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EXTERNALLY ORIENTATED DEVELOPMENT - AN ASSESSMENT OF THE DECADE 1960-70 FOR THE FRENCH-SPEAKING COUNTRIES OF WEST AFRICA.

by

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Today, the economic space occupied by the nine French-speaking countries of West Africa serves a population which numbers 32 millions. With a Gross Domestic Product of 1000 billion CFA francs, giving a per capita income of 120 dollars, this space can be compared economically with Egypt or the three countries of the Maghreb. The size of this space do not come up to the level required for modern industrial development although, up to a point, its wide geographical space, the variety of its potential agricultural, mineral and power resources make up for this shortcoming. The extent to which the fragmentation of this space into 9 states represents a catastrophe from the development point of view can never be emphasized strongly enough. At the end of the period of French colonial rule, Senegal was the only territory of the group which had been developed, with the exception of Togo whose modernization goes back to the time of the German administration. Even this had slowed down considerably since the beginning of the French mandate. By 1950, the development of the Ivory Coast had hardly begun although, once started, it went on at an accelerated pace. As for the other countries of the group, they remained practically undeveloped until 1960.

Fragmentation removed all possibilities of breaking away from the past colonial policy of development, a policy which aimed at growth without development, which was externally orientated and confined to micro-regions (the groundnut growing areas of Senegal, the lower coastal regions of Ivory Coast) which were dealt with one at a time. These regions, even after they had been developed, were too small to enable a viable industry to be set up. Development necessarily had to be carried out along the lines laid down under the colonial administration, whenever this was at all possible. The years of the 1960 decade showed that such development only took place in the Ivory Coast. The experiences of Guinea and Mali revealed no real development which was internally initiated. This was due to external forces (the fragmentation itself) as well as internal forces (which can be summarily ascribed to "local bureacratic tendencies") which no doubt were not independent of one another.

During that decade population distribution altered considerably, the urban population increasing from 9% to 13% of total population (1) In 1950, apart from Senegal, the region had hardly any urban centres. This situation no longer exists in 1970. In 20 years time, this proportion will certainly be above 30%.

In that same decade, the real growth rate of the GDP has been quite modest but positive : 4.3.% as opposed to a population growth rate of 2.3%.(2) However, with this rate of growth, the relative and absolute gap between the region and the developed countries has widened considerably. In addition, the rates of growth of industrial output and urban employment have been very much lower than that of the urban population. Unemployment necessarily resulted, followed by its rapid growth.

Table II shows the real growth of the various countries forming the region. Growth at constant prices is less difficult to estimate than growth at current prices. Infact, statistics on prices are very inaccurate. Wholesale import prices have increased at the rate of 2 to 3 per cent per annum, the same as price increases in France. The increase in prices of imported goods passed on to the "Domestic sectors" (local industries and non-export agricultural sector) appears not to have been the same in the different countries. The most industrialized among the countries (Senegal and Ivory Coast) have absorbed this increase more easily than the others. If the commercialized non-export agricultural sector has reacted to this price increase of imported and locally manufactured goods, the prices of export products have, on the other hand, not been affected by other prices. In the last few years, they have, on the whole, been falling heavily. Finally, the accounting prices of non-marketed products are largely conventional. Inflation, which was severe in Mali but better controlled in

(1) See Table I.

(2) See Table II.

Guinea (where no devalustion took place as in Mali), renders it more difficult to make estimates at current prices for these two countries.

The volume of investments carried out in the region during that decade has certainly been larger than that during the period of colonial rule, even after the second world war. But its distribution between the various sectors remained very much the same as it was in the previous period. Ninety billions went into investment in agriculture, half of which was in the Ivory Coast for oil-palm tree and pineapple plantations etc. although this estimate may be too high. Power, industry, mining and commercial fishing received 290 billions of which 60 billions went to "Miferma" (which explains the very high figures for Mauritania). The Ivory Coast and Senegal head the list by a long way, with 90 billions and 60 billions respectively. Of the other countries, only Mali and Guinea have made a real though modest attempt to industrialize (25 billions for each of the two countries). The remaining 730 billions (two-thirds of the total) went into infrastructure development, transport, housing and social capital.

The investment rate derived from comparison of the volume of investments and the average GDP at current prices is thus distorted as a result of the uncertainity regarding prices. These rates are rough estimates though useful in our opinion. The costs of investment (imported capital goods, local constructions) having increased more than the level of prices adopted for the calculations, these rates are no doubt slightly too high. The volume of investments given for Guinea may also be larger than it was (the 35 billion investment in Fria being related to a period before the decade under study).

The externally orientated nature of the development is clearly shown in the correlation between the rates of growth of G.D.P and those of exports.(3) It is worth noting that only two countries show high growth rates. These are the Ivory Coast and Mauritania. The growth rate of the

(3) See Table III

Ivory Coast, which has been studied in detail (4), results from the exports-orientated agricultural development of the lower coastal regions followed, since 1960, by industrialization based on the Senegalese pattern and financed in the same way. Mauritania's growth is entirely attributable to the mining industry (extraction of iron ore by Miferma) which is also export orientated. The high growth rate of exports from these two countries reflects the export orientated nature of the development. The same is true, although on a more modest scale, for the growth in Niger (based on the expansion of groundnut cultivation) and for Togo (based on the phosphate mining industry). In the other member countries of the West African Monetary Union where it has been impossible to achieve any growth in exports, growth had stopped altogehter. This is due to the fact that this type of agricultural development had already reached its ceiling, Senegal Togo and Dahomey being the typical examples, and also because there are no mineral resources worth exploiting. We should not allow ourselves to be deceived by the relatively high growth rate of exports in Upper Volta as exports were at a very low level to start with. Mali and Guinea have not been exceptions to the rule : exports stagnated (the expansion of Fria having taken place prior to the decade under review) and there was a modest, induced overall growth. The attempt to speed up industrialization under such conditions (small areas and inefficient bureaucratic systems which accompanied the "external constraints") ended in failure and this was followed by inflation which was quite severe in Mali (leading to political breakdown) but better contained in Guinea (thanks partly to the direct and indirect resources obtained from Fria).

The return on investments was very poor due to the export orientated nature of the development. The volume of investments was certainly not neglible. On average, they amounted to 13% of G.D.P., 15% in the Ivory Coast and Guinea and 28% in Mauritania. However, two-thirds of the investments went into infrastructure development, which was not directly productive because rapid industrialization and the modernization of agri-

(4) Samir Amin, Le développement du capitalisme en Côte d'Ivoire. Paris, 1967.

culture for food production (for town people) is not possible when economic spaces are restricted in such a way. It can thus be seen that there is no relation between investment effort and the results obtained in terms of growth. The Capital coefficient, which measures this relationship, varies widely (from 1.9 to 6.7). Thus, the agricultural sector which ensures the growth in the Ivory Coast needs little investment, whereas the mining sector, responsible for the growth in Mauritania (and on a smaller scale in Togo), absorbs a huge amount of investment. Under these conditions, infrastructure investments more often appear as a hindrance (since they entail public recurrent expenditure) rather than a precondition for development.

and grants?

In any case, these investments have been financed almost entirely from abroad. Out of gross investments amounting to 1110 billions, external loans/from foreign governments for development was 290 billions and private foreign capital amounted to 520 billions (including self-financing of foreign enterprises). In other words, this amounted to more than 70% of total investments. Actual capital from abroad was even larger than the figures given, since the nine countries received "current" foreign aid to the tune of 215 billions. Internal public finances which appeared to be in balance were infact short of this amount, and this represents 19% of current public expenditure (annual average of government current expenditure for the decade 1960-70 amounted to 115 billions). In ten years, internal savings were only 85 billions or 1% of the G.D.P. for the whole region, a very insignificant amount indeed. There are no internal dynamic forces to stimulate development which infact is initiated entirely from abroad. These percentages do not represent the average for the region as a whole. Infact, they are characteristic of each individual country of the region : the rich (Ivory Coast, Mauritania) as well as the poor (Upper Volta, Mali, Niger); those "recently developed" (Ivory Coast) as well as the older ones (Senegal). Infact, during the 1960-70 decade, external finance as a percentage of the total investment of each individual country of the region showed an annual average as follows : Senegal, 81%; Mali, 78%;

Maritania, 78%; Guinea, 60%; Ivory Coast, 76%; Upper Volta, 72%; Niger, 72%, Dahomey, 64% and Togo, 83%.

This percentage is indeed very high, and much the same for each country of the group. The lower percentages for Dahomey and Guinea suggest that the estimates of investments for these countries were too high. External finance being reckoned as a net figure, the repayments to be made in the latter years of the decade have the effect of "lowering" the return on the investments. This is moderately so in all cases except for Guinea and to a lesser degree for Mali. For Ivory Coast, the effects will be felt in later years due to the heavy reinbursements to be made in accordance with the agreements for deferred payments. In addition, the proportion of external finance in the course of the decade seems to be on the increase. Thus, in all the countries, growth remains an externally influenced element. How can it be otherwise, since the sectors which are more able to produce a substantial surplus are almost exclusively fed by foreign capital (light industries, import-export trade, etc)?

The balance of payments reveals the limitations and contradictions of growth of externally orientated development which is stimulated from abroad(5). It is a characteristic fact that imports tend to grow faster than exports once the initial period of "euphoria" in development is over. During this initial period, the very high growth rate of exports does not induce an equally high growth rate of imports. Mauritania and the Ivory Coast are at this initial stage of development. However, the rate of growth of imports already shows a tendency to catch up with and outstrip that of exports.

To this deficit in the current trade balance is added that resulting from the investments made by private foreign investors. In this study, we have attempted to measure the changes in the balance between the inflow of foreign capital and the repatriation of profits arising out of this capital. In this estimate, the flow of private foreign capital is reckoned as a gross figure, in other words, gross profits ploughed back by foreign

(5) See Tables IV and V.

enterprises are regarded as capital imports (in order to obtain a more accurate figure for the balance of investments). On the other hand, the repatriation of profits and savings is equally reckoned as a gross figure. The gross inflow of capital is estimated at 12 billions for Senegal (a constant figure during the decade); 25 billions for the Ivory Coast (as a trend : 1960, 20 billions; 1970, 30 billions); and 14 billions for the other countries (1960 : 11 billions, 1970 : 17 billions, the trend being, infact, irregular - the major part of the investments was carried out by Miferma between 1960 and 1964). With regard to the outflow for each of the countries, the breakdown is as follows : Senegal 1960 : 25 billions, 1970 : 25 billions; Ivory Coast 1960 : 25 billions, 1970 ; 45 billions; the other countries 1960 : 25 billions, 1970 : 40 billions - the increase here coming mainly from Miferma, Fria and the Togo phosphate works (a total of 15 billions). The outflow includes the "illegal" exports of capital from Mali (1960-67).

These figures have always been assessed on the low side. This is understandable, since they show quite clearly that financing by foreign capital necessarily leads to a higher growth rate of the outflow of profits and savings. This is readily seen in the fact that for the whole region, the growth rate of outflow (3.8% per annum) is higher than that of the inflow of the gross private foreign capital (3.2% per annum). As a result, the balance of payments necessarily shows a tendency to be in deficit once the first phase of development is over.

Neither current private and public revenue nor external finance from foreign governments for development purposes or for covering current deficits can make up for the increasing external deficit, unless one admits an increase in foreign aid so large that the notion of independence of the countries concerned becomes meaningless.

The inevitable slowing down of the growth of externally orientated development, which itself never paves the way for a higher stage - that of an internally initiated and self-sustained growth - throws public finances into a perpetual state of crisis. It is also worth noting that government deficit tends to get worse, except in Mauritania and the Ivory Coast where a reverse of the tendency is already appearing. Broadly speaking, the gap between the growth rate of current government expenditure - which is rapidly increasing - and that of the resource base of the economy - which is slowing down - tends to widen, Raising the rates of taxation, which was widely practised in the region during the decade, does not however make it possible to avoid difficulties in matters of public finance, but only helps to postpone final payment. This also gives an indication of the inability of national savings, despite the growth of the G.D.P, to ensure the automatic and spontaneous change from growth which is externally stimulated to self-sustained growth which is self-financing.

In the course of our study, the estimates which we have obtained for each of the countries in the group show that current public expenditure (French technical assistance and military expenditures are excluded where necessary) has increased faster than the resource base of the economy. Public expenditure as a proportion of G.D.P. has increased by 2% for all of the nine countries (from 13% in 1960 to 15% in 1970), or from 2 to 4 points for most of the countries. The one exception is Mauritania, where public expenditure as a proportion of G.D.P. has fallen from 23% to 15%. This is due to the very high but localized growth of the G.D.P., following the setting up of Miferma. Even in the Ivory Coast where, until 1965, the resource base of the economy was developing faster than public expenditure, the situation is tending to reverse itself towards the end of the decade such that between 1960 and 1970, the proportion remains unchanged at around 15%. These two countries apart, public expenditure for the other 7 countries rose from 13% of G.D.P. in 1960 to 16% in 1970. In addition, price distortions - the salaries of civil servants having been relatively contained during the decade - have reduced the growth of public expenditure as a proportion of G.D.P.

All this simply means that every attempt to make a "development policy" work within such restricted economic spaces as are available in the countries of the region, is bound to be a failure. This is so because it is practically impossible under these conditions, to break away from the policy of absolute priority to externally orientated development which is stimulated from abroad. This basic fact serves as a framework of reference for any objective criticism of the attempts at national "economic planning" in these countries. These attempts were bound to fail or, more exactly were meaningless. One can plan or attempt to plan an internally initiated development policy, financed from internal resources. One cannot however plan development which depends entirely on conditions of external demand & foreign capital. At the very most one can attempt to predict (rather vaguely) or try to put some order in the investments of the public sector accompanying those - decisive for the growth - which are induced by an externally orientated development over which one has no control.

It may sadly be said that the price paid for the fragmentation of the economic space is incalculable. This fragmentation simply leaves no choice but to maintain the existing colonial structures and development policies which make foreign domination and underdevelopment, a permanent feature of these countries.

Some people derive a certain amount of consolation from believing that the balkanization was the result of the clashes between traditional or "tribal" forces or at least, of micronationalism. This is a superficial interpretation of the facts for micronationalism is, in the last resort, a modern concept arising out of the externally orientated, colonial type of development. Externally orientated as they are, the regions which have been developed in this way have no objective interest in towing behind them the regions of which the resources have been left unexploited. This is at the root of the short-sightedness of some politicians who were eager to bring about the disintegration of the A.O.F. (French West Africa) in 1958. It is a characteristic fact that the only common institutions which survived this fragmentation have been those which the former colonial power had wished to see remaining : a common currency which makes it possible for the deficit of some of the countries to be borne by the others, at least until such time as the general tendency for everyone of the countries to run a deficit would make the system useless to the colonial power (6).

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(6) See the article by Samir AMIN :"Pour un aménagement du systeme monétaire des pays africains de la zone franc", in "Le MOIS en Afrique", No. 41, 1969. The argument, based on the experience in Equatorial Africa, can be applied to the West African case.

Such is the background to the creation, after independence, of local interest groups, particularly for state bureaucracy, concerned with maintaining the status quo following the fragmentation. Obviously, these negative phenomena cannot be understood if it is not appreciated that the externally orientated development of the region, like that of large areas of the African continent south of the Sahara, only begins at the present time. This same type of development had already exhausted Latin America and Asia and left them in an irretrievable situation. Since there is no reason to believe that this same type of development would lead to different results in Africa, the argument which suggests that Africa must go through the necessary "historical stages" of development does not convince us, and still less does it provide a justification for such a development. To suggest that the development brought about by the colonial power is better than nothing, that there is no possible alternative for Africa and that Africa is not "ripe" for development, is to forget that this "step forward" puts a stop to any further progress. This suggestion would also imply that some peoples are fated to remain under-developed, which is no doubt a barely concealed racialist feeling.

TABLE 1

POPULATION 1960-70 (IN THOUSANDS)

	TOTAL POPULATION			URBAN POPULATION			% of URBAN (1)
	1960	1970	GROWTH RATE	1960	1970	GROWTH RATE	POPULATION IN 1970
SENEGAL	3150	3900	2.2	700	1250	6.0	32.0
MALI	4200	5200	2.2	250	380	4.0	7.3
MAURITANIA	1050	1200	1.3	50	90	5.0	7.5
GUINEA	2900	3800	2.6	180	160	7.0	9.5
IVORY COAST	3700	5000	3.2 (2)	450	970	8.0	19.5
UPPER VOLTA	4400	5000	1.3 (2)	220	360	5.0	7.2
NIGER	3100	3900	2.6	90	160	6.0	4.1
DAHOMEY	2100	2700	2.6	200	310	5.0	11.5
TOGO	1400	1800	2.6	200	310	5.0	17.0
TOTAL	26100	32500	2.3	2340	4190	6.0	13.0

(1) Towns with more than 5000 inhabitants

(2) The higher population growth rate in the Ivory Coast is due to immigration particularly from Upper Volta, the growth rate of the resident population of the latter being consequently much lower.

TABLE II

REAL GROWTH AND GROSS INVESTMENTS 1960-70 (1)

	G.D.P. 1960 AT CURRENT PRICES (2)	G.D.P. 1970 AT 1960 PRICES (2)	G.D.P. 1970 AT CURRENT PRICES	REAL GROWTH RATE OF THE G.D.P.	AVERAGE ANNUAL PRICE RISE	GROSS INVEST- 1960-69 (10 YEARS) (3)	GROSS INVEST-MENTS AS A PROPORTION OF AVERAGE G.D.P. %	CAPITAL COEFICIENT (4)
SENEGAL	158	200	200	2.5	0.8	200	11	4.4
MALI	60	72	(125)	1.8	(6.0)	90	12	6.7
MAURITANIA	19	39	43	7.5	1.0	100	28	3.7
GUINEA	44	68	(90)	4.5	(3.5)	100	15	3.3
IVORY COAST	143	308	350	8.0	1.5	370	15	1.9
UPPER VOLTA	52	62	78	1.8	2.3	50	8	4.4
NIGER	50	68	85	3.0	2.3	70	10	3.3
DAHOMEY	40	49	62	2.0	2.3	55	11	5.5
TOGO	36	46	58	2.4	2.3	50	11	4.6
TOTAL	602	912	(1050)	4.3	'	1110	13%	3.0

(1) G.D.P. and Investments are expressed in billions of C.F.A. francs at current value; for Mali in 1970, in billions of devalued Malian francs; and for Guinea, in billions of Guinean francs at the official rate of exchange which has not changed.

(2) The estimates at constant prices have been made by using, as far as possible, the same method for all the countries, particularly with respect to the estimate of the value of food production for subsistence.

(3) The investment figures given are for the "modern" sector alone, that is "traditional" investments (village huts, land clearing, increase in livestock, etc.) are not included -

(4) Coefficients obtained by dividing the investment rate by the real growth rate.

TABLE III

	EXPORTS			IMPORTS			BALANCE	
	1960	1970	GROWTH RATE	1960	1970	GROWTH RATE	1960	1970
SENEGAL	44	44	0.0	44	47	0.2	0	-3
MALI	10	10	0.0	12	18	5.0	- 2	- 8
MAURITANIA	2	18	22.0	6	15	10.0	- 4	3
GUINEA	10	12	1.6	12	16	3.4	- 2	- 4
IVORY COAST	50	100	7.0	52	90	6.0	- 2	10
UPPER VOLTA	3	6	6.0	8	11	3.0	- 5	- 5
NIGER	7	10	5.5	7	15	7.5	0	- 5
DAHOMEY	4	5	2.0	7	9	3.0	- 3	- 4
TOGO	5	8	6.0	7	12	6.0	- 2	- 4
TOTAL	135	213	4.5	155	233	4.3	-20	-20

(1) Exports and Imports are expressed in billions of francs at current value and calculated by using comparable methods. On the other hand estimates are for "real" transactions (and not for "regulated" trade) adjusted positively according to the "general trend" (whose rate of growth gives the slope). The growth of exports for Mauritania rises sharply as from 1963-64 (with the setting up of Miferma), that of Guinea having leapt ahead prior to the decade under review (between 1958 and 1960 : with the setting up of Fria).

TABLE IV.

BALANCE OF PAYMENTS 1960-70

(Annual average in billions at current value)

REVENUE	Senegal	Mali	Mauritania	Guinea	Ivory Coast	Upper Volta	Niger	Dahomey	Togo	Total
Exports	43.8	10.0	11.3	12.8	76.8	4.5	8.4	4.3	6.5	178.4
Current revenue.(1)	6.9	2.0	1.5	1.5	6.0	5.0	2.0	2.0	1.5	28.4
Finance obtained from foreign governments for development. (net) (2)	3.8	6.0	1.8	5.2	3.0	2.6	2.1	2.3	2.0	28.8
Current inflow (3)	6.5	2.0	0.5	0.8	5.2	1.9	1.6	1.6	1.4	21.5
Provate Capital (Gross)	12.5	1.0	6.0	0.8	25.0	1.0	2.9	1.2	2.0	52.5
TOTAL	73,5	21.0	21.1	21.1	116.0	15.0	17.0	11.4	13.4	309.5
EXPENDITURE										
Imports	46.8	17.0	13.9	16.3	72.8	9.9	11.4	8.2	8.9	205.2
Current expenditure	3.5	1.0	0.8	1.0	4.0	1.0	1.2	0.5	1.4	14.4
Private transfers (gross)	25.1	5.0	6.7	5.1	36.2	3.9	4.8	2.7	2.4	91.9
Monetary reserves and book liabilities (4)	- 1.9	- 2.0	- 0.3	- 1.3	3.0	0.2	- 4.0	0.0	0.7	- 2.0

(1) Current private and public revenue include : the money spent by foreign embassies (except for French military expenditure), revenue from tourism, remittances by immigrant workers (important for Upper Volta and Senegal), revenue from transit duties (for Senegal, Ivory Coast and Dahomey).

(2) Finance obtained from foreign governments for develop ent mainly includes gifts (and accompanying loans) from F.E.D. (European Development Fund) and F.A.C. (Aid and Co-operation Fund), etc, long term loans from the East European countries (Guinea and Mali). Repayments for these loans are large towards the end of the decade. For Guinea, there is the additional American Loan. These item also includes the net balance of finances obtained under "deferred payments" agreement by the Ivory Coast.

(3) Current foreign aid includes technical assistance expenditure (mainly by the French government), assistance to the local treasury (French budgetary subsidy, loans by the French Treasury), short term loans from the East European countries (loans obtained in the form of goods or foreign currencies).

(4) Deductions from foreign assets included foreign liabilities of government institutions in Guinea and Mali (mainly credit granted under clearing arrangement). For Mali, there is the additional item of advances from the French Treasury since 1967. IMF drawin are also included under this heading.

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Current inflow (3)	6.5	2.0	0.5	0.8	5.2	1.9	1.6	1.6	1.4	21.5
Provate Capital (Gross)	12.5	1.0	6.0	0.8	25.0	1.0	2.9	1.2	2.0	52.5
TOTAL	73,5	21.0	21.1	21.1	116.0	15.0	17.0	11.4	13.4	309.5
EXPENDITURE										
Imports	46.8	17.0	13.9	16.3	72.8	9.9	11.4	8.2	8.9	205.2
Current expenditure	3.5	1.0	0.8	1.0	4.0	1.0	1.2	0.5	1.4	14.4
Private transfers (gross)	25.1	5.0	6.7	5.1	36.2	3.9	4.8	2.7	2.4	91.9
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TABLE V

BALANCE OF PAYMENTS FOR ALL THE NINE COUNTRIES FOR 1960 AND 1970. TREND FIGURES IN BILLIONS AT CURRENT VALUE.

	1960	1970	ANNUAL AVERAGE	GROWTH RATE
Exports	135	213	178	4.5
Current Revenue	22	35	28	5.0
Finances from foreign Governments for Development (net)	25	33	29	2.8
Current inflow	16	28	22	5.8
Private Capital (gross)	43	59	52	3.2
TOTAL	241	367	310	-
Imports	155	243	205	4.3
Current Expenditure	11	18	14	5.0
Private Transfers (gross)	75	110	92	3.8
Balance	0	- 4	- 2	-