The Africa Research Group is a movement research and education project that focuses on analyzing the United States imperialist penetration of Africa. The group hopes to promote a more informed concern with protest against the role the US plays in the domination of Africa and to contribute to sharpening and extending an anti-imperialist and anti-racist consciousness within movements for social change. The group wants to hear from people or organizations with similar research interests. For a list of available publications write P.O. Box 213, Cambridge, Mass. 02138.

INTRODUCTION

Socialism is never achieved by declaration. Even in those countries committed to socialist development there remain many obstacles that have to be overcome by hard work, dedication and careful planning.

The two articles reprinted here from the Monthly Review present a well thought out introduction to the obstacles to and promises for socialist development in Africa. All three authors have spent considerable time in Tanzania, and this first-hand experience has been important in forming their theories.

The article by Arrighi and Saul attempts to explain the dilemmas faced by all African countries, but especially East African countries, in achieving economic independence. Their analysis, finding little room for optimism, leads them to suggest that "disengagement from international capitalism" may be advisable.

The article by Glynn Hughes in many ways a logical sequel to the Arrighi and Saul article. If it is advisable to "disengage from international capitalism" what options does that leave African countries? While Hughes never asks that question directly, he does analyze the preconditions for socialist development in African countries. With the use of statistics and a few working hypotheses Hughes sketches out a proof for his contention that "by employing some of the 'hidden' surplus which is at present being unproductively used... there is a way off the economic treadmill."
In reprinting these articles it is not our intention to open an academic debate about how African countries should go about solving the extremely complex problems facing them. Rather we feel it is far more important that interested people in Western metropolitan countries understand completely the pressures their countries place upon African nations simply by having economic relations with them. These two articles can greatly add to that understanding.

SOCIALISM AND ECONOMIC DEVELOPMENT IN TROPICAL AFRICA

BY GIOVANNI ARRIGHI
AND JOHN S. SAUL

A sophisticated socialist position in contemporary Africa must fuse a concern for an increased rate of economic development with a perception of the role played in the development process by the existence and emergence of classes and groups with divergent interests and differential access to benefits. Only if these factors are taken into account can one understand the extent to which the productive potential of African societies, and therefore their development and structural transformation, are constrained by the present pattern of world and domestic economy and society. The available surplus is being drained away, for example, as the repatriated profits of overseas firms; or it is consumed by self-indulgent domestic elites. As a consequence, the generation of a larger surplus from an aroused and mobilized peasantry is discouraged. It is, in brief, the pattern of inequality which tends to hamper a rise in productivity.

In this situation a viable socialist strategy will have to face dilemmas of choice in three closely related policy spheres. On the international level, it will confront the specter of international capitalism and a grave inequality of financial power—realities which place major constraints on general development. On the domestic scene, it will face the problem of the relationship between "town," the center of administration and of such industrialization as takes place, and "country"—a relationship

This is a condensation by the authors of a much longer study with the same title, which appeared in the Journal of Modern African Studies, VI, 2 (1968), pp. 141-169. Messrs. Arrighi and Saul teach economics and political science respectively at University College in Dar es Salaam, Tanzania.
from which real development could spring but which all too often defines a split between unequal and unconnected spheres of a society falling short of genuine transformation. Finally, such a socialist strategy will have the problem of agricultural development itself in a rural sphere where inequalities can and do begin to emerge, although, at least in the short run, these have a rather more ambiguous impact on the pace of development than the other inequalities already alluded to. We will attempt briefly to analyze the nature of the contemporary African situation in order to provide a backdrop against which any serious debate on revolutionary strategy in independent Africa must, in the future, be set.

I

The vast majority of the population of tropical Africa consists of independent producers who, except in marginal ways, do not depend on wage employment for their subsistence. In order to promote the productivity of those producers, two problems have to be faced: (a) the problem of creating incentives to bring idle land and labor into production and (b) the problem of using the surplus actually produced by the peasantry in such a way as to promote the steady growth of labor productivity. The first problem is related to the ability of the modern sector to create incentives to increased productivity in the traditional sector; while the second problem is related to the types of organization of production and socio-economic institutions in the traditional sector which are most likely to evoke desired responses to stimuli generated in the modern sector.

Most traditional sectors of African economies still have some surplus productive capacity since population pressure on the land, though growing, is generally not yet severe. For this reason the first of these two problems must be given a central position in any discussion of African economic development.

There are three main forms of surplus absorption in the modern sectors of present-day African economies: the export of profits and investment income in general; the discretionary consumption of a small "labor aristocracy"; and productive investment, embodying capital-intensive techniques, mainly concentrated in sectors other than those producing capital goods.

To take the last point first: the use of capital-intensive techniques of production in Africa is not only the result of technological factors. In addition, the investment policies of the modern international corporations in underdeveloped economies and the wage and salary policies of the independent African governments (which, in turn, depend upon the character of their power base) are equally relevant.* With regard to the former, the fact that methods of management, organization, and control have evolved in the metropolitan centers and cannot be easily adapted to the conditions obtaining in underdeveloped areas has meant that labor-intensive techniques are often not even taken into consideration by the corporations. More important still, the corporations apply to all their branches technical methods corresponding to their financial position, and this implies capital-intensive techniques irrespective of the situation in the territories where the investment takes place.

But capital-intensity has also been favored by the salary and wage policy of independent African governments.

Salary structures were inherited from previous colonial regimes; and, as Africans gradually entered the civil service and took over managerial positions in large foreign concerns, they received the basic salaries already attached to the posts. A huge gap between the incomes of the elites and sub-elites in bureaucratic employment on the one hand and the mass of wage workers on the other thus appeared, bringing the whole level of labor incomes into question. Given the political influence of urban workers on African governments, which are the major employers of labor, a steady rise in wages ensued. This steady rise is of course favored by, and tends to strengthen, the capital-intensity bias of investment. Capital-intensity means that labor is a lower proportion of costs, so that the individual concern is more willing to concede wage increases (especially foreign oligopolies which can pass on cost increases to the consumer). And this in turn reinforces the tendency toward capital-intensive growth, and so on in an upward spiral.

With regard to the distribution of productive investment between sectors, there seem to be two main reasons, besides

* Notes will be found at the end of the article.
obvious technological factors, for the observed underinvestment in the capital goods industries of tropical Africa. In the first place, the very bias in favor of capital-intensive techniques discussed above tends to promote the use of highly specialized machinery and consequently restrains the growth of demand for capital goods that could be produced locally. Secondly, in non-industrialized economies the market for capital goods is small, and if such goods are to be produced at all there must be good reasons to believe that the whole economy will develop rapidly and in such a way as to nourish a market for capital goods. The great calculating rationality, care, and circumspection in approaching new developments that characterize modern corporations prevent the repetition of the process, typical of the nineteenth century, whereby competitive entrepreneurs and financial groups often undertook investments which were actually “unjustified” by market conditions but which nonetheless fostered the industrialization of less-developed economies.

The lack of development of the capital goods sector restrains the expansion of productive capacity and of the internal market, perpetuating the dependence of the tropical African economies on the growth of demand for their primary products in the industrial centers. It is not surprising therefore that these economies have been unable to grow faster than their exports. In the period 1960-1965, per capita real product increased at an average rate of 2.0 percent per annum. This relatively low rate of growth, combined with the effects of the “wage-mechanization” spiral discussed above, has resulted in a decrease in the proportion of the labor force in wage employment in most countries, and has been accompanied by a widening gap between urban and rural incomes. Not all categories of urban workers have benefited from this widening gap. A large proportion of them consists of semi-proletarianized peasants who periodically engage in wage employment. This migrant labor force is not “stabilized” and in general does not acquire the degree of specialization required in industrial enterprises which use capital-intensive techniques. These laborers as a class cannot gain from the “wage-mechanization” spiral since higher individual incomes are matched by a reduction in their wage-employment opportunities.

The higher wages and salaries, however, induce the better paid section of the labor force to sever their ties with the traditional societies. Their consequent stabilization in the wage economy promotes specialization, greater bargaining power, and further increases in their incomes, which tend to become three or more times higher than those of unskilled workers. The standards of living of this tiny section of the working class approximate and often surpass those of the lower strata of the elites in bureaucratic employment in the civil service and international corporations. It must therefore be included with the latter in what may be called, somewhat inappropriately, the labor aristocracy of tropical Africa. It is the discretionary, and indeed conspicuous, consumption of this “aristocracy” which absorbs a significant proportion of the surplus produced in the money economy.

The third significant form of surplus absorption is the profits, interest, dividends, fees, etc., transferred abroad by the international corporations. Foreign private investment in underdeveloped economies has been, in the recent past, an efficient device for transferring surplus generated abroad to the advanced capitalist countries. Insofar as tropical Africa is concerned, this transfer of surplus is bound to increase in the future for obvious reasons. It seems in fact that returns of the order of 15-20 percent on capital, usually on the basis of an investment maturing in about three years, are required to attract foreign capital in tropical Africa. It follows that, in order to offset the outflow of profits, foreign investment in the area must steadily grow at a rate of 11-14 percent per year, which can hardly be expected in economies growing at a rate of 4-5 percent. Thus, while the transfer of surplus has been somewhat contained during the present phase of easy import substitution, the outflow can only become more serious in the years ahead as that phase comes to an end.

The development potential of this pattern of surplus absorption is remarkably poor. The slow growth of the money economy and the concurrent high rate of mechanization and automation hold back the growth of wage employment opportunities for the peasantry. More important still, the absorption of a considerable share of the surplus by the discretionary
SOCIALISM IN TROPICAL AFRICA

consumption of the labor aristocracy (which directly and/or indirectly creates demand in the industrial centers), and by the transfer of investment incomes abroad, restrains the growth of internal demand for peasant produce. As a consequence the creation of stimuli to increase productivity in the rural areas is left to the sluggish expansion of foreign demand for African produce. The stagnation of peasant incomes and productivity has in turn a negative impact on the growth potential of the modern sector itself, since it further hampers the expansion of the internal market. In the light of these considerations, the current economic growth of tropical Africa may properly be characterized, in Ignacy Sachs's terminology, as "perverse growth," i.e., growth which undermines rather than enhances the potentialities of the economy for long-term development.2

The foregoing analysis suggests the advisability of a policy of disengagement from international capitalism. It also suggests, however, that such a disengagement is not a sufficient condition for development. The labor aristocracy can in fact be expected to continue to use its power in the state-controlled modern sector in order to appropriate a considerable share of the surplus in the form of increasing discretionary consumption. Under these conditions "perverse growth" would persist, notwithstanding state ownership of the means of production. In order to achieve "real" long-term development, disengagement from international capitalism will have to be accompanied by a change in the power base of African governments.

II

In contemporary tropical Africa many striking ambiguities are readily identifiable on the ideological plane. Ideas about "development" and "equality" are not systematically linked, and "socialist" strategies emerge which leave much to be desired. And it is well to note that these ambiguities have tended to characterize the discussion of policy even in those African states which have professed themselves to be the most radical.

There has, for example, been little grasp, within the doctrine of "African socialism," of the nature of the inequalities discussed above. There has been a failure to face up to the necessity for policies which would divert a good proportion of the surplus from urban consumptionism (with an import and luxury bias) to rural incentives and capital formation. To be sure, occasional attacks upon trade unions and trading groups (generally those of non-African origin) are justified as a redressing of inequalities which hinder socially beneficial capital accumulation, but such a line of analysis is seldom rigorously applied to the society as a whole. (In the case of trade unions, the attacks, despite the rhetoric, have generally involved a politically motivated exercise of institutional control rather than a concerted effort to institute wage restraint.)

Thus perceived inequalities get very easily swallowed up and analytically blurred within the framework provided by the continent's distinctive "socialist" ideology. Here we refer to that strand of the ideology which has been characterized by Peter Worsley as "populism."3 In Africa this has involved the claim, by almost all leaders, that African societies are, even now, classless. The foundations for pervasive social solidarity are supposed to be found in traditional society and to exclude any socio-economically meaningful stratification.

Just as the populist strand in "African socialism" obscures the realities of class formation, so it is important, if somewhat paradoxical, to observe that much of the criticism of "neo-colonialism" in Africa has served to obscure the realities of international capitalism's involvement on the continent. For again, despite the rhetoric, all states have felt it necessary to deal with "the enemy." At the same time they have seldom felt compelled to undertake a serious analysis of the impact on their own economies and societies of investment by an increasingly monopolistic brand of international capitalism in terms of the nature of the techniques, the absorption of labor, the reinvestment of profits, and the generation of internal demand. For example, the possibility that many, if not most, forms of imported capital may be worse than none at all, despite the subsequent existence of plant on the ground and a handful of indigenous employees, is seldom brought to debate. Policy statements thus oscillate rather erratically between the abstract slogans of "neo-colonialism," a useful instrument with which to forge national unity behind the leaders, and a "forced" ac-
SOCIALISM IN TROPICAL AFRICA

ceptance of the “necessity” to encourage foreign investment in order to obtain skills and equipment.

More than mere intellectual confusion is at stake here, of course: these ideological strands must be situated in relation to the social structure of contemporary African societies. In colonial and economically underdeveloped Africa an indigenous dominant class with power grounded in the process of production had, by and large, not developed (though the emergence of an indigenous trading class, particularly in West Africa, cannot be wholly ignored and has played an important role in determining the course of some “socialist” experiments). As a consequence the political and bureaucratic groups which did rise to prominence were characterized by what Roger Murray has called a greater “relative social autonomy and plasticity.” After independence, when past education, political record, and current bureaucratic position came to be the chief determinants of privilege in the new society, a rather narrow vested interest in the system and a growing consciousness of a differential position vis-à-vis the mass became dominant features of the new elites—une bourgeoisie plus proche d’un mandarinat, as Dia has called them.

It is within this context that one must place trends to an increased centralization of power and ideological myth-making for popular consumption which can be seen to express a clear institutional and, behind that, class interest. And within this framework much state intervention, only marginally related to a generalized socialist development strategy, can be at least partly explained as the conscious proliferation of jobs for incoming recruits to the dominant group. At the very least, given the nature of the bureaucratic elite, any glib identification, by leaders or observers, of socialism in Africa with étatism and policies of economic centralization must be viewed with suspicion. And of course a sustained stand against the blandishments of foreign capitalism, or even a critical scrutiny of its potential contributions, cannot be expected from such a group.

Much evidence is available to demonstrate the importance of these patterns even in such states as Guinea, Mali, and Nkrumah’s Ghana; there too the burden of the expensive ad-

ministrative structure and of urban consumptionism pressed upon the surplus. Insofar as real attempts were made to escape from the irrationalities involved, as in Ghana, the absence of a mass social and political base rendered them half-hearted and self-defeating. Moreover, in their relationship with international capitalism, Ghana and Guinea were not so different from less militant regimes, and equally short-sighted. Thus it has been strongly argued that Nkrumah’s policies in this sphere, as epitomized by the Volta River Project, merely resulted in a marginal redefinition of “the politics of mediation,” in the suggestive phrase of Fitch and Oppenheimer.

This is not surprising: any serious attempt to face up to international capitalism would presuppose a growing awareness of the centrality of the pattern of surplus absorption and utilization to development strategy, and some readiness to correct existing irrationalities. The inevitable corollary, however, would have to be a parallel attack on the privileges of those very classes which constitute the power base of most African governments. Any strategy directed toward socialist construction in Africa must therefore face up to the full complexities involved in creating a state power dedicated to the task, and in generating or tapping social forces capable of underpinning such a state.

It is perhaps possible that such a novel power base could be found by combining elements of a mobilized peasantry and a transformed urban and rural proletariat, thereby producing a genuine “workers and peasants” state. Tanzania is the country in contemporary Africa where socialist aspirations figure most prominently in the development equation and most powerfully affect the policies which are being pursued. For the President, Julius K. Nyerere, has increasingly displayed, in a series of important policy documents, a sophisticated awareness of many of the patterns of African change which we have discussed: the importance of the rural-urban dichotomy, the relative lack of socialist direction provided by a mere “attitude of mind,” some of the ambiguities of foreign economic involvement in the domestic economy, and the realities of rural stratification. This has led, among other things, to the “Arusha Declaration,” which embodies an attempt to enact a self-denying ordinance.

MAY 1969
SOCIALISM IN TROPICAL AFRICA

against many kinds of economic-aggrandizement by the elite (especially as regards the ownership of property); to the nationalization of banks, insurance companies, export-import houses, and certain processing and manufacturing concerns, with some eye to relating their investment and other decisions more directly to the interests of national development; and even to the introduction into the policy debate of the theme of socialist modes of production for the rural sector.

Yet the ruling Tanzanian party has remained relatively untransformed and ineffective for mobilizing peasants and workers behind such programs in any coherent way, and a systematic industrialization strategy along the lines articulated above is still lacking. These weaknesses could well undermine Nyerere’s attempt to channel the efforts of political and bureaucratic elites in a direction likely to ensure genuine development. Finally, it must be said that even if the Tanzanian effort is one which deserves support, however qualified, from all socialists, it remains a relatively isolated experiment. In most African countries the incumbent leadership is much more compromised, and the quality of the political parties ostensibly working toward “socialist” goals leaves much to be desired. Even more ominously, the character of intra-elite competition in contemporary Africa, and in particular the rise of the military to a position of special prominence, show the strength of forces driving the situation in a counterrevolutionary direction.7

NOTES


PRECONDITIONS OF SOCIALIST DEVELOPMENT IN AFRICA

BY GLYN HUGHES

...the deeper I enter into the cultures and the political circles the surer I am that the great danger that threatens Africa is the absence of ideology.—Frantz Fanon.

In the last ten years more than thirty African countries south of the Sahara have regained political independence from colonial rule. These countries represent a great range of differing economic and political conditions, and any attempt to generalize from their varied experiences runs the risk of oversimplification and distortion. However, there are some common factors in these experiences—particularly the acquisition of a nominal political independence which left the colonial economic structure largely intact, the external pressures from monopoly capitalism these countries have faced, and the inherent problems of economic underdevelopment—which make some generalization possible and worthwhile. This article analyzes socio-economic developments within these countries during this “decade of Independence,”* and attempts to provide a basis from which some assessment of future trends can be made.

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* “Independence” (capitalized) is used throughout to denote nominal political independence, and does not necessarily imply real political or economic autonomy.
Development in the Decade since Independence

The most crucial point concerning the African independence movements of the 1950s and early 1960s is that, with one or two exceptions, they were non-revolutionary. The wind of change which fanned Africa forced the imperialist powers onto another tack; it did not drive them from the continent. The few revolutionary exceptions, such as Algeria and Kenya, served as a warning to Britain, Belgium, and France at least that their interests in Africa could only be preserved by swiftly granting political independence to their colonies. Portugal, which ignored the warning, is the only imperialist power that now finds its interests seriously threatened by revolution. On the other hand, West Germany, the United States, and other capitalist powers formerly without colonial possessions in Africa, have rapidly increased their economic penetration.

The non-revolutionary nature of most of the independence movements in the ex-colonies was closely related to the character of the African nationalist parties whose leadership was invariably bourgeois or petty-bourgeois, and whose aim was limited to the attainment of political independence in the form of African majority rule. In this aim the national bourgeois leadership, the peasant masses, and the small urban proletariat were temporarily united. The colonial powers were willing to accept this union provided that guarantees of security were given to settlers and foreign commercial interests, and the colonial grip was usually still strong enough to enforce these guarantees as a condition of political independence. The case of Kenya provides a good example of this, where a precondition of Independence was the crushing of the Land Freedom Army, which represented the peasant threat to settlers' interests. Thus, on the eve of Kenyan Independence we find African nationalist leaders such as Kenyatta, Mboya, and even the "radical" Odinga denying any association with the revolutionary peasant movement, in their effort to appear respectable enough to assume the responsibilities of government.*

It is necessary at this stage to examine this African national bourgeoisie in more detail. Fanon's description, partly prophetic at the time of writing, is tellingly accurate:

The national middle class which takes over power at the end of the colonial regime is an underdeveloped middle class. . . . [It] is not engaged in production, nor invention, nor building, nor labor; it is completely canalized into activities of the intermediary type.**

African national bourgeoises are commercial and bureaucratic rather than entrepreneurial. This has an important influence on the kind of economic policies characteristic of newly independent African countries. Trade and government administration may be appropriated into national hands,*** but manufacturing and extractive industry remain largely untouched. The continued success of commerce, which involves the export of raw materials and the import of finished goods and capital goods, depends on maintaining and strengthening the trading links which were set up with the "mother country" before Independence. If, for any reason, relations with the mother country are cut, a foster mother must be found; but the basic pattern of trade is not altered. This discourages any changes in the export-oriented agricultural sector, and in many cases inhibits the commercially-minded national government from undertaking any land reform program which would seem to threaten the short-term export level.

The attainment of political independence removed the temporary unity of interest between the peasantry and the national bourgeoisie which now held power. Conflicts of interest were bound to arise. Oginga Odinga relates, for instance, the curious case of Kenya in 1964 when white settlers evicted thou-

* In the case of Mboya and Odinga there is no reason to doubt this denial. Kenyatta, interned at the beginning of the "Emergency" in 1952, does not appear to have taken a part in preparations for armed resistance before this date. See, for instance, O. Odinga, Not Yet Uhuru, 1967, ch. 6.

** Numbered notes will be found at the end of the article.

*** Although in a number of countries trade remains largely in the hands of ethnic minorities (such as the Asians in East Africa) who may still maintain links abroad.
sands of squatters from their estates and destroyed their crops. A government member who took up the squatters' cause was severely reprimanded by Kenyatta for criticizing "the government's policy of discouraging illegal squatting on private property" and forced to resign. The squatters' pleas were ignored, regardless of the fact that some of them had originally lost their lands in the 1950s when they took to the forests in the struggle against the colonial government.

The relationship since Independence between the national bourgeoisie and the urban workers has not been so clear-cut. Because of its non-entrepreneurial nature, it is not automatically in the ruling group's interest to hold wages down. The upper grades of skilled and semi-skilled workers have been able to exert political pressure to raise wages. In some cases this pressure has resulted in minimum-wage legislation which has raised all urban wages to a level far above average rural earnings. To some extent, then, the interests of this labor aristocracy have been identified with the ruling national bourgeoisie. However, the gap between urban and rural living standards has drawn a restless and largely unemployed lumpenproletariat into the towns. It is the dangerous political consequences of this which have driven the ruling group to show some resistance to workers' demands. This has been done partly by appeals to the spirit of national unity, and partly by direct control of trade unions by the political parties.

The national bourgeoisie is understandably reluctant to acknowledge the existence of antagonistic class interests. This is partly a vestige of the Independence struggle, when class differences were submerged in the unifying stream of anti-colonialism. Partly, though, the national bourgeoisie realizes the danger to itself of admitting that its own rule is not in the interest of all. The myth of "classlessness" was evident even in those states which at or shortly after Independence adopted some form of "African Socialism." Leopold Senghor, for instance, denies the relevance of class analysis to post-Independence Senegalese society. His argument is that African society before the colonial period was "classless," and that exploitation is a purely colonial phenomenon which will disappear once political independence is regained. The outlook of the Ghanaian Convention Peoples Party was similar. This astigmatism of even progressive African leaders—"class-blindness" it might be called—is of extreme importance in understanding their post-Independence policies. First, because of their failure to understand the nature of the property relations established during the colonial period, they have seen no necessity to change the system of ownership as a precondition of economic and social progress. African Socialism is quite compatible, it seems, with private enterprise and an indigenous property-owning class. Second, African Socialists have failed to recognize the essentially exploitative nature of foreign capital investment. Thus the Tanganyika Five-Year Plan for 1964-1969 quotes President Nyerere on page 13: "We are committed to a philosophy of African Socialism..." On page 17, however, we are told that "three quarters of industrial development capital will have to come from the private sector in Tanganyika and abroad," and that provisions will be made for "guarantees for private investment and the repatriation of capital." It is perhaps significant that African Socialism is here referred to as a "philosophy" rather than an ideology.

The fact that the national bourgeoisie lacks both capital and skill further encourages it to leave industry open to foreign capital and enterprise. Private capital is attracted for the same reasons and in the same manner now as it was in the colonial period. There is no reason to imagine that its role has changed, simply because nominal political control has shifted from a

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* It is worth noting, however, that Nyerere, alone among African Socialist leaders, maintained an equivocal position. While accepting the "classlessness" of pre-colonial African society, he clearly saw the potential growth of an exploiting class in post-Independence society, and the need for the ruling party to guard against this, although he seems to have been more concerned with a class of capitalist landowners than with the bureaucracy. In fact there is some overlap between the two, since capitalist farming is one way in which the bureaucracy can consolidate its position. See Nyerere's *Ujamaa—The Basis of African Socialism*, 1962.
colonial government to a national bourgeois oligarchy. A recent
UN publication points out that “although part of the flow goes
into manufacturing industries producing import substitutes,
primary export industries such as mining, as well as the trade and
services sector, continue to attract the bulk of the investments.”

The exploitative nature of foreign capital investment will
be examined in more detail later. We should now turn to its
effects, within the host state, on the pattern of development and
its potential for long-term economic growth. Giovanni Arrighi
and John Saul, in an article to which I am much indebted, emphasize two important characteristics of industry in the so-called developing countries. First, it is capital-intensive. This
is partly because foreign capitalists tend to transfer to these
countries the methods with which they are already familiar,
rather than developing new labor-intensive methods. Partly also
it is encouraged by the African governments themselves, which
tend to perpetuate the wage and salary scales inherited from
the colonial period. Rising wage rates have in turn encouraged
the tendency towards capital-intensity in industry.

The second characteristic of manufacturing industry in de­
veloping countries is that it is oriented towards production of
consumer goods rather than capital goods. A number of factors
reinforce this tendency: first, markets for certain consumer goods
already existed, and import-substitution presents obvious open­
ings for local industry; second, since the local market is often
small, foreign capitalist concerns have found insufficient in­
centive to invest in capital-goods industries; third, the very fact
that these consumer-goods industries tend to be capital-intensive
and therefore require highly sophisticated machinery inhibits the
development and production of capital goods which could be
produced locally.

The combined effect of this tendency towards capital-in­
tensity and consumer-goods industries has a crucial bearing on
the pattern of development. On the one hand it encourages in­
creasing differentials in living standards between the urban and
rural sectors. Wages and salaries are pushed up, enabling the

* Insofar as local consumer-goods industries use local raw materials,
demand for peasant cash crops would be increased, but this is not often
the case. Ubiquitous Coca-Cola factories, for instance, continue to import
flavoring essence, even when local fruits that could be used for soft drinks
abound. Foreign investors have no reason to make a point of using local
raw materials.
rates over the next few years.

It is true that in the short run some quite spectacular industrial growth has been achieved in light industry through import-substitution. Factories producing beer, cigarettes, shoes, matches, and so on, have sprung up to supply already existing markets, and give the impression of growth. But this limited growth in one sector (implying, of course, a corresponding growth in foreign-investment earnings) is not matched by other sectors of the economy—especially agriculture, which continues to rely on a combination of some large-scale, foreign-owned enterprises and a large number of inefficient peasant small-holdings. In some cases, where for instance foreign companies or settlers withdraw, there may be a decline in output if the estates are divided up into small-holdings or taken over by relatively inefficient local entrepreneurs.

The experience of the underdeveloped regions of Africa during the 1960s has been largely one of economic stagnation. Table 1 indicates that in nearly two fifths of the area between 1960 and 1966, Gross Domestic Product per capita was growing at an annual rate of less than 1 percent. Even this may be an optimistic view if we take into account the generally adverse movement in the terms of trade for primary producing countries in this period. That is to say, if a large part of the domestic product is exported, which is generally so in the ex-colonies, and if these (primary) goods are being exchanged for an ever smaller quantity of (manufactured) imports, then the increase in real national income is diminished by this amount. It has been calculated for East Africa that the adverse movement in the terms of trade has been of the order of 3 percent per annum, and since rather more than one third of the domestic product is exported, this would indicate a decrease in the value of the national product of around 1 percent per annum. If this is the experience of other African countries also, the proportion of "developing" Africa for which output per head is growing at less than 1 percent per annum would be around 70 percent rather than the 40 percent indicated in Table 1.

<table>
<thead>
<tr>
<th>Rates of growth (average % p.a.)</th>
<th>Number of countries</th>
<th>% of population of developing Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative</td>
<td>13</td>
<td>22.0</td>
</tr>
<tr>
<td>0 — 0.9</td>
<td>6</td>
<td>17.4</td>
</tr>
<tr>
<td>1.0 — 1.9</td>
<td>9</td>
<td>33.1</td>
</tr>
<tr>
<td>2.0 — 2.9</td>
<td>5</td>
<td>12.6</td>
</tr>
<tr>
<td>3.0 — 3.9</td>
<td>5</td>
<td>12.3</td>
</tr>
<tr>
<td>4.0 — 4.9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5.0 +</td>
<td>4</td>
<td>2.6</td>
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Source: Economic Conditions in Africa in Recent Years, UN, 1968, p. 17.

At any rate, this is enough to indicate that the gleaming new factories and office blocks of Abidjan, Lagos, and Nairobi are deceptive indices of economic progress. Allowing further for the great personal-income inequalities in Africa, the truth is that for the peasant masses of the continent, incomes have stagnated or declined during the decade of Independence.

The Preconditions for Economic Development

The central problem in the economic development of African countries is the creation of economic surplus and its allocation to productive investment. This is not purely an economic problem, however, but rather politico-economic, since the creation of economic surplus and the use to which it is put depend on the dominant political forces within the society.

Bourgeois economists tend to view the problem with some despondency. They argue that investment resources* can be increased in three ways: (a) by increasing exports, (b) by increasing domestic savings, and (c) by an inflow of foreign aid and investment. But, it is pointed out, increasing the volume of exports may be self-defeating, since it leads to lower prices; and insofar as the privilege of supplying the developed coun-

* This term is not of course synonymous with "economic surplus" as used by socialist economists, but since the level of investment resources is partly determined by the economic surplus, the distinction is not crucial in this context.
tries with raw materials has already been rationed out through quota systems and bilateral agreements, this may in fact be a non-option. Similarly, domestic savings can hardly be increased when the majority of personal incomes are so low. To be sure, feudal plutocracies, where they exist, are fair game for the bourgeois economist, but he is reluctant to press his demands too hard on the business sector for fear of damaging "incentives." This leaves us with foreign aid, and here our economist waxes indignant at the niggardliness of the rich countries, exhorts them in the name of humanity to allocate even 1 percent of their wealth to their poorer brothers, and ends with a vague threat of retribution by the Third World if something is not done soon.

But even if developed countries increased foreign aid to 2 percent or even 3 percent of their national product (reversing, incidentally, the present trend by which aid is growing more slowly than donor nations' national product), two conditions would have to be met for it to result in long-term growth for the underdeveloped countries. First, the aid would have to be in the form of direct grants or soft loans. Yet no one seriously envisages the capitalist industrial powers transforming themselves into charity organizations. Secondly, the political and economic structure of the receiving countries would have to be such as to make long-term economic growth possible. In very few underdeveloped countries is this condition at present fulfilled, and the countries which come near to fulfilling it are precisely those which are not going to receive a massive input of aid from the West.

A socialist approach to economic growth in underdeveloped countries must center on the problem of economic surplus rather than foreign aid or exports, and this in turn requires an examination of two interrelated factors. The first is the "latent surplus" of the agricultural sector. The low productivity of peasant agriculture, resulting from its primitive methods and small-scale nature, coupled with large tracts of underutilized land in many African countries, indicate that the agricultural sector is capable of vastly increasing its output. We have already seen that agricultural expansion depends in part on the establishment of local capital-goods industry. We have also seen that the continued expansion of consumer-goods industry depends on an increasing demand from the agricultural sector for consumer goods. And, conversely, some of the incentive for peasant farmers to increase their output above subsistence level must come from the production of consumer goods. There are other factors which will affect development in the agricultural sector, and it is beyond the scope of this article to consider them in detail. But possibly the most important is the way in which agricultural production is to be organized. While it is true that the individual peasant holding has in most cases the potential for a greater output, it would soon reach a ceiling. Further increases can only be obtained by creating larger units of production. The form that these would take must depend largely on local conditions, and even within the same country one can envisage collectives, co-operatives, or state farms, for instance, proving suitable for different regions or crops. Interesting possibilities are raised by the Tanzanian experiment of "ujamaa villages" in which production is being organized partly collectively and partly individually, but where overall planning and organization is in the hands of the community itself. But it must be stressed that no system of agricultural organization will produce the hoped for, long-term development except in the context of a general economic strategy as considered above, which will take into account the interaction between the agricultural and industrial sectors.

It has been argued, even by some socialists, that the reorganization of the peasant sector can best be left to market forces and the emergence of capitalist farmers from among the ranks of wealthier peasants. This development is already evident in most African countries to a greater or lesser extent. But it seems hard to see how this could be a serious option for a country intent on socialist development. The point has been well put by Nyerere:
If this kind of capitalist development takes place widely over the country, we may get a good statistical increase in the national wealth of Tanzania, but the masses of the people will not necessarily be better off. On the contrary, as land becomes more scarce we shall find ourselves with a farmers’ class and a laborers’ class, with the latter being unable either to work for themselves or to receive a full return for the contribution they are making to the total output. They will become a “rural proletariat” depending on the decisions of other men for their existence, and subject in consequence to all the subservience, social and economic inequality, and insecurity which such a position involves.

The absurdity of deliberately creating a capitalist class so that at some time in the future its wealth can be expropriated hardly deserves further attention.

The second factor which must be examined in relation to the economic development of African countries is what we might call “hidden surplus,” that is to say, resources which are put to wasteful or unproductive uses. Five main types of hidden surplus can be identified: (1) high consumption levels, particularly of imports, of the national bourgeoisie and labor aristocracy, (2) investment in both the public and private sectors in “prestige” projects and luxury housing, (3) remittances abroad of expatriates’ salaries and pensions, (4) public debt service on foreign loans, (5) net outflow of foreign investment earnings.

Each of these will be dealt with in turn, an attempt being made where possible to arrive at some quantitative assessment of their significance for economic development. By the very nature of the statistics available it is impossible to arrive at exact values. The calculations which follow are estimates only, whose purpose is to establish the rough order of magnitude of the concepts we are dealing with in order to assess their significance. These forms of economic waste appear to be to a greater or lesser extent inseparable from the period of national bourgeois rule which most African countries are experiencing at the moment. Two questions, then, face us. What would be the effect on economic development if these resources were put to effective use? And in what circumstances could this mis-allocation of resources be rectified?

(1) The salary scales which the national bourgeois happily took over from its colonial masters have encouraged high consumer demand from this class, especially since the national bourgeoisie, with its bureaucratic rather than entrepreneurial interests, tends to put consumption before saving. This tendency is reinforced by strong social pressures, especially towards consumer durables. The cars outside the senior civil servants’ houses get larger and shinier, and the government clerk, taking note, puts down his first payment on a scooter. A significant proportion of this demand for consumer goods is for imports. Table 2 (p. 24) shows the commodity composition of imports of developing Africa in 1960 and 1964. Perhaps the most revealing figures here indicate that these African countries, with economies based largely on agriculture, spend about one fifth of their import bill on food, drink, and tobacco! And the proportion in 1964 had risen slightly since 1960. Some of this, of course, represents trade between the underdeveloped countries themselves, but this is not the major part. In 1964, for instance, 66 percent of these imports of food, drink, and tobacco came from developed capitalist countries.

Any attempt to distinguish between “essential” and “non-essential” imports must be arbitrary, since the use of the commodity may be as relevant as the type. Light planes can be used for executive joyrides or crop-spraying. In each of the commodity categories in Table 2 some non-essential imports could be found. However, national bourgeois consumption is most significant in the categories “food, beverages, and tobacco” and “other manufactures,” with the addition of a considerable expenditure on private road vehicles which would be included under “machinery and transport equipment.” Ignoring the effects of all bourgeois consumption on the other categories, it is possible to make a very conservative quantitative assessment in these three fields alone to discover whether bourgeois import consumption is large enough to form a significant
drain on potential investment resources. We have noted that, in the first category, two thirds of the imports were from developed capitalist countries: this is equivalent to 13.5 percent of all imports in 1964, or $961 million. A detailed examination of six countries indicated that passenger cars and spare parts (but not fuel) comprise around 5 percent of total imports; while at a conservative estimate one third of "other manufactures"—4.5 percent of total imports in 1964—could be classified as nonessential. These three import categories alone, therefore, would together constitute 23 percent of total imports, or $1.64 billion in 1964. This sum is nearly equal to all official bilateral and multilateral aid received by developing Africa ($1.72 billion) in the same year.

(2) It is not possible to calculate with any precision the investment resources which are wasted in luxury housing and prestige building projects. Governments are major offenders: airports, universities, conference halls, superhighways are often built on a needlessly lavish scale for use by a minute section of the population. In the private sector, the expansion of the towns and growing demand for offices and living accommoda-

Table 2
COMMODITY COMPOSITION OF IMPORTS
OF DEVELOPING AFRICA*

(Thousands of U.S. dollars)

<table>
<thead>
<tr>
<th></th>
<th>1960</th>
<th>%</th>
<th>1964</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food, beverages,</td>
<td>1,137,840</td>
<td>17.8</td>
<td>1,441,170</td>
<td>20.2</td>
</tr>
<tr>
<td>&amp; tobacco</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic materials</td>
<td>277,995</td>
<td>4.3</td>
<td>358,500</td>
<td>5.0</td>
</tr>
<tr>
<td>Mineral fuels</td>
<td>471,945</td>
<td>7.4</td>
<td>509,070</td>
<td>7.1</td>
</tr>
<tr>
<td>Chemicals</td>
<td>465,480</td>
<td>7.3</td>
<td>552,090</td>
<td>7.8</td>
</tr>
<tr>
<td>Textiles</td>
<td>678,825</td>
<td>10.6</td>
<td>666,810</td>
<td>9.4</td>
</tr>
<tr>
<td>Metals</td>
<td>633,570</td>
<td>9.9</td>
<td>731,340</td>
<td>10.3</td>
</tr>
<tr>
<td>Machinery &amp; transport</td>
<td>1,622,715</td>
<td>25.3</td>
<td>1,849,860</td>
<td>26.0</td>
</tr>
<tr>
<td>equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other manufactures</td>
<td>1,121,630</td>
<td>17.5</td>
<td>1,011,160</td>
<td>14.2</td>
</tr>
<tr>
<td><strong>Total Imports</strong></td>
<td>6,410,00</td>
<td>7,120,00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Excluding South Africa.


tions provide practically risk-free investment opportunities with a high return, particularly attractive to a non-entrepreneurial bourgeoisie. The duplication of resources inherent in capitalist economies accounts for another form of waste: the familiar phenomenon of the "one gas-station town" with three gas stations (often selling, in fierce competition, three brands of gasoline from the same refinery). At any rate, building construction forms a high proportion of capital accumulation in African countries, and a subjective view would indicate that a significant proportion of this is waste.

(3) Insofar as expatriates employed in Africa set the pattern of bourgeois consumption, their effect on imports is similar to that of the national bourgeoisie. But they are responsible for a further drain in the form of salary remittances and pension payments to their own countries. The few figures that are available indicate that salary remittances are astonishingly large. "These remittances do not only constitute a drain on foreign exchange earnings of African countries, but substantially reduce the funds available for domestic investment." How "substantial" is this drain? The same UN publication from which that quotation is taken gives figures for fourteen countries between 1959 and 1962. The 393,435 expatriates living in these countries remitted portions of their incomes varying from 10.7 percent (Sudan) to 47.4 percent (Gabon) and totalling $117 million. This sum represented 0.8 percent of the GDP's of these fourteen countries.* Applying the same proportion to developing Africa as a whole would give us an estimate for expatriate remittances of around $0.22 billion for 1961. This does not include pension payments to ex-colonial officers, which many African countries generously maintain.

(4) The rapid increase in Africa's public debt in recent years, mostly through foreign loans, has frequently been commented upon. In seven selected countries between 1955 and

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* For some countries the proportion was much higher. In Gabon, for instance in 1961 the 5,220 expatriates sent home 13 percent of the country's GDP!
1962, public debt doubled from $0.7 billion to $1.4 billion.11 But whereas total debt increased by 100 percent in these countries, debt service rose by nearly 400 percent, from $37 million to $143 million. The fast increase in debt service was due mainly to amortization (repayment) of loans, which has been rising faster than interest payments, due to the short-term nature of much foreign lending. There is evidence that this trend is continuing. By 1965 total outstanding public debt for developing Africa had reached $5 billion, and in 1964 and 1965 annual debt-service payments amounted to $0.3 billion.

(5) Aggregate outflow of foreign investment income from developing Africa is hard to assess, although, as Arrighi and Saul point out: "It seems a well-established fact that foreign private investment in less developed economies (far from being an outlet for a domestically created surplus) has been, in the recent past, an efficient device for transferring surplus generated abroad to the advanced capitalist countries."12 They quote, for instance, data derived from U.S. Department of Commerce statistics indicating that in the years 1959-1964, U.S. direct investments (excluding oil) in Africa amounted to $386 million and investment income to $610 million. Profits are certainly high. "Since net returns of 15 to 20 percent on the equity before tax are not abnormal for new investment in developed countries, foreign investors expect to earn more than this on equity investment in developing areas."13

There has been a sharp increase in recent years in the invisible payments section of most African countries' balance of payments, and the largest component of the deficit in the invisibles' account has been interest and dividend payments on foreign private investment.14 A study of eight countries revealed that net outflow of private investment earnings in 1963 totalled $200 million, which was equivalent to 8 percent of their export earnings.15 Applying the same proportion to developing African countries as a whole, we can estimate that total net outflow of private investment earnings was approximately 1.76 percent of GDP in 1963, or $0.51 billion.

| Table 3 | ESTIMATES OF RESOURCE WASTAGE IN DEVELOPING AFRICAN COUNTRIES* |
|-----------------|-----------------|-----------------|
| Est. Resource Wastage as % of GDP | U.S.$ billions |
| 1) Non-essential imports (1964) | 5.22 | 1.64 |
| 2) Local "prestige" investment | n.a. | n.a. |
| 3) Expatriate salary remittances (1961) | 0.8 | 0.22 |
| 4) Public debt service (1964) | 0.95 | 0.3 |
| 5) Net outflow of foreign investment earnings (1963) | 1.76 | 0.51 |
| Total | 8.73 | 2.67 |

* Excludes South Africa. n.a. = not available.

Table 3 summarizes our findings. It is again stressed that the figures are rough estimates only, although the figure of 8.73 percent of GDP is almost certainly an underestimate of total resource wastage, since it excludes any allowance for item 2, and item 1 includes estimates for only three categories of imports. This could then be taken as a minimum estimate.

How significant are these totals? Table 4 shows the composition of the GDP of developing African countries between 1960 and 1964. The important figures are those for capital formation, which stood at about 16 percent of GDP during this period.

| Table 4 | GDP OF DEVELOPING AFRICAN COUNTRIES 1960-1964a |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Capital Formation | |
| as % of GDP | 16.6 | 16.3 | 14.7 | 15.1 | 16.0 |
| Consumption as % of GDP | 90.0 | 90.0 | 89.7 | 88.5 | 87.6 |
| Exports as % of GDP | 19.9 | 19.7 | 20.9 | 22.1 | 24.3 |
| Less: Imports as % of GDP | -26.5 | -26.1 | -25.3 | -25.7 | -28.0 |

a Excluding South Africa.

Economists generally agree that this figure of 16 percent is much too low, and that one condition for even a moderate growth rate must be for capital formation to be increased to at least 25 percent of GDP. What now becomes obvious is that these economies are perfectly capable of raising their capital formation to at least this level by employing some of the “hidden” surplus which is at present being unproductively used. The 8.7 percent of GDP which has been calculated as a minimum estimate would alone be sufficient to do this. There is, in fact, a way off the economic treadmill, without the intervention of massive foreign charity or some other deus ex machina.

Future Prospects

The economies of underdeveloped African countries in recent years have been subject to minimal growth rates, and standards of living for the mass of Africans have stagnated. This is the price of national bourgeois rule and the links which this class is forced to maintain with international monopoly capitalism. The instability of African governments in the decade since Independence is an indication of their failure to cope with the problem of economic development; but games of musical chairs among national bourgeois political parties, military juntas, or dictators do not touch the root of the problem, which is the survival of economic and class structures inherited from the colonial period and perpetuated by the present ruling elites.

The outlook is not bright. In the context of present-day Africa there seems nothing to prevent the national bourgeois as a class from maintaining power in any country so long as it is consciously and cynically determined to do so. It controls (with the consent of the dominant imperialist powers) the army, police, administration, and mass media. Its potential enemies are weak: the peasantry remains unorganized and at a low level of political consciousness, while the urban proletariat is small and divided. Any hope for socialist development in Africa must lie in two directions: first, with the new independent states that will emerge from the wars of liberation in Southern Africa, where the revolutionary struggle appears to be molding socialist aspirations; and second, among the few national bourgeois governments which at present seem to be seriously looking for a socialist path of development.

The latter need not be a contradiction in terms. Ever since the 1950s socialists in and outside Africa have looked to the possibility of socialist development through small, radical, politically conscious leadership groups. So far these hopes have been disappointed. But it is now possible to assess the causes of failure of African socialist movements such as Nkrumah’s in Ghana. The main cause lies in the extreme vulnerability of a national bourgeois government which attempts, in Fanon’s words, to “betray its own class” and yet fails at the same time to establish a firm base of popular support. Progressive African governments are elites in search of a revolutionary class. Only now are some of them beginning to realize what is entailed in a betrayal of the interests of the national bourgeoisie, since they are only now beginning to recognize the existence of such a class and its links with private ownership and foreign capitalist interests.

The task of the radical national leadership is twofold. On the one hand it must cut the ties with international monopoly capitalism, which stunt economic growth and maintain dependence on foreign interests hostile to independent development. On the other hand it must swiftly create the conditions in which political and economic power is transferred from the national bourgeoisie to the mass of the people, that is, the peasantry and urban proletariat. This is particularly urgent in the case of the army and police force, which, since the colonial period, have tended to remain strongholds of the national bourgeoisie. The constant threat exists of an alliance between elements of the national bourgeoisie, the military, and foreign capitalist interests—which will upset the delicate balance of power against the radical leadership before a popular base can be built. Political mobilization of the peasantry and rationalization
of peasant agriculture, mass literacy, nationalization and worker control of industry, organization of a people's militia, reorganization of the regular army and police force, eradication of elitist tendencies in the educational system, expropriation of the national bourgeoisie, and redeployment of resources into productive investment—these are some of the momentous tasks facing the African country intent on a socialist form of development. The task is formidable and success uncertain, since at any moment progress can be halted by a reactionary alliance of hostile forces. But success in even one country would provide a living example to the continent as a whole of the alternative to continued stagnation and crippling dependence on the capitalist world.

NOTES
1. Frantz Fanon, The Wretched of the Earth (Penguin edition, 1961), pp. 119-120.
9. Ibid., p. 156.
10. Ibid., pp. 161-162.
11. Kenya, Uganda, Tanzania, Ethiopia, Rhodesia and Nyasaland, Nigeria, Sudan. These and subsequent figures are from Economic Bulletin for Africa, vol. 6, no. 2, UN.
12. Arrighi and Saul, op cit., p. 149.
15. Ibid., p. 30. The countries were Ethiopia, Ghana, Morocco, Nigeria, Rhodesia and Nyasaland, Somalia, Sudan, Tunisia.