.

It is obvious that the wide commercialization of the rural economy of the plantation areas and, to a lesser degree, of certain microregions in the North, the rapid urbanization and the inflow of foreign immigrants together with the implied intermingling of the population, have resulted in a profound change of social behaviour and relationships in all areas of activity. The changes in size and structure of the rural communities and even in the food habits of the planters and in their spending pattern, are only symptoms of these changes repercussions of which are to be found at many other levels including religion and the family system.

We shall not analyse these social changes from all points of view but only from the development aspect. The fundamental question to be answered is: how have the relationships between the different social classes evolved in the course of the fifteen years of development in the Ivory Coast? More specifically, and taking into account the capitalistic oriented regime, is a bourgeoisie class emerging in the Ivory Coast, that could finally take over from foreign capitalists?

First of all let us take a look at the main points of our analytical study with regard to the rural areas in the Ivory Coast. It should first of all be observed that although the share of European production has increased from 9% of agricultural and timber production in 1950 to 23% in 1965, agricultural production proper, that is, agriculture excluding the timber industry, has remained constant, at 4%, with bananas and pineapple having taken the place of coffee and cocoa. Secondly, the economic and social changes have not yet influenced the whole of the rural areas, although traditional isolated areas account for only a third of the population as against 60% in 1950. These economic and social changes have been less important in the Northern cereal-growing regions, which account for about 8 to 9% of the rural population and, where the per capita monetary income has increased from 1,400 C.F.A. francs in 1950 to 5,200 C.F.A. francs 1965 (at 1965 constant value) than in the Southern plantation areas) where there has been a considerable expansion. The less privileged plantation areas, which accounted for 23% of the rural population in 1950

(with a per capita income of 11,700 francs at 1965 value) account for 49% of the population in 1965 (with a per capita income of 15,300 francs). The privileged areas, with 8 to 10% of the rural population, have increased their per capita income of 19,400 francs at 1965 value to 26,000 francs.

In the plantation areas, different social classes have emerged. In 1965 about 20,000 wealthy planters farmed about a quarter of the land, employed two thirds of the wage earning labour force and enjoyed an annual average income of about 400,000 francs. This income left them with a substantial surplus which they spent on conspicuous consumption, intended to strengthen their social control, and also for the financing of urban investments, (housing, taxis and lorries). The rural bourgeoisie, however, is not a progressive group because the economic system, up to now, does not force it to make any investments, a rather alarming conclusion to be drawn from the Ivory Coast development experience.

In 1950 the rural bourgeoisie still formed a small group of only a few hundred families. The reason is that up to that time, the system of forced labour left the labour force, half wage-earners, half slaves, largely under the control of the French planters. However, when public opinion was roused by the R.D.A. (the African Democratic Association), founded and led in 1946 by M.F. Houphoët-Boigny, traditional chief, medical doctor and planter, there were violent mass struggles led by Houphoët-Boigny himself, particularly in 1950. This led to the re-establishment, by the colonial authorities, of the territory of Upper Volta, which they wanted to cut off from the influence of "communism" from the Ivory Coast. The mass-movement activities are explained by the alliance between the "bourgeoisie" leaders of the movement (the African planters being well aware that a free labour force would enable them to develop the plantations to their own advantage) - and the peasants, victims of forced labour, who gave their enthusiastic support to the leaders. It is a remarkable fact that it was the bourgeoisie class which endowed the peasant movement with a strength it had never known,

in countries where the system of production is either semi-feudal (the region formed by the loop of the Niger River, the groundnut regions of Senegal) or based on community effort. The claims of the rural bourgeoisie form an aspect of the nature of national movements which may have considerable importance for the political theory of the Third World.

Although rural development was carried out in favour of a bourgeoisie of planters, this class nevertheless originated directly from the traditional clans. These planters granted themselves rights to land which gradually became their own private property. The traditional chief's confusion between his authority as social leader and his quality as a modern planter, perhaps explains certain aspects of the social changes which took place. Thus, the degradation of the traditional communities was limited and the dependents, reduced to the status of half-salaried workers, were not completely deprived of all rights like the foreign workers. Further, the traditional animistic beliefs, which were very strong, were allowed to continue.

The urban social changes were not very far-reaching and consisted of expansion rather than transformation. In fact, the distribution of social revenue was remarkably even in its proportions although the volume had increased considerably. The three fundamental features of the social structure are:

Firstly, the proportion of the total revenue going to foreigners has remained more or less constant at about 50% of the non-agricultural gross product. The increasing importance of foreign capital domination is seen in the growing share of the revenue of the big enterprises, which has increased from 28% to 40% of non-agricultural revenue. It is also reflected in the high salaries of the Europeans, which still represent about 40% of total salaries paid out by the productive sectors of the economy (as against 60% in 1950). The non-Africans still occupy all the key posts, and alone, ensure the technical management as well as the administrative and economic responsibility in the country.



Secondary, the major part of the revenue of the Africans is either dependent revenue (salaries, notably of African workers employed by the European enterprises) or profits made by small entrepreneurs too unimportant to enable a gradual accumulation of capital. Relatively speaking, the revenue of the African capitalist enterprise is negligible, practically as non-existent in 1965 as it was in 1950.

Thirdly, concerning the volume of income of the Africans, the salaries paid by the public administration not only constitute an important proportion but this proportion is rapidly increasing. In 1950, these salaries represented 20% of total revenue of the African and 42% of total salaries and in 1965, they represented respectively 28% and 48%.

Thus we are now in a position to answer the question asked earlier: in what way have the social classes developed in the course of the past fifteen years? Society in the Ivory Coast is divided into different classes depending on their role in the economy. This is very much the case in all contemporary African societies, despite the assurance to the contrary given by certain politicians and complacent sociologists. In the rural areas, an essential fact of the last fifteen years is the emergence of a class of rich planters numbering about 20,000, and in the same proportions, of an agricultural working class. In the towns, three distinct social classes have emerged: first, the ordinary people accounting for about 90% of the population, consisting, in almost equal proportion, of mainly workers, craftsmen and small traders as well as a small number of clerks working in enterprises and the administration; secondly, a small middle class consisting mainly of civil servants and well-to-do shopkeepers and thirdly, "bourgeoisie", extremely small in number, and consisting of less than 2,000 heads of family, whose income is too small to enable effective accumulation of capital. The latter group itself consists mainly of senior civil servants and government officials attached to the Ministry of Foreign Affairs, and perhaps a very small group of true entrepreneur whose activities are confined to the commercial sector.

Such a structure of a dependent society is obviously of a regressive nature. This is so because, in the first place, the planters are not compelled, by the economic system, to make any form of investments. Furthermore, the wealthy urban class do not have the opportunity to do so, due to foreign capital domination. Finally, the elite of the country belongs almost exclusively to the administrative and para-administrative class and does not count more businessmen than anywhere else in black Africa. There has in fact been a development of capitalism in the Ivory Coast but this capitalism does not belong to the Ivory Coast. The Ivory Coast society has no real autonomy, it does not exist without the domination of the European society. Although the working class is African, the actual bourgeoisie is absent, living in Europe and supplying the capital and personnel. It is during the past fifteen years that this dependent and contradictory society has gradually developed. It is characterised by the emergence and growth of a modern working class and some local social groups which, though wealthy, do not deserve to be qualified as a bourgeoisie in the sense that a bourgeoisie is above all an entrepreneurial economic class. These classes, whose prosperity depends on the government and foreign capital, find a remunerative outlet for their surplus revenue, in land and estate speculation and in the exploitation of certain services. They play no part whatsoever in the development of the country.

The political stability and the popularity of the regime which enable the ordinary journalist, as well as the complacent sociologist, to see only the national unity without noticing that this unity hides different social classes, is no doubt due to the prosperity resulting from the remarkable development of foreign capitalism in the Ivory Coast. So far everybody has benefited from this development. In the rural area, the traditional chiefs, who have become planters, have grown wealthy, and so have the immigrants workers from the North, coming from a traditional and very poor and stagnant society. In this towns, unemployment remains limited in comparison with the employment situation in the big

metropolis of much longer-established African countries. But there exist certain problems which could cause serious discontent among the people, particularly if the present prosperity should cease. There are first of all, hostilities between the immigrants from the North and the people originating from the South. The former are beginning to be conscious of their role and are consequently claiming their place in the public administration and in the management field, better salaries on the plantations and even access to the ownership of the land. Furthermore, there are hostilities between the young school-leaving Africans and the Europeans, the former being increasingly more eager to claim for Africanization. History will tell whether this embryonic African bourgeoisie will assume the leadership for such a claim and be able to remove the contradictions within the Ivory Coast society, particularly by assimilating the immigrants from the North, or whether it will allow these hostilities to grow worse and degenerate into open conflict.

There are many lessons to be drawn from the experience of the Ivory Coast during the past fifteen years. It can be summed up in a single expansion: "growth without development", that is, growth brought about and sustained from abroad, without the established socio-economic structures being able to undertake an automatic transition towards a dynamic, internally initiated and self-sustained development.

POSTSCRIPT TO THE SECOND EDITION

The first edition of this study was based on the statistics available at the time and which ended with 1965. Since then, five years have elapsed. Our judgement on the trend and prospects of the "Ivory Coast miracle", however, has been so well confirmed, by the evolution of the past few years, that we have not found it necessary to alter, in any way, the contents of the first edition. The reader can simply put in the present tense the indications that were then in the future tense.

The economic growth of the Ivory Coast has been pursued at a most respectable pace.<sup>1</sup> For each of the years between 1962 and 1966 (1966 being the last year for which national account figures are available), the gross domestic product has been successively 183, 208, 250, 248 and 269 billion francs CFA. The increase in the price index having averaged 3% per annum, the annual average growth rate at constant prices has been about 7%. The volume of exports, for each of the years between 1962 and 1968, increased successively from an index of 84 to 100 then to 120, 117, 115, 107 and 137. The extremely bad harvest in 1967 was offset by an excellent one in 1968 and the annual average growth rate of the volume of exports is between 7 and 8%, thus slightly greater than that of the real gross domestic product, reflecting the persistent externally orientated nature of the growth. The number of light industries of import substitution, which had been set up between 1960 and 1965 to replace the public investments in infrastructure as a record growth incentive, already seems to be falling off, judging from the official figures of the private capital inflow into the Ivory Coast. The official balance of payments sheets since 1963, give, successively for each of the years 1963 to 1968, the amount of private capital inflow as: 4.7; 4.9; 3.0; 3.0; 3.0; and 1.8 billions francs CFA at current value.

At the present time, we can state even more emphatically than we could a few years ago, that the system of externally-oriented growth based on a crop-growing economy and a light industry financed by foreign capital, cannot continue indefinitely, nor can it lead to a more developed

stage of internally initiated and self-sustained growth. For the period 1960 to 1970, the paper entitled "Perspectives" had forecast:

- 1) a slowing-down in the growth of imports (which was to be less than that of exports).
- 2) a slowing-down in the growth of transfers abroad.

According to the optimistic authors of "the paper", this twofold movement was to lead to a spontaneous but gradual move away from the stage of growth sustained from abroad to that of a self-sustained growth. The year 1970 was, in fact, announced as being the year of "take-off" for the economy of the Ivory Coast, in accordance with Rostow's theory of stages of economic growth<sup>2</sup>. Our restrained comments on the analysis given in "Perspectives" should now be turned into a severe condemnation: the changes large not at all taken the form anticipated by the expert authors of "Perspectives", but have proceeded in the way that we had predicted.

In fact the imports for each of the years 1962 to 1968 have amounted successively to 39, 42, 58, 58, 64, 65 and 78 billion current CFA francs, implying an annual average growth rate of 13% at current prices and 10% at constant prices. The rate of growth was thus one and a half times greater than that anticipated by "Perspectives". Thus, the characteristic feature of colonial development - (the growth rate of imports being higher than that of the product) that we had looked upon as inevitable has, in fact, been confirmed.

The official balance of payments figures for the years 1963 to 1968 record the following transfers abroad:

- 1) as investment income : 5.1; 7.0; 6.6; 8.4; 8.9. and 9.5 billions current CFA francs.
- 2) as private transfers: 5.4; 7.3; 7.5; 8.7; 8.9 and 9.2 billions;
- 3) as other non-governmental current expenditure: 3.6; 5.0; 3.7; 5.8; 6.2 and 7.5 billions.

All these figures are heavily under-estimated and indicate only balances for which allowance has been made by under-estimating the capital inflow (whereas we have put down as exports, the entire gross profits accruing to foreign capital while crediting the balance of imports with the re-investments made in the country). Besides this method of under-estimating their profits, the foreign enterprises have recourse to a number of different ways of disguising profits. Thus, the transfers made under the heading of "miscellaneous services" very often hide some profits. However, the official balance of payments sheet records an aggregate amount of transfer (under the above-mentioned three headings) which increased from 14 billions in 1963 to 18 billions in 1965 and to 26 billions in 1968. The annual growth rate of these transfers is thus about 13 to 14% per annum, that is nearly twice as high as that of the product. We are very far from the anticipated fall in the volume of transfers in relation to the product, which would have enabled local savings to replace foreign capital. In order to obtain an estimate of the real figure for profit transfers, it will be enough to recall that according to the official balance of payments figuring the transfers amount to between 5 and 8 billions whereas the committee chairman the Ivory Coast bill for the creation of the National Investment Fund estimated the transfers at 19 billions in 1963.<sup>3</sup> In 1965 we estimated the transfers of profits and savings at 25 billions. This amount, which represented 14% of the G.D.P. in 1965, will be about 40 billions at 1965 value, that is 16% of the national product in 1970, if the official growth rate figures are retained.

Despite these negative changes, the balance of payments of the Ivory Coast seems to be in good shape. The external assets of the country increased from 5.8 billions at the end of 1962 to 15.7 billions at the end of 1965 and to 22.4 billions at the end of 1968.<sup>4</sup> There are two main reasons for this improvement. First, the prices of coffee and cocoa have greatly increased since 1965. With 1963 as the base year, the price indices for these products were respectively 104 and 74 in 1965 and 124 and 121 in 1968. Secondly, the contributions from foreign

governments have not diminished, contrary to the predictions in "Perspectives". According to the official balance of payments figures, the government current as well as capital transfers for the years 1963 to 1968 were successively: 5.6; 5.3; 8.8; 5.5; 3.7 and 8.6 billions. Thus the positive figures given in the balance of payments sheets cannot be attributed to the changes such as they were anticipated in "Perspectives". On the contrary the actual changes have taken a diametrically opposite direction, and must be attributed to random elements of the world market (considering the fluctuating prices of tropical products) and to the negative changes in the financing system.

The improvement in the financing system (the reduction in foreign capital) recorded for the years 1960 to 1965 and mentioned in the conclusion of our first edition, in fact lasted for a very brief period. This is due to the fact that the private savings in the Ivory Coast have not taken over from foreign capital as was predicted in "Perspectives", based on Rostow's theory that the economy will gradually move away from an externally influenced to an internally sustained growth. According to official data on the national accounts, total gross savings increased from 27.9 billions in 1960 to 48.5 billions in 1965, implying a growth rate of 12%, a figure slightly greater than that of the national product. However, an increasing proportion of total savings is represented by the self-financing of foreign enterprises, which means that private savings of Ivory Coast nationals have not increased. In fact, they are unable to do so due to foreign capital domination which renders impossible, the emergence of a local bourgeoisie (of businessmen, not of civil servants). Internal public savings have not been able to take over foreign capital either, although they have continuously improved.

Just as the balance of payments appear to be in good shape, public finances also seem to be satisfactory. The net assets of the Ivory Coast Treasury held by financial institutions have increased from 3.1 billions at the end of 1962 to 9.3 billions at the end of 1965 and to 10.3 billions at the end of 1968. Total government revenue is increasing

at the same rate as that of the gross domestic product and current expenditure, at a slightly lower rate. This has led to a high growth rate in the resources being spent in financing, ranging between 15% to 20% per annum. It should further be pointed out that a considerable proportion of the expenditure under the Capital Budget (the B.S.I.E.) is nothing but disguised current expenditure.<sup>5</sup> Although the economy of the Ivory Coast gives the impression of being sound, the economist Charles - Valy Diarassouba of the Ivory Coast has drawn attention to serious problems in the economy, in a study which appeared after the publication of our first edition.<sup>6</sup> Diarassouba notes that the public debt of the Ivory Coast has increased from 8.7 billions at the end of 1960 to 20.5 billions at the end of 1965 and that the growth rate (2% per annum for the period examined) tends to accelerate. He further pointed out that the proportion of "loan agreements with deferred payments" has increased from 4.7% in 1960 to 34.6% in 1965. These loan agreements, whereby the government of the Ivory Coast finances an increasing part of the investment in infrastructure by having recourse to private credits (expensive) from foreign contractors, reduce the real proportion of internal financing far below its apparent level. With respect to the ability of the public finances of the Ivory Coast to set aside the necessary surplus for servicing the debt, the author concludes that "The projection reveals a gradual narrowing of the safety margin available to the country for this purpose". In fact, the projection indicates that, under the present conditions, the servicing, the debt will have absorbed the entire public savings by 1975.

Thus nothing in the changes in recent years appears to confirm the expectations contained in "Perspectives". The Ivory Coast in 1970 is no less dependent on foreign aid than it was twenty years earlier. In fact, it is even more so. Growth continues at an exceptional rate, but is accompanied by an ever increasing integration into the capitalist world market, bringing about a spectacular transfer of wealth to the metropolis. At present the transfer, out of a national product estimated at 250 billions at 1960 value, amounts to 40 billions accounted for and re-



corded in the National Accounts. However, the invisible transfers resulting from differentials in the terms of trade must be considered as well. Assuming that the National Accounts estimate the exports of the country at about 100 billions in 1970, and that, productivity being equal, the wages of the labour force is twice as low as those in the developed countries, the real value of these exports would be about 200 billions and the national product, about 350 billions. Total transfers, visible (40 billions) and invisible (100 billions), due to unequal terms of trade that is 140 billions, represent 40% of the product. It is not an exaggeration to say that the entire surplus produced in the Ivory Coast - and more - is transferred towards the centres of world capitalism. Under such conditions, dependence on foreign capital intensifies and the moment of "take-off" gradually slips away. Our conclusion was "growth without development" but today, borrowing the expression from Frank, we would rather say "development of under-development", which seems to be even more to the point than ours.<sup>8</sup>

Developing the country in this way is bound to create contradictions from a social point of view. Urbanization carries on and gathers momentum. In 1970, Abidjan has more than 450.000 inhabitants. In wealthy Ivory Coast, urban unemployment has made its appearances on a massive scale during the last five years and is beginning to cause serious problems.

Regional inequalities are becoming more pronounced and so are social inequalities through the distribution of income in the crop-growing regions. The bourgeoisie of the Ivory Coast remains non-existent and the "European" share of the non-agricultural revenue - 50% in 1965 - has no doubt further increased since.

N O T E S

- (1) Except where otherwise stated, all data are taken from the January 1970 issue of International Financial Statistics published by the I.M.F. (p.342).
- (2) The theory of the stages of economic growth was formulated by W.W. Rostow (Les Etapes de la croissance, Le Seuil, 1965). This mechanistic theory, without any scientific value, is disproved by the fact that no under-developed country has been capable of "take-off" whatever may have been the level of per capital income attained (be it greater than that of the United States, which is the case of Koweit for example). For a criticism of this theory: see: Hobshawn and Baran: The stages of Economic Growth, Kyklos 1961).
- (3) Quoted by C.V. Diarassouba (Dette extérieure et croissance économique, thèse complémentaire, Paris) p.234.
- (4) As for all the countries of the Franc Zone, the real value of these assets were reduced by 12.5% as from August 1969, following the devaluation of the French franc.
- (5) Report of the Planning Department regarding the implementation of the First Plan 1960-65 and the preparation of the Intermediate Plan 1967-70; Roneo typed Document, Abidjan, 1966.
- (6) C.V. Diarassouba - the quotation is taken from the above-mentioned thesis, p.205.
- (7) In accordance with the theory of unequal terms of trade, developed by A. Emmanuel (L'Exchange inégal, Paris 1968).
- (8) See A.G. Frank: "Capitalisme et sous développement en Amérique Latine", Paris, 1968.

TABLEAU 10

COTE D'IVOIRE - POPULATION, DISTRIBUTION REGIONALE  
(1950 et 1965) (milliers d'habitants)

	1950			1965		
	<u>Originaires</u>	<u>Etrangers</u>	<u>Ensemble</u>	<u>Originaires</u>	<u>Etrangers</u>	<u>Ensemble</u>
<u>Rurale</u>						
Sud : Ouest	325	5	330	420	80	500
Centre-Ouest	350	10	360	450	165	615
Est	280	25	305	360	360	720
Centre	320	10	330	410	115	525
Nord : Ouest	255	-	255	330	-	330
Centre	360	-	360	460	-	460
Est	70	-	70	80	-	80
TOTAUX	1.960	50	2.010	2.510	720	3.230
<u>Urbaine</u>	110	50	160	420	230	650

TABLEAU 11

COTE D'IVOIRE - CROISSANCE DE LA PRODUCTION PRIMAIRE  
(1950-1965)

	Quantités <sup>1/</sup>		Valeurs (milliards 1965)		Indices
	<u>1950</u>	<u>1965</u>	<u>1950</u>	<u>1965</u>	
1. Productions vivrières principales :					
Céréales (000 t équivalent riz) .....	193	199	4,8	7,4	155
Racines et tubercules (000 t équivalent ignames).....	853	1.504	4,4	7,0	160
2. Productions végétales d'exportation :					
Café et cacao (000 t).....	105	370	7,9	28,4	360
Bananes et ananas (000 t).	20	190	0,3	2,9	970
3. Bois (000 t) .....	90	1.250	0,9	12,5	1.390
4. Autres productions végétales :					
Légumes et fruits (000 t).	45	83	0,9	1,7	185
Oléagineux (000 t équivalent huile) .....	21	45	0,9	1,7	185
Hévéa, coton, tabac,.....	-	-	0,3	1,0	390
Kola .....	25	32	1,4	1,8	125
5. Elevage et pêche :					
Bovins, ovins, caprins, porcins (000 t équivalent viande).....	1,8	3,0	0,5	0,8	155
Volaille et gibier (000 t viande).....	12,8	22,5	1,3	2,3	180
Poisson (000 t) .....	20	45	0,7	1,6	225
TOTAUX	-	-	24,3	69,1	285

1/ Quantités ajustées, correspondant à deux années 1950 et 1965 théoriques situées sur la courbe indicatrice de la tendance générale.

TABLEAU 12

COTE D'IVOIRE - REVENUS MONETAIRES PAR TETE  
ENSEMBLE DES ZONES RURALES  
 (1950 et 1965)

	Populations rurales ● (000 âmes)				Revenus monétaires globaux (milliards constants)		Revenus par tête (000 francs)	
	1950	%	1965	%	1950	1965	1950	1965
Zones isolées et traditionnelles	1190	60	1080	33	1,3	1,4	1,1	1,3
Zone céréalière du Nord	190	9	250	8	0,3	1,3	1,4	5,2
Zones de plantation :								
ordinaires	470	23	1580	49	5,5	24,1	11,7	15,8
proviligiées	160	8	320	10	3,1	8,3	19,4	26,0
<b>Totaux</b>	<b>2010</b>	<b>100</b>	<b>3230</b>	<b>100</b>	<b>10,2</b>	<b>35,1</b>	<b>5,1</b>	<b>10,9</b>

TABLEAU 13

COTE D'IVOIRE - DISTRIBUTION DU PRODUIT INTERIEUR BRUT  
AUX PRIX DU MARCHÉ (milliards valeur 1965)

	1950		1960		1965	
	Montant	%	Montant	%	Montant	%
Agriculture, forêt, pêche	33,6	52,0	54,7	41,2	79,2	34,5
Industries, construction	5,6	8,7	15,1	11,4	38,3	16,7
Transports, commerce, services .....	21,7	33,5	51,0	38,5	90,8	39,7
Administration .....	3,6	5,6	11,5	8,7	21,0	9,2
<b>Produit intérieur brut</b>	<b>64,5</b>	<b>100,0</b>	<b>132,3</b>	<b>100,0</b>	<b>229,3</b>	<b>100,0</b>

TABLEAU 14

COTE D'IVOIRE - STRUCTURE DE LA DISTRIBUTION DU REVENU EN 1950 et 1965  
(milliards francs 1965)

	1950		1965	
	Activités urbaines	Agriculture et exploitation forestière	Activités urbaines	Agriculture, exploitation forestière et pêche
1. Revenus des entreprises <sup>•</sup> publiques .....	0,0	-	2,2	-
2. Revenus du secteur étranger :				
a) Revenus des grandes entreprises .....	3,6	0,4	22,5	5,0
b) Revenus des petites et moyennes entreprises	2,9	0,4	16,1	0,5
c) Salaires étrangers ..	6,2	-	15,9	-
Fonction publique ...	(1,4)	-	(4,0)	-
Economie productive..	(4,8)	0,3	(11,9)	1,7
d) Loyers .....	0,4	-	0,9	-
Total 2	13,1	1,1	55,4	7,2
3. Revenus de la population africaine :				
a) Salaires (non agricoles) fonction publique .....	5,8	-	36,5	-
économie productive ....	(2,2)	-	(17,0)	-
domestiques .....	(3,1)	-	(18,1)	-
.....	(0,5)	-	(1,4)	-
b) Revenus de l'artisanat urbain .....	3,2	-	13,2	-
c) Revenus de l'entreprise urbaine .....	0,2	-	1,3	-
commerce .....	-	-	(0,9)	-
taxis .....	-	-	(0,4)	-
d) Loyers urbains .....	2,1	-	9,3	-
Logements occupés par leur propriétaire .....	(1,2)	-	(3,9)	-
Logements loués : .....	(0,9)	-	-	-
petits propriétaires..	-	-	(2,4)	-
grands et moyens propriétaires .....	-	-	(3,0)	-
e) Revenus du monde rural..	-	32,5	-	70,6
Revenus non commercialisés-	-	(22,2)	-	(33,8)
Revenus commercialisés..	-	(10,3)	-	(36,8)
Total 3	11,3	32,5	60,3	70,6
Total général	24,4	33,5	117,9	77,8

TABLEAU 15

COTE D'IVOIRE - INVESTISSEMENTS BRUTS TOTAUX (milliards valeur 1965)

	Période 1950-60		Période 1961-65		Période 1950-65	
	Montant	%	Montant	%	Montant	%
Agriculture .....	21	12	17	10	38	11
Industrie .....	20	12	41	25	61	18
Commerce et services	4	2	5	3	9	3
Transports .....	66	39	51	31	117	35
Équipement adminis- tratif et social.	34	20	24	15	58	17
Logements .....	27	16	23	14	50	15
<b>Total</b>	<b>172</b>	<b>100</b>	<b>163</b>	<b>100</b>	<b>335</b>	<b>100</b>

TABLEAU 16

COTE D'IVOIRE - FINANCES PUBLIQUES

(milliards valeur 1965)

	<u>1950</u>	<u>1958</u>	<u>1961</u>	<u>1965</u>
Dépenses publiques :				
fonctionnement .....	7,7	16,2	30,2	36,8
équipement .....	6,0	9,2	10,4	17,0
<b>Total ...</b>	<b>13,7</b>	<b>25,4</b>	<b>40,6</b>	<b>53,8</b>
Financement :				
Local .....	9,4	21,4	34,5	44,4
Apport extérieur net .....	4,3	4,0	6,1	9,4
(équipement).....	(4,3)	(4,0)	(3,6)	(6,0)
(fonctionnement).....	(-)	(-)	(2,5)	(3,4)
Produit intérieur brut .....	65	115	147	229
(milliards valeur 1965)				
Dépenses fonctionnement/P.I.B. (%)	12	14	21	16

TABLEAU 17

COTE D'IVOIRE - BALANCE DES PAIEMENTS

(milliards valeur 1965)

	<u>1950</u>	<u>1960</u>	<u>1965</u>
Recettes de la Côte d'Ivoire :			
Exportations	14,4	33,7	63,5
Capitaux et aide extérieurs :			
aide publique	4,3	5,0	9,4
capitaux privés	0,3	2,0	6,0
Recettes courantes extérieurs :			
armée française	0,6	2,6	1,0
ambassades étrangères	-	0,2	1,2
recettes privées	0,5	1,0	1,7
	<hr/>	<hr/>	<hr/>
Total	20,1	44,5	82,8
Dépenses de la Côte d'Ivoire :			
Importations	12,2	28,6	54,0
Dépenses publiques extérieures	0,3	1,5	2,6
Transferts privés	7,0	13,6	25,2
Avoirs extérieurs	0,6	0,8	1,0