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Unlike the first issue (E/CN. 14/67), this second regular issue of the Economic Bulletin for Africa does not contain a review of current economic developments in Africa, but consists of four separate articles on specific subjects.

The Secretariat of the Commission assumes full responsibility for the contents.

EXPLANATORY NOTES

The designations employed and the presentation of the material in this Bulletin do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country or territory or of its authorities, or concerning the delimitation of the frontiers of any country or territory.

The following symbols have been used throughout this Bulletin:

... = not available or not pertinent;

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In referring to combinations of years, the use of an oblique stroke — e.g. 1958/59 — signifies a twelve-month period (say from 1 July 1958 to 30 June 1959). The use of a hyphen — e.g. 1954 - 1958 — normally significes either an average of, or a total for, the full period of calendar years covered (including the end years indicated).

Unless the contrary is stated, the standard unit of weight used throughout is the metric ton. The definition of "billion" used throughout is one thousand million. Minor discrepancies in totals and percentages are due to rounding.

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Chapter I

PUBLIC FINANCE IN AFRICAN COUNTRIES

I. Introduction

The purpose of this article is to analyse trends and problems in public finance in African countries. The analysis suffers from a number of limitations imposed by the weakness of the available data and should therefore only be considered as a first attempt to be followed by further analysis in subsequent years. It is hoped, however, that the present article may succeed in bringing out certain problems of serious concern to African Governments. In so doing it might contribute to increased interest on the part of Governments in improving public finance data and in making these data available as soon as possible after the end of the fiscal year.

The scope of this article is confined to central government transactions and excludes accounts of local bodies, municipalities, etc. In the case of Nigeria and the Federation of Rhodesia and Nyasaland, however, accounts of the Federal Government as well as of regional governments are included.

The analysis is based on traditional budgetary data(1), supplemented for certain countries by national accounting figures. These figures relate to the government sector as a whole.

The period covered, i.e. 1950-58, was marked by political and economic changes of considerable importance. These changes have not been without repercussions on budgetary procedures making it difficult to compare the data over the years. Similarly the scope of government transactions has changed over the period and, probably, unevenly in different countries. This also reduces comparability, both between various countries at the same point of time and within one country over time. On the other hand, an important objective of public finance analysis would be to determine the effect of economic and political changes, including the attainment of independence, on the size and nature of government transactions. In the case of many countries, however, important changes are so recent that the appropriate analysis shall have to be undertaken at a future date.

The financial relationship between France and her former overseas territories in Africa changed considerably in the postwar period. For example in 1945 the French Treasury took over from the overseas budgets totally or partially, the responsibility for development and current expenditure in respect of certain public services like maritime services, telecommunications, civil aeronautics, salaries of magistrates, governors, police, etc. The *Loi Cadre* of 1956 established a distinction between *Services d'Etat* and *Services Territoriaux*. The first category of services, which was financed by the French Treasury, included armed forces and most of the important public services except some social services like education and health and some economic services like agriculture, forestry, and veterinary. In general the French Government took over responsibility in respect of expenditure on defence, foreign relations, major part of equipment expenditure, and some current expenditure. Thus a considerable part of expenditure in the overseas budgets, particularly capital, was financed by the French Treasury.

With respect to the French speaking countries two sets of data have been used in this article. Data on expenditure, except those on the structure of expenditure, were provided by the *Banque Centrale des Etats de l'Afrique de l'Ouest*(2). These figures re-

(1) These data are given for fiscal years. The years presented in the table indicate the year in which the fiscal year ends.

(2) These data are taken from an article on "l'Evolution des Depenses Publiques de 1950 à 1958 dans quelques pays Africains sous Administration Française" to be published in *Note d'Information* of June 1961 of the *Banque Centrale des Etats de l'Afrique de l'Ouest*.

TABLE 1

Growth of total expenditure

	in terms of National Currencies				in percent of export value				
	1950	1958	increase 1958/1950	Growth rate	1950	1952	1957	1958	Average 1955-58[i]
	(1)	(2)	(3) = (2)/(1)	(4)[l]	(5)	(6)	(7)	(8)	(9)
Algeria (Billion francs)	89.2[e]	220.8	2.5	13.8	50.3	72.1	118.5	107.7	128.1
Congo-(Leopold.) (Billion franc)[h]	4.3	12.4[d]	2.9	14.1	33.1	36.5[f]	51.9	61.4	53.0
Ethiopia (Million Eth.$)	70.2	174.1	2.5	12.0	105.1	66.7	79.4	102.5	106.0
Former French Equatorial Africa Cameroun (B. CFA)	18.2	44.3	2.4	11.7	120.5	166.2	131.4[g]	103.3	139.7
Former French West Africa Togo (B. CFA)	31.4	89.2	2.8	13.9	96.9	158.8	116.3[g]	116.4	121.4
Ghana (£ million)	14.4	59.0	4.1	19.3	21.0	33.7	72.8	62.8	69.1
Kenya (£ million)	16.2	44.5	2.7	13.4	94.2	145.6[f]	192.0	151.9	161.2
Madagascar (Billion CFA francs)	9.6	29.1	3.0	14.8	77.4	115.2	162.5[g]	144.1	173.2
Morocco (Billion francs)	60.3	165.0[d]	2.7	11.3	90.8	79.6	99.5	113.7	132.8
Nigeria (£ million)	29.4	95.4	3.2	15.9	32.6	36.4[f]	52.6[g]	70.3	71.9
Rhodesia & Nyasaland (Fed. of) (£ million)	54.6	86.3	1.6	12.1	...	...	53.2	63.5	53.5
Sierra Leone, (£ million)	2.9	8.9[c]	3.1	17.3	37.2	49.5	48.4	...	57.8
Somalia (former trusteeship territory) (million Somalos)	100.0[a]	112.9[b]	1.1	2.5	...	...	131.8	118.6	145.0
Sudan (£ million)	30.0[f]	55.9	1.9	12.7	...	59.0[f]	80.0	120.7	105.3
Tanganyika (£ million)	11.2	24.1	2.2	10.1	47.7	38.6	57.1	57.8	59.4
Tunisia (billion francs)	40.4	65.9[d]	1.6	6.3	102.0	139.2	95.7	102.3	135.3
UAR (Egypt), (£ million)	163.8	309.9[d]	1.9	8.3	93.4	160.5	206.1	189.2	198.8
Uganda (£ million)	7.8	24.7	3.2	15.2	27.2	29.9	50.3	54.4	56.9
Union of South Africa (£ million)	222.2	378.0[d]	1.7	6.8	99.3	88.6	78.1	96.6	93.0

Notes:
- a) 1955
- b) 1959
- c) 1957
- d) Estimated
- e) 1951
- f) 1953
- g) 1956
- h) Current expenditure only
- i) 1958 expenditure in percent of average export value over 1955-58.
- j) 1954
- l) Compound Annual Rate of Increase

Note:- *Former French West Africa - Togo*: Exports include trade between former FWA & Togo. *Former French Equatorial Africa - Cameroun*: Except for 1950, exports exclude trade between former FEA & Cameroun.

Source: See general notes page.

present only "civil" expenditure, including most of such expenditure financed by France. The data are net of inter-budgetary transfers and exclude military expenditure and expenditure of Communes. Estimates of the equipment expenditure financed by the French Treasury are believed to be under-estimated by ten percent. The rest of the data viz. those on revenue and on the structure of expenditure are derived from the sources mentioned in the *General Notes* page.

The use of traditional budgetary data poses serious problems, both practical and conceptual, for international comparisons. Traditional budget classifications are designed primarily to serve the purpose of accountability. They do not necessarily reflect true magnitude of expenditure and revenue. For example, the use of appropriation-in-aid system would underestimate both expenditure and revenue. Other practical difficulties arise from the existence of numerous special funds and transfers to and from these funds, earmaking of specific revenues, and the like. The fiscal years are also different for different countries.

On the conceptual side, the most serious difficulty is to distinguish between current and capital expenditures. Most of the countries follow a double budget system based on a ditsinction between current account expenditure and capital or development account expenditure. This distinction, as made by the countries, has been adopted for the purpose of the present article. It should be noted, however, that the use of a separate budget for development expenditure is often dictated by consideration of safeguarding such expenditure against periodic fluctuations in current revenues and by the practice to earmark certain receipts like loan funds for such purposes. Expenditure of a capital nature can therefore be found on current account and some current expenditures are included on the development account. Examples of other conceptual difficulties are the existence of double counting particularly in the case of ancillary agencies(3), inclusion of repayment of debt on current account and revenue contributions to capital budget shown on current account as expenditures.

An attempt has been made to make corrections for some of these difficulties but no claim can be made for the perfection of the data. In view of these difficulties, however, the data presented in this article should be treated with caution and the broad conclusions reached should be looked upon as necessarily tentative. Certain conclusions have been tested by reference to national accounting data available for a few countries. It is not, however, suggested that the use of national accounting data lends any finality to the conclusions reached.

II. Growth of Government Expenditure and Revenue

A. *Growth of Expenditure*

The growth of government expenditures in African countries over the period 1950-1958 may be analysed in absolute terms and could be, further, related to other important economic variables like exports, gross national product and prices in order to present a more varied picture of the changes in government expenditures.

It will be readily seen in Table 1 that the growth of government expenditure was fairly rapid in absolute terms. Of the nineteen countries included in that table, thirteen countries experienced more than two-fold increase in government expenditures. Of these thirteen countries, five countries showed an increase of three-fold or more than three-fold. Relatively the largest increase occurred in Ghana, Nigeria, Uganda, Sierra Leone and Madagascar. The countries which recorded comparatively small increase in government expenditure were Tunisia, Union of South Africa and former Trust Territory of Somaliland.

Government expenditure has been related to exports in view of the fact that the latter constitute an important percentage share of commercialised production in many of the African economies. The relationship may be particularly significant in those countries whose export structure is relatively less diversified and which depend heavily on exports of one or a few primary products. The levels of domestic incomes, investment and consumption in such countries are largely determined by the demand for their exports on the world market. Government revenue is largely derived from taxes on foreign trade transactions and hence any fluctuations in revenue originating from fluctuations in export earnings affect levels of government expenditures. It is, thus, through revenue that a direct relationship may be established between export earnings and government expenditure. The relationship, however, is not as simple and direct as it might appear. A steep rise in government revenue, due to an export boom, will as a rule not be translated into an immediate increase in government expenditure, but give rise to savings which may be used to finance outlays in later years. Moreover, decisions with respect to scale of government expenditures depend also on the

(3) Agencies established to provide goods and services to other government departments.

availability of loans and grants, both internal and external.

The data on government expenditure in percent of export value shown in Table 1 reveal some fluctuations over the period. It may be seen from column 9, however, that government expenditures increased considerably over the period in relation to exports. In considering these data account should be taken not only of the comparatively large fluctuations in export value, but also of the time lag between fluctuations in export values and their impact on government expenditure. Because of the differences in crop years and fiscal years and owing to the delay in collection of revenue, the effects of a drop in export values in a particular year are seen on government revenue and expenditure, particularly capital, in the following year or even later years. This was true in certain cases during the 1957 recession in commodity prices. An example of such a time lag is provided by the following figures for the Federation of Rhodesia & Nyasaland.

Federation of Rhodesia & Nyasaland(a)
(£ million)

	Exports	Investment Expenditure	Tax Revenue
1955	171.4	17.9	53.5
1956	181.7	19.6	61.5
1957	156.1	23.5	68.7
1958	135.8	21.5	63.2
1959	186.9	17.9	58.9

(a) Federal and Territorial Governments.

An examination of national accounting data on government expenditures vis-a-vis the use of traditional budgetary data should help to indicate more precise magnitudes of increases in government expenditure. Unfortunately such data are not available on a comparable basis for all the countries included in Table 1. However, the data shown for seven countries in Table 8 do lend support to the general conclusion indicated by the traditional data shown in Table 1. The growth of government expenditure in these seven countries was quite large and these data, further, indicate that Congo (Leopoldville) could be considered as one of those countries where the growth was relatively largest. It may be observed, further, from Table 14 that the growth of government expenditures in these countries was faster than that of gross national products thus reflecting an increase in the size of the government sector in these countries over the period under review.

The growth of government expenditures has so far been considered in absolute terms and in relation to exports and gross national product. These relationships have been examined in current prices and it may be useful now to consider data on prices in order to have an idea of the extent of *real* increase in government expenditures. The importance of exports in African economies may suggest some relationship between export prices and government expenditure. Export prices would, however, affect only government earnings and not government expenditures. A significantly large part of government expenditure comprises of wages and salaries and this can not be expected to vary with export prices. It is, perhaps, true in certain countries that export earnings, which are determined largely by export prices(4) would influence levels of domestic incomes and hence internal price levels which are more relevant to the consideration of the growth of government expenditures. Import prices may, however, affect government expenditure depending on the import content of the latter.

An idea of the growth of government expenditure in relation to the internal price levels can be had from the data presented in Table 2. Data on cost of living, though available for most of the countries, are not a very good expression of the impact of price rise on government expenditure. Limitations of data put restraint on their use and interpretation. It may be only suggested that though prices did record an appreciable increase in most of the countries over the period 1950-58 yet the increase in government expenditures was significantly more than could be accounted merely by price increases.

The experience of French speaking countries is illustrated in Table 3. It may be seen that the growth of total government expenditure at constant prices was considerable, although much smaller than at current prices. A comparison between expenditure at constant prices and in current prices suggests that the implied rise in prices applicable to current expenditures was of the order of 68 per cent and that applicable to capital expenditures was approximately 87 per cent in 1958 over 1950. It may be perhaps correct to say that these countries experienced larger price increases than other countries in Africa.

An important explanation for the rapid growth of government expenditures seems to lie in the fact that in most of the African countries the development plans were initiated around 1950. It is true that some development plans were conceived in mid or late 'forties but in most of the cases their implementation was deferred until around 1950. For example, though the Colonial Development Welfare Act of 1945 introduced the concept of planning in British overseas territories yet "plans of an acceptable type only began to come forward in greater numbers towards the end of the 'forties and the beginning of the 'fifties"(5).

(4) Export earnings are also a function of quantity and particularly during 1956-58 when export prices were generally declining some countries maintained their export earnings by exporting increasing quantities.

(5) *Colonial Planning*. By Barba Niculescu, George Allen and Unwin, Ltd., London 1958, P. 63.

TABLE 2

Indices of the growth of Government Expenditure and Prices: 1958
1950 = 100

Country	Government Expenditure[a]	Whole Sale Prices[b]	Cost of Living[b]
Algeria	328[c]	143	168[c]
Congo (Leopoldville)	290	...	121
Ethiopia	250	96[d]	...
Ghana	410	...	124
Kenya	270	...	146[e]
Morocco	270	143	157[e]
Nigeria[f]	211	...	120
Rhodesia & Nyasaland (Fed. of[g])	160	...	115
Sierra Leone	310[h]	...	171[h]
Sudan[f]	190	101	116
Tanganyika	220	...	144[e]
Tunisia	160	140	152
U.A.R. (Egypt)	190	122	103
Uganda[f]	148	...	121[i]
Union of South Africa	170	141	137[e]

[a] Based on Table 1.
[b] *U.N. Statistical Year book* 1959, New York, 1959, pp. 434-446. Base year has been shifted from 1953 as given in this publication to 1950.
[c] 1949 = 100.
[d] Export goods.
[e] Europeans only.
[f] 1953 = 100.
[g] 1954 = 100.
[h] 1957.
[i] Europeans and Asians only.

The principal reasons for the postponement of such plans were "shortages of administrative personnel and the general postwar shortages and uncertainties"(6). The first comprehensivet postwar (ten years) French development plan for overseas territories was drafted in 1948 and the Belgian 10-year development plan for former Belgian Congo was prepared in 1949. It was, therefore, by 1950 that both metropolitan powers and their overseas territories were agreed upon the need for planning and human and material resources were being mobilized to implement development plans(7).

An idea of the course of development expenditures over the period may be obtained by an examination of the shares of current expenditures in total expenditures. Table 4 depicts the percentage share of current expenditures in total expenditures of seventeen countries for selected years.

It may be observed from Table 4 that the course of current expenditures, and hence of development expenditures, was not altogether smooth. It is difficult to discern any general trend since the data exhibit different tendencies for different countries or a group of countries. In Algeria, Morocco, Sierra Leone, and former French West Africa the growth of current expenditures continuously outstripped the growth of development expenditures. On the other hand in Sudan since 1953 and in former Italian Somaliland (Trust Territory) since 1955, development expenditures increased faster than current expenditures. Current expenditures in Kenya, Tanganyika and Union of South Africa on one hand and in Ghana and U.A.R. (Egypt) on the other show quite opposite tendencies. In the former group of countries current expenditures increased faster than development expenditures until 1956 while in Ghana and U.A.R. (Egypt) an opposite tendency is observed. In Madagascar, the peak level of development expenditures was reached around 1953 and thereafter current expenditure increased faster than development expenditure. In general, it may be observed that in 1958 compared with 1950 the percentage shares of current expenditures in the total were higher in ten countries or group of countries out of fifteen for which data for the selected four years are available. In 1956 the number of countries in a similar situation was twelve out of fifteen. During the period under review the peak level of current expenditures, in relation to the total expenditures, was probably reached in or around 1956(8). Current expenditures were, therefore, generally rising faster than development expenditures though in some cases the absolute magnitudes of the latter were increasing.

Of the absolute magnitudes of development expenditures it may be said by way of a rough generalization that they showed a tendency to increase

(6) Ibid, p. 63.

TABLE 5

Fixed Capital Formation as Percentage of Total Government Expenditure*

	1950	1953	1956	1958
Federation of Rhodesia and Nyasaland (£ million)				
Fixed Capital Formation	...	26.0[a]	32.2	36.7
Percent of total	...	48	45	43
Ghana (G £ million)				
Fixed Capital Formation	...	18.5[a]	18.6	14.3
Percent of Total	...	41	36	26
Tanganyika (£ million)				
Fixed Capital Formation	...	10.2[a]	9.3	9.6
Percent of total	...	46	38	35
Union of South Africa (£ million)				
Fixed Capital Formation	98[b]	122	149	211
Percent of total	36	39	39	40
Congo (Leopold.) (Billion francs)				
Fixed Capital Formation	1250	3380	4940	5180
Percent of total	28	37	37	32
Morocco (billion francs)				
Fixed Capital Formation	28[b]	26.3	28.4[c]	34.0
Percent of total	44	38	32	27
Nigeria (£ million)				
Fixed Capital Formation	9.8	13.6	25.3	26.1[d]
Percent of total	35	36	36	35

a) 1954; b) 1952; c) 1955; d) 1957.

* Based on national accounting data. Fixed capital formation includes investment by general government and government enterprises. For Morocco only general government is included. For source see Table 8.

B. *Growth of Revenue*

The growth of current revenues between 1950 and 1958, both in absolute terms and in relation to exports, is shown in Table 6. Compared with the absolute growth in expenditures (see Table 1) current revenues did not increase as fast as expenditures. A three-fold or more than three-fold increase in revenue in 1958 over 1950 was observed only in four countries. Eleven countries recorded an increase of more than two-fold while in six countries revenues failed to double over the period under review. The countries which recorded largest increases in revenue were Algeria, Ghana, Sierra-Leone, and Cameroun.

Compared to 1950, in 1958 revenues as percentage of exports were significantly higher. The only striking exceptions were former French Equatorial Africa, Tanganyika, Togo and Cameroun. In the former French Equatorial Africa revenue in relation to exports was much lower in 1958. In the other three countries the percentages were practically the same in 1958 as those in 1950. Rapid growth of exports in 1958 over 1957 explains the lower percentages of revenue in 1958 compared to 1957 in former French Equatorial Africa and Cameroun.

It would be pertinent to inquire into the relationship between current revenues and gross national products since it may be argued that current revenue should increase faster than gross national product in view of the crucial role of governments in the development process. Such an examination is not possible in view of the paucity of national accounting data for most of the countries included in table 6. In table 14, however, current revenues are shown in percentage of gross national product for several countries for selected years. It appears that current revenues increased faster than gross national product in Congo (Leopoldville), the Federation of Rhodesia and Nyasaland and possibly also in Nigeria. In the other countries, the ratio of current revenue in gross national product either decreased or remained approximately unchanged.

Rules of traditional fiscal policy suggest that current revenue be at least sufficient to meet current expenditure. Considering the need for public savings in the developing countries of Africa, as in other developing countries, it may not be sufficient merely to balance the current budget but to give rise deliberately to significant public savings in order to finance development programmes. An idea of the extent to which current revenues were sufficient to

TABLE 6

Growth of Revenue

Country & Currency	In terms of National Currencies 1950 (1)	1958 (2)	Increase 1958/1950 (3) = (2)/(1)	(4)[l]	In percent of Export Value 1950 (5)	1952 (6)	1957 (7)	1958 (8)
Algeria (million francs)	41.9	157.3 P	3.7	17.9	40	44	75	77
Cameroun (billion CFA francs)[g]	3.1 E	9.4 E	3.0	14.9	38	60[b]	60	39
Congo (Leopold.) billion francs)	5.4	12.5 E	2.3	11.0	42	43	49	62
Ethiopia (million Eth.$)	66.0	138.9	2.1	9.7	99	70	80	82
Former French Equatorial Africa[g] (billion CFA)	4.2	10.1	1.7	6.5	91	103	64	53
Former French West Africa[g] (billion CFA)	24.4	RE 62.6	2.5	12.5	79	94	88	86
Ghana (£ million)	16.8	55.2	3.2	16.0	25	43	53	59
Kenya (£ million)	13.4	34.5	2.6	12.2	68	95	103	104
Madagascar[g] (billion CFA francs)	8.0	19.7	2.5	11.9	65	71	108	98
Morocco[f] (billion francs)	35.1	98.4[a]	2.8	15.9	53	60	84	89
Nigeria (£ million)	28.5	81.0	2.8	13.9	32	40	...	60
Rhodesia & Nyasaland (Fed. of) (£ million)	50.6[e]	82.2	1.6	12.8	...	...	56	61
Sierra Leone (£ million)	3.0	9.6[a]	3.2	18.1	30	51	52	...
Somalia (million Somalos) (Former Trusteeship territory)	41.6[c]	64.8[d]	1.6	11.7	...	...	64	63
Sudan (£ million)	30.3[h]	47.4	1.6	8.3	...	60	89	102
Tanganyika (£ million)	10.7	18.8	1.8	7.2	46	34	43	45
Togo[g] (billion francs CFA)	1.1	2.2	1.7	9.0	71	60	83	69
Tunisia (billion francs)	17.9	46.5 P	2.6	12.7	5	67	77	72
UAR (Egypt), (£ million)	155.7	282.8 E	1.8	7.7	89	131	151	173
Uganda (£ million)	9.3	19.5	2.1	9.7	32	33	44	...
Union of South Africa (£ million)	155.2	308.3 E	2.0	8.9	69	75	66	79

Note: - E = Estimates;
P = Provisional;
RE = Revised Estimate;
a) 1957; b) 1953; c) 1955; d) 1959; e) 1954;
f) Former Southern Zone only, except in column (8).
g) Revenue of the local budgets.
Sources: See general notes page.
l) Compound Annual Rate of Increase.

cover current expenditures and, further, create public savings can be had from Table 7. It may be seen from this Table that in most of the countries current revenues were adequate to cover current expenditures. For example, out of seventeen countries included in that table, only three countries had deficits on current account in 1950 and six had in 1958. But looking at the behaviour of current revenues and current expenditures it is obvious that the former were in general continuously declining in relation to the latter. The only significant exceptions to this statement are Nigeria and Union of South Africa. As a result of the slower growth of revenues, current surpluses which were quite high in many countries in 1950 had more or less disappeared by 1958. By 1958 rising current expenditures had caught up with revenues and the situation was practically even in that year.

National accounts data presented in Table 8 confirm the observations made above. Table 8 shows the ratios of increase between the two years indicated in column 1 of that table. The last two columns show current revenue as percentage of consumption expenditure for the same two years for each country. Current revenues in all countries were sufficient to meet consumption expenditures but it will be seen that current revenues, except in the Union of South Africa, increased much less than current expenditures. Compared to current expenditures, current revenues had declined in the end years of comparison.

TABLE 7

Revenue as Percentage of Current Expenditure

	1950	1953	1956	1958
Algeria	117.4[a]	103.3	99.8	100.0 E
Congo (Leopoldville)	125.6	144.4	114.4	100.0 E
Ethiopia	98.2	102.0	100.2	96.0
Former French Equatorial Africa - Cameroun[d]	83.9	90.6	91.0	75.6
Former French West Africa - Togo[d]	126.9	115.9	98.1	95.0
Ghana	150.0	169.7	119.2[c]	117.2 E
Kenya	110.7	98.2	86.8	94.3
Madagascar[d]	117.6	121.3	98.8	89.5
Morocco	106.7	125.5	104.5	97.0 E
Nigeria	121.3	160.0	107.8	123.7
Sierra Leone	150.0	148.6	145.8	...
Sudan	...	119.3	133.4	115.6
Tanganyika	137.1	102.9	100.0	100.5
Tunisia	107.8	100.0	...	100.6[b] E
UAR, Egypt	99.3	93.5	96.0	104.4 E
Uganda	182.4	126.6	112.8	105.4
Union of South Africa	110.3	117.3	116.5	119.7 E

a) 1949; b) 1959; c) 15 month.

d) Revenue of local budgets is related to total current expenditure, i.e. including current expenditure financed by France.

E = Estimates.

The increasing lag between revenue and current expenditure was partly due to the nature of development effort undertaken in the past which had a twofold effect on Government budgets. The development effort of the earlier period comprised of large investment in infrastructure in many countries(13). One consequence of this investment in infrastructure, as already pointed out, was the emergence of additional recurrent expenditure in subsequent years. Moreover, infrastructure investment had no direct effect on revenue while the indirect effect, i.e. the promotion of private investment and production, often fell short of expectations. It should be noted however that the position of the various countries in this respect seems to have varied widely and that the indirect effects have also depended upon the export situation and various types of policies adopted or pursued by governments, Thus, in the Federation of Rhodesia and Nyasaland mining and related industrial developments proceeded at such a rapid pace in the first part of the 1950s that infrastructure often constituted a bottleneck in the economic development of the country. As regards policies, it has been argued that one reason for the relatively slow pace of industrialization in former French territories was the existence of a protected market for French manufacturers as a result of the arrangements of the franc zone. In this respect the situation was different in the ex-Belgian Congo where Belgian manufacturers had to compete on equal terms with other foreign producers and therefore often found it profitable to start industrial enterprises in the oCngo itself(14).

C. *The Gap between Revenue and Expenditure*

Table 9 presents data on financing of total expenditure in certain selected countries over the period 1950-58. The cumulative gaps between revenue and expenditure shown in column 3 of Table 9 obscure annual fluctuations in revenue and expenditure and the factors which determined their levels over the period. Some countries had accumulated public savings prior to 1950 and some were again quick to take advantage of high commodity prices during the Korean War period. These accumulated surpluses did affect the levels of expenditure during the subsequent years. In some cases small gaps between revenue and expenditure may be explained partly by the adherence to cautious expenditure policies. For example, in British East African countries public development programmes

(13) For a description of development plans, see *Economic Bulletin for Africa*. Vol. 1, No. 1, Chapter B/II.

(14) See Fernand Bezy, *Problèmes structures de l'économie Congolaise, Institut de recherches économiques et sociales,*

TABLE 8

Growth of Government Income and Expenditure on Goods and Services

(Ratios of Increase = Values for end years in column 1) / Values for initial years in column 1)

	Government Expenditure			Government Income		Current revenue	
	Consumption	Fixed Capital Formation	Total Expenditure	Current Revenue	Disposable Income	as % of consumption expenditure	
Congo (Leopoldville) 1950-1958	3.38	4.14	3.59	2.18	2.07	157	101
Federation of Rhodesia and Nyasaland, 1954-59	1.85	1.34	1.61	1.52	1.54	189	156
Ghana, 1954-1958	1.49	0.77	1.20	0.89	0.90	248	147
Morocco							
(i) 1951-1955	2.16	1.32	1.78	1.33	1.26	204	126
(ii) 1951-1958	3.23	1.58	2.51	...	...	...	...
Tanganyika, 1954-1958	1.49	0.94	1.24	1.21	1.20	144	117
Union of South Africa, 1952-1958	1.51	2.15	1.74	1.50	1.53	152	151
Nigeria							
(i) 1950-1957	2.72	2.66	2.70	2.80	2.48	177	183
(ii) 1952-1957	2.03	1.92	1.99	1.75	1.53	212	183

Sources: Congo, Morocco and Union of South Africa: *UN National Accounts Yearbook*, 1959.
Federation of Rhodesia and Nyasaland: National Acccounts of the Federation of Rhodesia and Nyasaland, 1954-1959.
Ghana: Economic Survey, 1958.
Tanganyika: Gross Domestic Product of Tanganyika, 1954-1957.
Statistical Abstract, 1959.
Public Finance in Tanganyika, Dar-es-Salaam, 1959.
Nigeria: UN National Accounts Yearbook, 1958 & 1959.
The National Income of Nigeria 1950-51, By Prest & Stewart.

General Notes: Fixed capital formation includes investment by government enterprises except for Morocco where only general government capital formation is shown. For Ghana, railways and harbour are included. Disposable income equals revenue less subsidies and other current transfers.

were strictly geared to the available financial resources. Existence of over-all surplus or deficit does not necessarily speak, therefore, for either increased tax effort or lack of it in these countries. Some general comments can, however, be made and are important. Deficits occurred mostly during the latter part of the period and the surpluses accumulated in the earlier years did enable some countries to meet subsequent deficits on their budgets. The West African countries, included in the table, had accumulated specially large reserves through savings in earlier years. In countries which had sizable over-all deficits, the most important source of financing these deficits was borrowing. Grants were, particularly, significant in Kenya and in former Italian Somaliland. Perhaps the largest claim on reserves was made in UAR (Egypt) where E.£ 70.4 million were withdrawn between 1950 and 1956 to cover the deficits of those years. These reserves were accumulated prior to 1950. A broad summary of events between 1950 and 1958 conceals the actual course of their development and it may be useful to study a few specific cases in order to throw light on the details of financing.

In Ghana, beginning from 1950 current revenues were increasing continuously until they reached an all time peak of £ 75.20 million in the fiscal year 1954/55. This was due to the extremely high price fetched by Cocoa in 1954. The favourable revenue position resulted in budgetary surpluses until 1955. As a result of these surpluses sterling balances of public authorities which stood at £ 17.8 million at the end of 1949 reached a peak of £ 82.0 million at the end of 1955.(15) Since the fiscal year 1955/56 the revenue position deteriorated and Ghana had series of deficits thereafter. It was during this period that sterling balances were drawn upon and they fell to £ 58.2 million by the end of 1958. The fall in reserves did not equal the total amount of deficit during the last three years. The total deficit amounted to £ 28.72 million during 1955/1956 to 1957/58. This is explained by resort to

(15) Throughout this paragraph book values of sterling balances for only public authorities i.e. Central Government and Local Authorities, are quoted from *Quarterly Digest of Statistics*, Ghana, Vol. IX, No. 4, December 1960.

TABLE 9

Financing of Total Expenditure in Selected Countries: 1950-1958.

Country and Currency	Total Expenditure (Cumulative) (1)	Total Revenue (Cumulative) (2)	Surplus (+) or Deficit (−) (3)=(2)−(1)	Net Borrow-ing (4)	Grants (5)	Other[a] (6)	Total Non-revenue receipts (7)=(4)−(6)	Increase (+) or decrease (−) in Reserves[b] (8)=(7)+(3)
Uganda (£ million)	146.63	134.07	− 12.56	11.08	2.37	3.16	16.61	+ 4.05
Union of South Africa (£ million)	2,640.5	2,211.4	−429.1	400.3	...	...	...	...
Tanganyika (£ million)	158.00	132.37	− 25.63	11.46	8.56	4.31	24.33	− 1.30
Kenya (£ million)[c]	356.03	273.38	− 82.65	38.94	35.94	4.67	79.55	− 3.10
Sierra Leone (£ million)[d]	47.26	49.39	+ 2.13	4.24	3.46	1.28	8.98	+ 11.11
Ghana (£ million)	368.79	379.57	+ 10.78	12.16[e]	20.35	11.94	44.45	+ 55.23
Nigeria (£ million)[e]	566.17	568.49	+ 2.32	5.68	26.85	...	32.53	+ 34.85
UAR (Egypt), (£ million)	2,258.22	1,947.73	−310.49	178.30	23.57[f]	31.03	232.90	− 77.59
Sudan (£ million)	239.47	239.20	− 0.27	...	0.11[f]	...	...	...
Ethiopia (Eth.$ million)	986.88	938.80	− 48.08	24.06	12.80	8.80	45.73	− 2.35
Italian Somaliland (million Somalos)	533.48	259.52	−273.96	...	254.49	6.25	260.74	− 13.22
Morocco (billion francs)	887.05	663.80	−223.25	168.54[d]	...	34.11	...	...
Congo (Leopold.) (billion francs)	126.40	88.81	− 37.59	40.12	...	...	...	...

a) Sales of assets, currency profits, etc.
b) Including errors and omissions.
c) 1946-1958.
d) 1950-1957.
e) 1951-1958.
f) U.S. grants.

Source: See General Notes page.

borrowing inspite of the extremely high position of reserves. The unbalanced portfolio of sterling securities partly dictated the use of loans for financing expenditures. A large part of these securities were invested in long-dated and low-rate stock and could be mobilized only at a considerable capital loss in case of immediate need.(16) The Government's holdings of short-term assets never exceeded £ 4 to £ 6 million and at the end of 1958 short-term assets amounted to only £ 0.7 million. Recently attempts are, however, being made to diversify the sterling portfolio. The use of borrowing for development purposes was accompanied by practical measures to stimulate the growth of internal money and capital markets. Treasury bills were floated in Ghana for the first time in 1954. In 1957, Ghana established its own Central Bank. The other monetary institutions in the public sector are the Ghana Co-operative Bank and the Post Office Savings Bank. These institutional changes have provided an outlet for the investment of private short-term funds. For example, the Treasury Bills floated by the Government in 1959 and in 1960 were fully taken locally.

In Nigeria current surpluses were not fully spent until 1954 partly due to the shortages of constructional capacity in executing work programmes. The surpluses of revenue were saved and invested overseas. The tempo of development was quickened since 1955 and the subsequent plans were to be financed by the use of past savings. In 1955-62 Development Plan the total outlay envisaged is £ 339.1 million.(17) Out of this amount, the Government was responsible for finding £ 275.8 million and £ 137.3 are expected to be obtained by contributions from revenue including the use of past savings.(18) Until the end of 1958, however, there was no decline in the Government's holding of sterling balances. The Marketing Boards play a very significant part in the development in Nigeria by providing grants and loans to the Government for the financing of development programmes. By way of grants alone, the Marketing Boards are expected to contribute £ 12.8 million towards the financing of 1955-62 Development Plan.

In Kenya financing of development expenditure has largely depended on the availability of loan funds. During the period 1946-53 gross development receipts totalled £ 35.9 million of which loans accounted for £ 18.9 million. Colonial Welfare and Development grants totalled £ 2.6 million and £ 11.6 million represented contributions from revenue including the use of the past savings. The General Revenue Balance of the Government increased from £ 2.2 million as at 31 December, 1946 to £ 7.61 million on 31 December 1953. During the same period public debt registered an increase of £ 17.55 million. Beginning from 1952, however, Kenya had to bear the burden of emergency expenditure. As a result of this by 1954 the accumulated balances were exhausted and prospects of savings on current account were very dim. Beginning from 1954, Kenya had series of deficits on current account until the end of 1957/58. In the 1954-57 Development Plan, therefore, of total outlay of £ 21.6 million, £ 12.44 million were to be financed by loans, £ 1.6 million from C. D. & W. grants and £ 7.0 million from previous unspent balances. When the 1957-60 Plan was drafted the reliance on loans had increased and at the same time there was tightness in London money market. Shortage of development capital induced a shift in favour of directly productive schemes. In the 1957-1960 Plan loan funds accounted for £ 18.0 million out of the total size of the Plan of £ 23.3 million. Contributions from revenue were set at only £ 1.02 million. In the 1960-63 Plan, loans are expected to contribute £ 18.50 million to a total outlay of 26.5 million. Contributions from revenue are expected to be only £ 1.3 million.

Throughout the period Uganda had surpluses on current account but these being small particularly since 1953, financing of capital expenditure has depended on using the past savings. The past savings in question were those of the Marketing Boards which had accumulated reserves prior to 1953. From 1950 to 1952 (inclusive) the Marketing Boards had added £ 34.4 million to the Price Assistance Funds.(19) Cotton Price Assistance Fund was closed at £ 20 million in 1951 and the excess of £ 18 million was transferred to the Government. This transfer alone provided a little more than 1/3rd of the Government's capital expenditure programme during the period 1950-59. The decline in sterling assets was £ 20 million between 1954-58 and the General Revenue Balance had declined by £ 6.0 million during the same period. At the end of 1958, the Government had only £ 11.8 million in budgetary funds and liquid sterling assets stood at a dangerously low level of £ 0.6 million.

The general conclusion seems to be that the use of past savings played an important role in the financing of expenditure during the period 1950-58. The contribution of internal finance was quite high during the period. However, the recent situation indicates that past savings in most of the countries are fast approaching very low levels and hence the question of finance will be quite serious in future. It would, therefore, be necessary to raise additional resources either at home or abroad.

Detailed data on financing of total expenditure in French speaking countries are not available but

(16) See *Economic Bulletin for Africa*, Chapter B/I, p. 66 Vol. I, No. I, Addis Ababa, January 1961.

(17) Includes Federal Government, Regional Governments, local bodies and statutory bodies.

(18) Economic Survey of Nigeria, 1959, p. 89.

(19) The total figure is derived from *Geographical Income of Uganda* 1950-56 & 1957. The Government Printer, Entebbe.

TABLE 10

Contribution of French Public Funds to the Government Expenditure in former French Territories

	1950	1953	1956	1958
	Billion francs CFA.			
A.O.F. - Togo				
Current:	20.1	37.1	53.9	68.2
Capital:	11.3	20.0	18.7	21.0
Total:	31.4	57.1	72.6	89.2
A.E.F. - Cameroun				
Current:	11.2	19.1	21.1	26.2
Capital:	7.0	12.7	12.8	18.0
Total:	18.2	31.8	33.9	44.2
Madagascar				
Current:	6.8	12.2	17.2	22.0
Capital:	2.8	6.7	8.8	7.1
Total:	9.6	18.9	26.0	29.1
	Percent of Expenditure financed by France.			
A.O.F. - Togo				
Current:	3.5	3.3	4.6	12.2
Capital:	55.5	65.5	66.8	59.6
Total:	22.2	25.1	20.7	22.4
A.E.F. - Cameroun				
Current:	5.0	6.5	10.3	16.1
Capital:	64.9	74.9	94.4	86.9
Total:	28.0	33.9	36.1	44.9
Madagascar				
Current:	6.5	3.3	5.4	9.8
Capital:	54.1	59.6	53.4	55.7
Total:	19.8	23.3	21.5	21.0

the amount of government expenditure financed by French public funds is shown in Table 10. These data also illustrate the changes in the distribution of functions between France and these countries over the period considered. The extent to which current revenues of local budgets were sufficient to finance the total current expenditures has been indicated earlier in Table 5. The Financial contribution of France to current expenditures, though not insignificant until 1956, registered a very noticeable increase in the two following years. This increased contribution reflects the implementation of the *Loi Cadre* of 1956. The role of external funds in the financing of equipment expenditure was very substantial. In the former French Equatorial Africa — Cameroun the French aid to the equipment budget increased considerably over the period and on an average accounted for 80 per cent of equipment expenditure shown for selected years in the table. The average contribution from France, for the selected years, to the total equipment expenditure in the former French West Africa-Togo and in Madagascar amounted to 62 percent and 56 percent respectively.

III. The structure of Current Revenue and Current Expenditure

A. *Structure of Revenue*

Table 11 sets out the structure of government revenue in African countries. It may be seen that tax revenue accounts for at least 4/5th of the total revenue in almost all countries. A particularly noteworthy fact is the excessive dependence on revenue from indirect taxes of a majority countries. Direct taxes are significant only in a few countries.

Revenue from direct taxes is particularly important in Congo (Leopoldville), Union of South Africa, Federation of Rhodesia and Nyasaland, Kenya and Tanganyika. The principal reason for the importance of this source of taxation is the revenue obtained from company income taxation. Organized business on company lines is more important in the first three countries where a large part of the revenue accrues from companies established in the export sector of the economy. This revenue, therefore, represents a slice of export earnings taken by governments through income taxes rather than through export duties. The choice of the method of taxation of export earnings in these countries as against countries which use export duties reflect, therefore, mainly institutional differences in the export sector. In Kenya and Tanganyika, besides income taxation other taxes like Non-Native Education taxes and African poll taxes are quite significant.

Taxation of personal and company incomes in Africa is relatively underdeveloped for various reasons. One reason is the absence of any large scale company business. Another reason is extremely low levels of per capita incomes and the relatively equal distribution of this income except where European population is found comparatively in large numbers. Under such circumstances an extremely low level of exemption limit for income tax purposes would make collection of taxes too costly and a higher limit may not make it worthwhile. Absence of any systematic methods of accounting and book-keeping render assessment of income more difficult and evasion easier.

Among the countries which depend heavily on revenue from indirect taxes the most prominent are Algeria, Ethiopia, former French West Africa, Ghana, Morocco, Nigeria, Sierra Leone, former Italian Somaliland, Sudan, Togo, Tunisia, Uganda and Cameroun. These countries can, further, be split into two groups. In group one can be included those countries which derive relatively larger part of their revenue from indirect taxes from duties on foreign trade transactions. Countries which derive relatively larger part of their indirect tax revenue from taxes on domestic production can be said to belong to the second group.

The first group according to the above classification would include countries like Ethiopia, Cameroun, former French West Africa, Ghana, Nigeria, Sierra Leone, former Italian Somaliland, Sudan, Uganda and presumably Togo. Here again two groups of countries can be distinguished viz. countries deriving larger revenues from import duties and secondly countries depending mainly on export duties. The contribution of foreign trade to the government revenues in either case is explained by the fact that a large part of incomes and expenditures in these countries passes through the ports. Import duties are relatively important in Ethiopia, Comeroun, former french West Africa, Nigeria, Sierra Leone, and former Italian Somaliland.

Export duties are generally a popular source of revenue in countries where export of one or two commodities constitute a significantly large share of total exports. The countries which depend heavily on export duties are Ghana, Uganda and Sudan. During the period 1950-1958, on an average, cocoa constituted 81.5 per cent of Ghana's exports, cotton accounted for 62.7 per cent of Sudan's exports and in Uganda during 1950-1957 exports of cotton and coffee accounted for 86.8 per cent of her total exports. Lack of diversification of exports in these countries also partly explains the existence of Marketing Boards. The marketing boards insulate to a large extent the impact of fluctuations in export prices on producers' incomes. This may have favourable effects on government revenue to the extent that producers' incomes and expenditures are maintained under unfavourable world conditions. On the other hand the stabilization effort involves large fluctuations in government revenue from export duties.

The data on Sudan as they appear in Table 11 are slightly misleading. In the table, the share of export duties in total indirect taxes is not very significant. This is so because a large part of revenue derived from the sale of cotton overseas appears under non-tax revenue. This revenue is in the form of Government's share of profits from agricultural undertakings engaged in production and sale of cotton. The Gezeira Board, for example, contributes 40 per cent of its net profits to the Government. If Sudan's traditional revenue data are reclassified, it is found that during 1953-58 on an average government revenue from cotton accounted for 33 per cent of total revenue.

Countries which derive relatively more revenue from taxes on domestic production are Algeria, Morocco, Tunisia and Egypt (U.A.R.). Apart from domestic excises and sales taxes, one of the most favoured method of raising such revenues has been the use of the device of fiscal monopolies. Fiscal monopolies of sugar and tobacco in Morocco and of tobacco and other product in Tunisia fetch substantial amounts of profits to the governments. Such trading profits are nothing but concealed indirect taxes. Fiscal monopolies are also practised in Sudan and Ethiopia in sugar and tobacco respectively. The commodities generally chosen for such trading purposes are those characteristic of mass consumption.

B. *Structure of Current Expenditure*

Data on structure of current expenditure are presented in Table 12. The weaknesses of these data are clearly indicated partly by certain gaps in the table and partly by lumping together expenditure on economic services, community services like water, sanitation, roads, etc., and on social services other than education and health under "other current expenditure". It must also be pointed out that expenditure on identified functions does not represent the total expenditure on those functions. Traditional budgetary classifications are often presented on departmental or ministerial lines and there are often cases where expenditure on a particular function is incurred in various proportions by more than one ministry or departments. In order to get total expenditure on a function, it would, therefore, be

TABLE 11

Structure of revenue (percentage of the total)

Countries	Year	Direct Taxes			Indirect taxes				
		Income taxes	Other	Total	Import duties	Export duties	Other	Total	Non-tax revenue
		(1)	(2)	(3)=(1)+(2)	(4)	(5)	(6)	(7)=(4)+(5)+(6)	(9)
Algeria	1951	17.7	1.1	18.8	4.6	—	61.0	65.6	15.6
	1953	17.0	1.2	18.2	3.6	—	61.9	65.5	16.3
	1956	14.5	1.7	16.2	3.2	—	59.2	62.4	21.4
	P 1958	16.0	1.3	17.3	2.9	—	57.5	60.5	22.3
Cameroun	E 1950	...	...	25.6	...	...	...	61.7	12.7
	1953	...	...	25.6	25.9	25.6	9.1	60.6	13.8
	1956	...	...	21.0	32.4	25.1	8.1	65.6	13.4
	E 1958	...	...	20.3	...	...	...	62.0	17.7
Congo (Leopoldville)	1950	25.6	4.6	30.2	17.3	28.3	12.7	58.3	11.4
	1953	36.6	3.2	39.8	16.6	22.8	11.5	50.9	8.4
	1956	28.7	2.9	31.6	17.2	24.9	5.5	47.6	20.8
	E 1958	28.0	3.0	31.0	15.2	17.6	14.6	47.4	21.7
Ethiopia	1950	9.4	26.1	35.5	33.3	4.3	12.3	49.9	14.7
	1953	11.4	20.1	31.9	33.8	8.3	12.8	54.9	13.2
	1956	5.6	16.2	21.8	27.3	10.5	18.1	68.4[a]	9.8
	1958	5.4	13.8	19.2	25.9	8.6	20.9	71.3	9.5
Fed. of Rhodesia and Nyasaland	1954	56.9	...	56.9	...	...	4.5	20.8	22.3
	1956	55.6	...	55.6	...	...	4.6	23.1	21.3
	1958	51.9	...	51.9	...	...	5.0	25.0	23.1
French Equatorial Africa	1950	...	...	16.8	...	...	...	48.9	34.3
French West Africa	1952	...	...	19.5	21.6	9.8	15.7	47.0	33.5
	1955	...	...	36.0	25.9	9.5	23.2	58.6	5.4
	1958	...	...	37.5	22.8	8.1	25.1	56.0	6.6
	1950	6.1	10.9	17.0	30.9	10.0	20.7	61.6	21.5
	1952	7.0	13.4	20.4	26.0	10.6	24.2	60.8	18.8
	1956	...	...	25.1	26.3	11.1	34.4	71.8	3.1
	E 1958	7.3	12.2	19.5	41.6	14.7	17.2	73.5	7.1
Ghana	1950	20.5	1.4	21.9	44.7	20.5	3.3	68.5	9.6
	1953	17.5	4.5	22.0	24.7	43.5	2.3	70.5	7.6
	1957	11.2	2.3	13.5	30.7	43.6	2.8	77.1	9.4
	1958	9.9	4.5	14.4	27.1	41.5	5.8	74.4	11.1

TABLE 11 (continued)

Countries	Year	Direct Taxes: Income taxes	Direct Taxes: Other	Direct Taxes: Total	Indirect taxes: Import duties	Indirect taxes: Export duties	Indirect taxes: Other	Indirect taxes: Total	Non-tax revenue
		(1)	(2)	(3)=(1)+(2)	(4)	(5)	(6)	(7)=(4)+(5)+(6)	(9)
Kenya	1950	24.5	5.5	30.0	—	—	18.2	48.2	21.6
	1953	28.6	4.9	33.5	27.3	0.7	11.5	39.5	26.9
	1956	26.7	5.6	32.3	26.9	4.9	14.6	46.4	21.3
	1958	33.4	6.4	39.8	23.4	—	15.8	39.3	20.9
Madagascar	1950	...	...	42.4	...	...	...	47.6	9.9
	1952	...	...	31.2	...	...	...	55.6	13.2
	1955	...	...	32.5	...	...	...	49.5	18.0
	1958	...	...	29.9	22.7	7.4	16.0	46.1	23.9
Morocco[b]	1950	15.8	9.9	25.7	30.4	3.2	33.6	67.2	7.1
	1953	17.1	9.6	26.7	25.1	3.1	35.6	64.0	9.3
	1956	13.5	6.7	20.2	17.0	2.1	51.1	70.8	8.9
	E 1958	...	...	15.8	11.0	...	40.5	66.8	17.4
Nigeria (Federation of)	1953	13.6	0.8	14.4	29.1	28.1	7.7	64.9	20.7
	1956	9.2	2.4	11.6	40.9	19.7	16.6	71.2	17.2
	1958	12.4	8.2	12.6	42.9	15.7	10.3	69.2	18.2
Sierra Leone	1950	32.0	3.2	35.2	41.3	7.5	1.8	50.6	14.1
	1953	34.9	1.8	36.7	34.8	16.5	1.4	52.7	10.6
	1956	27.3	0.1	27.4	52.2	6.9	1.1	60.2	11.5
	1957	24.2	0.1	24.3	54.6	6.4	1.1	62.1	13.6
Somalia (former trusteeship territory)	1955	...	...	11.3	32.8	10.4	28.7	71.9	16.9
	1957	...	...	12.7	36.2	8.7	28.9	73.8	13.6
	1959	...	...	14.2	35.5	9.3	28.8	28.8	12.3
Sudan	1953	5.3	1.8	7.1	23.9	18.2	7.7	50.6	42.2
	1956	4.3	0.9	5.2	20.6	18.4	15.7	54.7	40.1
	1958	2.5	0.5	3.0	29.4	12.7	13.9	56.0	41.0
	E 1960	2.3	0.8	3.1	25.4	10.1	20.3	56.5	40.3

TABLE 11 (continued)

Countries	Year	Direct Taxes: Income taxes (1)	Direct Taxes: Other (2)	Direct Taxes: Total (3)=(1)+(2)	Indirect taxes: Import duties (4)	Indirect taxes: Export duties (5)	Indirect taxes: Other (6)	Total (7)=(4)+(5)+(6)	Non-tax revenue (9)
Tanganyika	1950	18.0	10.9	28.9	28.0	6.8	12.9	47.6	23.4
	1953	30.2	14.1	44.3	23.0	1.0	13.1	37.1	18.6
	1956	25.4	9.7	35.1	30.7	0.2	14.3	45.2	19.4
	1958	23.0	9.2	32.2	28.2	0.2	17.4	45.8	22.1
Togo	1950	...	...	12.8	...	...	...	59.6	26.6
	1953	...	...	15.7	...	...	...	69.3	14.3
	1956	7.2	1.7	8.9	35.2	7.2	40.5	82.9	8.2
	1958	5.4	1.4	6.8	36.0	7.6	38.6	82.2	11.0
Tunisia	1950	12.6	3.5	16.1	6.7	1.7	64.0	72.4	11.5
	1953	14.5	6.2	20.7	7.5	1.6	54.9	64.0	15.3
	1957	14.5	3.6	18.1	7.6	1.5	65.6	74.7	7.2
	E 1959	17.0	5.7	22.7	7.2	1.7	61.5	70.4	6.9
Uganda	1950	7.6	5.7	13.3	22.4	45.0	9.3	76.7	10.0
	1953	14.5	5.1	19.6	24.2	32.7	10.8	67.7	12.9
	1956	18.1	3.1	21.2	22.7	29.7	12.5	64.9	13.8
	1958	15.6	3.2	18.8	21.4	27.7	16.7	65.8	15.4
Union of South Africa	1950	48.4	6.2	54.6	11.7	0.5	15.7	28.0	17.4
	1953	51.0	4.7	55.7	11.1	0.8	15.1	26.6	17.7
	1956	47.9	4.5	52.4	13.5	0.3	15.8	29.6	18.0
UAR, (Egypt)	1950	10.4	6.0	16.4	18.8	4.3	24.2	49.8	33.8
	1953	13.5	9.0	22.5	...	...	26.9	48.0	29.5
	1956	9.6	7.4	17.0	...	...	24.6	41.7	41.4
	E 1958	12.9	6.5	19.4	...	...	...	37.4	43.2

[a]) This total includes Federal transaction tax 15.2 million Eth. $ for 1956 corresponding to a percentage of the total revenue of 12.5.
This total includes Federal transactoin tax 21.6 million Eth. $ for 1958 corresponding to a percentage of the total revenue of 15.9.

[b]) Figures relate to southern zone only, except in 1958.

necessary to trace expenditures incurred by various departments on that function. In view of the weakness of data set out in Table 12 any comments on the structure of current expenditure must be tentative.

It is difficult to distinguish any particular trends over the period. It can be said with some reservations that the share of expenditure on general services in 1958 was lower in most of the countries than in 1950. Significant exceptions were Ghana, Kenya, Morocco and Tunisia. Except in Kenya, the increased share of general services was due to the increased expenditure on defence following their political independence. In Kenya, the emergency lasting from 1952 to 1956 necessitated additional expenditure on the maintenance of law and order. Relatively increased expenditure on general services in countries which gained their independence during the period was as already explained due to certain new demands made by the fact of independence on their resources e.g. expenditure on diplomatic representation abroad, increased expenditure on legislative bodies, etc.

Percentages of total expenditure on education were in general, higher in 1958 compared with 1950. Expenditures on health, in percent of total, seem to have remained mostly either static or declined in some cases. There were very few increases.

It is possible to see among countries more differences with respect to expenditure on education than in respect of expenditure on health. Important among countries which spent more on education are Morocco, Nigeria, Togo, Tunisia and Uganda. Expenditure on health was particularly high in Togo, Madagascar and former French Equatorial Africa.

"Other current expenditures" comprise of several items and though it is observed that, in general, the share of these expenditures in the total had declined by 1958, yet it would not be proper to comment on this group of expenditure without the knowledge of the behaviour of different items that make up the group.

TABLE 12

Structure of Government Expenditure — Current Expenditure.
(Percentage of total current expenditure)

Country	Year	General Services Total	General Services of which Defence	Education	Health	Other Current Exp.
Algeria	1950	48.9	—	13.4	6.8	30.9
	1953	38.2	—	18.0	9.7	34.1
	1956	36.2	—	16.2	9.4	38.2
	1958	43.4	—	14.5	9.4	32.7
Congo (Leopoldville)	1950	28.4	—		18.1	53.5
	1953	28.5	—		22.5	49.0
	1956	24.5	—		25.7	49.8
	E 1958	21.8	—		28.5	49.7
Ethiopia	1950	71.2	29.6	13.1	4.0	11.7
	1953	65.0	27.4	11.6	3.9	19.5
	1956	61.4	24.7	11.5	3.8	23.3
	1958	61.4	26.6	11.8	3.4	23.4
Former French Equatorial Africa[b]	1950	23.9		7.3	10.9	57.9
	1952	26.0		8.7	11.8	53.5
	1955	30.2		12.1	14.3	43.4
Former French West Africa[b]	1950	23.9		6.3	9.9	59.9
	1952	24.6		7.2	9.2	59.0
	E 1955	25.0			20.8	54.2
	E 1958	21.6		15.8	12.6	50.0
Ghana	1950	22.6	4.5	11.1	8.3	58.0
	1953	21.6	2.4	16.9	7.7	53.8
	1956[a]	22.8	4.1	17.1	7.4	52.7
	RE1958	31.5	8.9	14.5	6.5	47.5
Kenya	1950	26.5	4.5	9.3	7.6	56.6
	1953	38.5	3.5	11.5	7.2	42.8
	1956	55.5	3.2	9.7	4.7	30.1
	1958	39.1	4.0	14.2	5.8	40.9

TABLE 12 (continued)

Country	Year	General Services Total	of which Defence	Education	Health	Other Current Exp.
Madagascar[b]	1950	30.4		10.2	11.5	47.9
	1952	32.4		10.6	13.4	43.6
	1955	29.2		11.3	13.0	46.5
Morocco	1950	31.4	—	27.2	7.7	33.7
	1953	31.9	—	19.7	8.7	39.7
	1956	46.5	10.2	18.9	9.6	25.0
	E 1958	39.7	14.4	16.0	6.9	37.4
Nigeria	1950	18.8	3.0	8.9	6.3	66.0
	1953	21.8	3.9	10.3	6.9	61.0
	1956	18.1	2.9	13.9	7.1	60.9
	1958	20.0	4.1	21.6	6.4	52.0
Sierra Leone	1950	16.4	4.0	9.4	11.4	62.8
	1953	13.5	2.2	10.8	10.8	64.9
	1956	15.4	2.1	16.6	9.4	58.6
	1957	14.4	1.6	15.7	9.2	60.7
Somalia (former trusteeship territory)	1955	59.0	27.3	9.8	9.3	21.9
	1957	55.5	5.8	10.4	9.6	24.5
	1959	49.5	3.7	10.3	10.9	29.3
Sudan	1953	28.2	6.8	7.1	9.1	55.6
	1956	23.9	8.5	9.4	9.2	57.5
	1958	26.4	12.0	11.3	9.0	53.3
Tanganyika	1950	24.5	—	9.2	8.8	57.5
	1953	20.3	—	13.9	8.2	57.6
	1956	20.7	—	14.9	9.3	55.1
	1958	22.7	—	16.7	9.2	51.4
Togo[b]	1950	—		13.0	18.7	68.3
	1953	—		17.2	15.9	66.9
	1956	—		13.6	15.4	71.0
	E 1958	25.8		17.3	15.1	41.8
Tunisia	1950	28.9	—	19.8	8.2	43.1
	1953	27.9	—	20.4	8.4	43.3
	1957	28.4	2.9	20.0	9.9	41.7
	E 1959	32.5	10.7	18.2	10.9	38.4
UAR, (Egypt)	1950	34.7	22.6	12.1	5.5	47.7
	1953	27.4	17.4	11.3	3.1	58.2
	1956	41.5	31.0	11.5	2.9	44.1
	E 1958	35.3	25.5	13.7	3.4	47.6
Uganda	1950	27.4	4.3	11.2	11.6	49.8
	1953	23.3	4.2	15.1	9.8	51.8
	1956	23.9	4.6	20.5	8.7	46.9
	1958	25.0	3.7	21.8	10.4	42.8
Union of South Africa	1950	28.6	8.0	7.0	4.4	60.0
	1953	30.4	11.4	6.4	3.9	59.3
	1956	33.2	9.0	6.4	3.9	56.5
	E 1958	31.1	10.1	7.0	4.7	57.2

a) 15 months.

b) Includes only the expenditure of local budgets. Excludes expenditure financed by the French Treasury.

A. *Traditional Budgetary Data*

It is possible to think of two measures of levels of total government revenue and expenditure. Firstly aggregates of revenue and expenditure can be related to population and expressed per head of population. Secondly, these aggregates can be related to gross national product and expressed in percent of gross national product. In this article both the measures of level are used and the resulting data are presented in tables 13 and 14. Per capita figures in table 13 are based on traditional budgetary data while percentages in table 14 are based on national accounting data for selected countries. Figures in Table 13 are expressed in national currencies and not converted into U.S. dollars. For purposes of comparison countries have been grouped into common currency areas except for U.A.R. (Egypt) which is shown separately. This has obviously restricted the choice of countries but it is believed that the broad conclusions reached here will not be affected by the inclusion of other countries.

Levels of revenue and expenditure are at best rough indicators of the importance of public transactions in different countries. Measures of levels do not reflect certain factors like unit cost of services rendered, income distribution and institutional factors. For example, it is possible that two countries may have the same level of expenditure expressed per capita and yet the actual amount of services rendered may vary because of different unit cost of services. The cost aspect is particularly important in those African countries where africanisation of services has proceeded slowly and where the number of highly paid expatriates is significant in public services. The measure of level, therefore, does not necessarily indicate the degree of welfare.

One of the reasons for high cost of services in these countries is the presence of a large number of expatriates in public services and high wages paid to them. For example, in Congo (Leopoldville) it is estimated for 1957 that the average salary of a European in the economy was 30 times the average salary of an African.(20) In the Federation of Rhodesia and Nyasaland in 1956, 39,000 Africans in government administration accounted for a total wage bill of £ 3.41 million while 9780 Europeans accounted for a wage bill of £ 9.24 million. The average salary of an European in the economy as a whole was £ 1084 as against £ 68 of an African. To give exaples of former French territories, in former French Soudan in 1958/59, 15.9 percent Europeans in civil services claimed 33.5 per cent of wage bill as against 66.5 percent of wage bill shared by 84.1 percent Africans.(21) In Togo a senior expatriate civil servant receives 76 times the national per capita income.(22) High levels of expenditure in these countries, therefore, do not necessarily mean provision of more services.

Within the currency areas the countries in Table 13 are arranged in descending order of per capita national incomes. In view of the unreliabilitiy of national income data for some countries this order should be considered as very rough and tentative.

It may be seen from Table 13 that there are considerable variations in the levels of expenditure and revenue among countries in the sterling area. Union of South Africa, a country more economically developed than others, has highest levels of expenditure and revenue. At the other extreme are Nigeria and Tanganyika. The countries (excluding Union of South Africa) can be broadly divided into three groups. Ghana and Federation of Rhodesia and Nyasaland belong to the first group where levels of expenditure and revenue are quite high. The figures for Ghana in Table9 are, however, overstated because the results of the recent census in Ghana show that population figures for earlier years were too much on the lower side. Kenya occupies a middle position. Nigeria, Tanganyika and Uganda constitute countries with relatively lower levels of expenditure and revenue.

The levels of expenditure and revenue in UAR (Egypt) are quite high. The rise in the level of total expenditure in UAR (Egypt) is, however, accounted primarily by the increase in the level of current expenditure.

In the North African countries of the franc zone, levels of expenditure and revenue were marked with fluctuations over the period. The level of current expenditures was perhaps highest in Algeria. Increased levels of current expenditures in 1958 compared with those of previous years reflect partly the increased expenditure on certain functions like defence in Morocco and Tunisia after independence and in Algeria it presumably reflects the unstable political situation and the presence of large numbers of Frenchmen in the civil services. The level of development expenditure which was initially higher in Tunisia declined in 1954 and further in 1958. As far as levels of development expenditures were concerned Morocco does not seem to have made great strides in 1958 compared with 1950. Algeria had again highest level of revenue while Morocco seems to have improved its revenu situation considerably by 1958.

(20) Information derived from an internal ECA study.

(21) (22) Jo W. Saxe: *The British and French Legacy to their West African Territories,* Centre for International Affairs, Harvard University, April 1960. (Mimeographed).

TABLE 13

Per Cap:ta Revenue & Expenditure
(In National Currencies)

Sterling Area Countries	Current Expenditure	Development Expenditure	Total Expenditure	Current Revenue
Union of South Africa (£)				
1950	11.3	6.6	17.9	12.5
1954	16.0	6.9	22.9	18.1
1958	18.1	8.5	26.6	21.8
Ghana (£)				
1950	2.2	1.1	3.3	3.9
1954	4.9	4.7	9.6	9.7
1958	8.0	4.2	12.2	11.4
Federation of Rhodesia and Nyasaland (£)				
1954	5.7	3.4	9.1	7.3
1958	8.3	5.7	14.0	10.6
Kenya (£)				
1950	2.2	0.7	2.9	2.4
1955	6.4	1.2	7.6	4.7
1958	5.8	1.2	7.0	5.4
Nigeria (£)				
1950	1.0	0.2	1.2	1.2
1953	1.0	0.5	1.5	1.7
1958	2.0	0.9	2.9	2.4
Uganda (£)				
1950	1.0	0.5	1.5	1.8
1955	2.3	0.9	3.2	2.9
1958	2.9	1.0	3.9	3.1
Tanganyika (£)				
1950	1.0	0.4	1.4	1.2
1955	1.9	0.4	2.3	2.1
1958	2.1	0.6	2.7	2.1
U.A.R. (Egypt) (£)				
1950	6.6	0.3	6.9	6.6
1954	7.6	1.0	8.6	7.7
1958	9.7	1.0	10.7	9.7

Franc Zone Countries	Current Expenditure	Development Expenditure	Total Expenditure	Current Revenue
(a) North African Franc Zone Countries				
Algeria (francs)				
1951	5106	4884	9990	6027
1954	8418	4892	13310	8937
1958	15325	6188	21513	15324
Morocco (francs)				
1950	3669	3066	6735	3915
1954	6085	3425	9510	7146
1958	12847	3117	15964	12468
Tunisia (francs)				
1950	4792	6841	11633	5153
1954	9478	6709	16187	8981
1958	11423	5685	17108	12072
(b) Other Franc Zone Countries (In Metropolitan francs)				
Former French West Africa - Togo				
1950	548	308	856	695
1953	...	...	...	...
1958	1580	486	2066	1501
Former French Equatorial Africa - Cameroun				
1950	1026	641	1667	861
1953	...	...	...	...
1958	2000	1374	3875	1511
Madagascar				
1950	790	325	1115	929
1953	1343	738	2081	1629
1958	2122	685	2807	1900

Note:- The table is based on budgetary data. Population figures are taken from U.N. *Demographic Yearbook* 1958 & 1959.
The recent census in Ghana indicates that the figures used here are too low.

In other countries of the franc zone, levels of total expenditure were highest in the former French Equatorial Africa-Cameroun though the level of current expenditure in Madagascar outstripped the corresponding level in other countries by 1958. The level of development expenditure was very high in the former French Equatorial Africa-Cameroun and was nearly twice the corresponding levels in other countries. The level of revenue was, however, highest in Madagascar. By 1958, both in Madagascar and in the former French West Africa-Togo the revenue levels had doubled.

Some broad conclusions may be drawn from the differences in per capita expenditure and revenue among countries shown in Table 13. It may be said that these differences in levels reflect those in levels of development and in economic and social structure of the countries. In ancient day the role of a government was mostly confined to the maintenance of law and order and to protect the sovereignty of the State. During the process of economic development governments are seen to undertake increasing responsibilities. Examples of such increased governmental activity are increasing expenditure on social services like education and health, provision of social security, creation of infrastructure facilities and direct and indirect investment in productive fields like agriculture, industry, etc. With the increasing role of government in economic life, which is perhaps a concomitant of economic development in low income countries, per capita government expenditure is likely to increase over time. It is, therefore, perhaps correct to say that as a country develops, its government is likely to spend more on a per capita basis.

B. *National Accounting Data.*

It is possible to develop the points made above by using national accounting data for a few countries. These data are presented in Table 14 where the share of various aggregate is expressed in terms of gross national product.

The cost aspect of government services may be brought into focus by relating aggregates of expenditure and revenue to gross national product. For example, Congo, though less developed than the Union of South Africa, absorbs higher percentage of gross national product for government consumption than the Union of South Africa. This is associated with the fact that the salaries of civil servants in the Congo (Leopoldville) are higher in relation to per capita national income than in the Union of South Africa. In general, high levels of government consumption expenditures may be explained partly by the relatively high unit cost of services rendered.

Except for Congo (Leopoldville), Nigeria and Sudan, the differences in the levels of consumption expenditure among other countries were practically small in or around 1958. The differences in the levels of total expenditure are largely explained by the different levels of fixed capital formation. The levels of total expenditure had increased by 1958 and, except presumably in Sudan and Nigeria, were at least 15 percent of gross national product in or around 1958.

Percentages of revenue to gross national product depend partly on levels of income in these countries and partly on distribution of income and on institutional factors. In the Congo (Leopoldville), for example, the distribution of personal income was such that even relatively modest rates of taxation would result in comparatively high level or government revenue from direct taxes in relation to total personal income. Moreover, the country benefited to a large extent from export duties and company taxes. In Ghana, high percentages of revenue to gross national product not only indicate high per capita income but also reflect the existence of Cocoa Marketing Board. The comfortable budgetary position in Nigeria also reflects upon the existence of marketing boards in that country.

The levels of revenue were quite high in all countries except in Nigeria. In the case of Tanganyika, the Union of South Africa and presumably in Morocco the revenue levels were practically static over the period. The level was presumably static in Ghana also. 1954 was not a normal year for Ghana because the high revenue was due to the extremely high price fetched by Cocoa in that year. The corresponding level of revenue for 1955 was 16.94 which indicates that the level has practically remained unchanged.

V) General Conclusions And Comments

The data presented in the preceding sections do not provide a satisfactory basis for an adequate analysis of problems and trends in public finance in African countries. Such an analysis would also have required a much more thorough examination of government transactions within the framework of the total economy of each individual country. Nevertheless, it might be useful to restate and to comment on some of the broad conclusions reached with particular reference to the countries of tropical Africa.(23)

The most conspicuous development in public finance during the period considered was the rapid rise in government expenditure in practically all the countries covered. Indeed, making use of various data available, it may be stated that government expenditure probably rose faster both at current

(23) Africa excluding the North African countries and the Union of South Africa.

TABLE 14
Government Expenditure on goods and services in percent of Gross National Product at market prices[a]

		Government Expenditure			Government Income	
		Consumption %	Fixed Capital Formation %	Total %5	Current Revenue %	Disposable Income %
Congo (Leopoldville)	1950	9.53	3.71	13.23	14.93	14.45
	1954	11.99	7.50	19.50	19.05	18.11
	1958	18.19	8.69	26.89	18.45	16.88
Federation of Rhodesia	1954	8.4	7.75	16.16	15.92	13.36
and Nyasaland	1958	10.63	8.33	18.96	18.96	15.86
Ghana	1954	7.88	5.38	13.27	19.52	18.68
	1958	11.23	3.97	15.20	16.56	15.95
Tanganyika	1954	8.11	6.89	15.00	11.65	9.28
	1958[b]	10.08	5.43	15.51	11.79	9.32
Union of South Africa	1950	10.90	6.17	17.07	17.84	13.95
	1954	11.10	6.63	17.73	18.45	14.70
	1958	11.62	9.15	20.77	17.56	14.35
Morocco	1951	6.20	4.78	10.98	14.02	11.95
	1954	7.75	4.68	12.43	14.46	12.02
	1958	11.75	4.44	16.19	...	...
Nigeria	1950	2.97	1.61	4.58	5.27	4.76
	1952	3.46	1.94	5.40	7.32	6.72
	1956	5.30	3.00	8.30	10.28	8.25
Sudan	1955/56	7.42	2.49[c]	9.91	12.11	11.29
French West Africa	1956	12.13	4.29[d]	16.40	23.06	15.72
French Equatorial Afrca	1956	9.86	4.64[d]	14.50	18.44	14.50

a) Gross Domestic Product for Tanganyika.
b) Provisional.
c) Including public corporations.
d) Excluding government enterprises and public corporations.
Note:- For source and other notes see notes to Table 8.
Source: Sudan: *The National Income of Sudan* 1955/56, Khartoum, March 1959.
Former FWA: *Outre-Mer.* 1958 and *Compte Economiques de l'AOF*, 1956.
Former FEA: *Outre-Mer.* 1958 and *Compte Economiques des administratives de l'Afrique Equatoriale*, 1956, Brazzaville, 1959.

and at "constant" prices than any other major economic aggregate. This is in itself not so surprising in the case of developing countries. However, the trends observed during the past years pose several problems of concern to African governments.

The demands upon governments are very large in most African countries. No-one can ignore the acute need for increasing outlays on economic and social infrastructure. Moreover, many African countries have no choice but to perform the functions of an entrepreneur in directing domestic savings into productive investments and even in assuming responsibilities of management.(24) However, in planning the nature and the rate of expansion of government activities, it is necessary to take into account the financial aspect of government spending and, above all, the effects of governmnt transactions on the development of the economy in the short as well as in the longer run.

(24) *Economic Survey of Africa since 1950*, Page 3.

It is frequently argued that government revenue should exceed government expenditure so as to leave a surplus for the financing of capital government expenditure. In 1958, most of the tropical African countries included in this article, had no surplus on current account. Accepting for the moment the fiscal doctrine just referred to, the situation can be said to have deteriorated significantly since 1950. It may be assumed that this deterioration has continued in recent years, particularly since independence is usually accompanied by a substantial increase in certain types of current expenditure. There is also reason to believe that, in several countries, there has been a continued tendency for development expenditure to decline in relation to total expenditure. The question of finance is therefore of great importance in most countries of tropical Africa.

The failure of revenue to keep pace with both current and total expenditure reflects such factors as an inadequate tax effort on the part of governments, unfavorable export developments and a comparatively modest rise in national income. These factors are inter related to some extent. An assessment of their influence on the course of events is also rendered difficult, by the inadequacy of the data. However, rough indications of certain developments are given in the following paragraphs.

As regards the tax effort, it may be noted that a large part of the income and expenditure of these countries passed through harbors and that import and export taxes have accounted for a comparatively large share in total government revenue. Available data seem to indicate that during the period considered, most countries experienced a relatively larger increase in government revenue than in foreign trade. Taxation of foreign trade transactions might therefore have increased, although not necessarily in accordance with the requirements of economic development. Moreover, governments may not have given sufficient consideration to the possibility of developing or strengthening other forms of taxation.

At current prices, exports rose significantly during the first part of the period 1950-58, but declined or levelled off in many tropical African countries in the subsequent years. The latter development contributed to the widening gap between government expenditure and revenue, through its effects on proceeds from export taxes as well as on private income and expenditure.

Reliable data on national income are not available for a great majority of countries, but it is likely that the rate of increase of this aggregate was, as a rule, significantly smaller than that of government expenditure. The gap between government expenditure and revenue may therefore have widened even in the face of an increase in the latter in relation to national income.

It has been argued that in certain cases the comparatively small rise in national income reflected errors in government policies on expenditure According to this arguement, governments invested too heavily in infrastructure, especially at the beginning of the period considered in the present article, and did not take sufficiently into account the recurrent implications of this expenditure. As a result the growth of current expenditure outstripped that of revenue. Regardless of the merits of this argument, it may be noted that the effect of infrastructure investment depends to a considerable extent on other factors, including measures adopted by governments to stimulate private investors to take advantage of the improvements in infrastructure.

In reviewing the experience of the past years, it seems appropriate to note that the usual distinction between current and development expenditure is not always a reliable guide for appraising the effects of the scale and nature of government spending and the magnitude of government revenue. Certain items of "current" expenditure, e.g. in the field of education, may be considered as investments, while certain types of "development" expenditure, for example on administrative buildings, may not make any significant contribution to economic growth. What is required is comprehensive development planning covering the economy as a whole and taking into account the relationship between the various economic and social sectors. The elaboration of such a plan would permit governments to take decisions on expenditure and revenue by reference to the short and long term requirements of economic development. It is a priori not excluded that economic growth may be promoted by accepting for several years a higher rate of increase of government expenditure on "current" as well as on "development" account than of government revenue thus resulting in a growing gap to be financed by loans, grants and or drawing upon reserves. The economic feasilitby of such a course of action would in general depend on the extent to which two types of risks could be avoided or minimized.

The first risk is related to the internal balance. In many countries the absence of a domestic money market has constituted a serious obstacle to economic development. Governments should therefore make a determined effort to mobilize resources through borrowing at home. Such borrowing should however not be pursued so far as to create serious inflationary pressures which may upset the development effort itself. The second risk is related to the external balance. Borrowing abroad is always tempting in that it provides foreign exchange. At the same time however it involves commitments concerning the use of foreign exchange in future years. Governments must therefore give serious consideration to the ability of their economies to service the debts to be contracted abroad.

This being said, the need for increasing government revenue should be emphasized. The demands upon African governments are enormous and, other things being equal, an increase in government revenue would allow at least some increase in government expenditure. Governments would therefore be well advised to reconsider their tax systems with a view to increasing their efficiency in terms of both development policies and proceeds to the treasury. In particular African countries need to pay more attention to the commodity structure of their imports.(25) Revisions of existing customs tariffs may produce both a more appropriate import structure and an increase in goverment revenue. Moreover, the continuing increase in money income should encourage the search for new forms of taxation.

There is also a need for a serious consideration of the cost of government services in African countries. This cost is still influenced to a considerable extent by the employment of expatriate officials whose salaries reflect the fact of expatriation and

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(25) See the *Economic Bulletin for Africa*, Vo. 1, No. 1, page 20.

sometime also "monopolistic" practices. Government expenditure in real terms may be increased and economic development promoted by making a clear distinction between expatriate and other officials in determining the salaries of civil servants. This would also increase the benefits to be gained from expanding secondary and higher education. Indeed, investment in education may be said to be particularly rewarding when accompanied by appropriate salaries for civil servants. In this case africanisation would result not only in a reduction of the foreign exchange component of the government wage bill but also in a decrease of the total cost of various government services.

GENERAL NOTES

Signs: E: Estimates
P: Provisional
R: Revised

Unless mentioned otherwise, the figures are actuals.
... not available
— Nil or negligible

Current Expenditure: Wherever possible transfers to Reserve Funds and Development Plans are excluded. P.T.T., where possible, is shown on a net basis. Debt redemption is excluded where such data were available otherwise are shown under "Other current expenditure". Figures relate to Central Governments only except in Nigeria and the Federation of Rhodesia and Nyasaland where regional governments are included.
Development Expenditure: Usually as shown under development plans or capital or non-recurrent account by countries.
Revenue: In general exclude loans and grants and withdrawal from reserves. Profits of fiscal monopolies are treated as indirect taxes.
Fiscal Years: Year references in tables signify data for calendar years or years in which fiscal years end.

NOTES ON TABLES

ALGERIA

Source: Service de statistique général:
Annuaire statistique de l'Algérie (Various issues)
Fiscal year: Calendar year since 1952.
Total *current expenditure includes repayment* of debt.
General Administration includes defence.
Public Works include transport.

CONGO (Leopoldville)

Sources: United Nations: General Assembly XIV th Session, Dec. A/4178.
Ministère des Colonies: *La situation economique du Congo Belge et du Ruanda Urundi* 1957 *à* 1958.
Banque du Congo Belge: *Bulletin mensuel*, octobre 1959 et mars 1960.
Banque Centrale du Congo Belge et du Ruanda Urundi: Rapport 1957.
Fiscal Year: Calendar year.
Data for 1956, 1958 and 1959 exclude redemption of debt.

ETHIOPIA

Sources: Ministry of Commerce and Industry: *Economic Handbook*, decembre 1958; *Economic Review* No. 2, June 1960.
Fiscal Year: Etihopian Calendar year (Sept.-Sept.)
Total Current Expenditure: Excludes debt redemption.
P.T.T. is shown on a net basis.
Other Direct Taxes: Include mostly land and native taxes.
Customs Duties: Since 1955 include Federal Taxes on imports and Exports.
Non-Tax Receipts: Revenue from Railways and public utilities is shown on a gross basis.

FORMER FRENCH TERRITORIES

Sources: United Nations: General Assembly: XIV th Session, Dec. A/4178.
Service des Statistiques d'Outre-Mer: *Outre-Mer* 1958; *AOF* 1957. *Bulletin Mensuel de Statistique d'Outre-Mer* juillet-Septembre 1959; november, december 1956. *Inventaire Social et Economique des territoires d'Outre-Mer* 1950-1955.
Rapport Annuel du Gouvernement français à l'Assemblée générale des Nations Unies sur l'administration du Togo placé sous la tutelle de la France 1956.
Rapport Annuel du Gouvernement français à l'Assemblée générale des Nations Unies sur l'administration du Cameroun placé sous la tutelle de la France 1956.
Banque Centrale des Etats de l'Afrique de l'Ouest: *Note d'information* No. 36, 42, 45, 47, 51, 58.
Compte Economiques Togo: 1956-1958. Banque Centrale des Etats de l'Afrique de l'Ouest, 1961.
Data for calendar years.
F.W.A.: General Budget and eight local budgets.
F.E.A.: General Budget and four local budgets.
Madagascar: General Budget and five provincial budgets.
Current Expenditure: In general excludes transfers to Reserve Funds, Equipment Budget and State Budget.
Development Expenditure: Excludes transfers to Reserves.
Current Receipts: Exclude withdrawal from Treasury funds, reserves and loans and Advances.
Togo: current expenditure on Education, Health, and Agriculture for 1958 and 1959 includes some development expenditure.

GHANA

Sources: Ministry of Finance: *Economic Survey* (Various issues); *The Financial statement* 1956/57 — 1960/61.
For data on structure of expenditure for years 1950, 1953 and 1956:
United Nations, General Assembly, XIV th Session, Doc. A/4178.
Fiscal Year: Ending 31 March till 1955 and there after ending June 30.
Total Current Revenue: includes cocoa duty credited to Development Fund. Excludes C.D. & W. grants and other grants on current occount.
Other Direct Taxes: Includes Mineral duty.
Total Current Expenditure: Excludes capital grants and redemption of debt.

KENYA

Sources: United Nations, General Assembly, XIV th session doc. A/4178.
East African Statistical Department, Kenya Unit: *Statistical Abstract*.
F-st African Statistical Department: *Quarterly*

Economic and Statistical Bulletin.

Fiscal Year: ending 31 March until 1955; there after ending 30 June

Other Direct Taxes: Include graduated personal tax from 1953-1957. In general include native taxes.

MOROCCO

Sources: Ministère de l'Economie Nationale: *Annuaire statistique du Maroc*, (zone sud) 1950-1957. *La Conjoncture Economique Marocaine* 1956. *Tableaux économiques du Maroc* (1915-1959). *La situation économique au Maroc en* 1958 *et* 1959.

Fiscal Year: Calendar years.

Coverage: 1950 to 1957 Sud Zone only. 1958 onwards all Morocco.

Taxes on income: include taxes on agricultural products and property.

Other Indirect Taxes: include revenue from fiscal monopolies viz. phosphates, tobacco and other products.

Total current revenue: excludes "recettes d'ordre" for 1958 to 1960.

Total current expenditures: exclude repayment of debt from 1950-57. P.T.T. is shown on a net basis. Provision for equipment plan is excluded from current expenditure.

NIGERIA

Sources: For the years 1950, 1953 and 1956: United Nations, General Assembly XIV th session doc. A/4178.

For 1957/58: *Budget estimates and reports of the Accountant General of the federal and regional governments.*

Fiscal Year: Ending 31 March.

For years 1950, 1953 and 1956 see A/4178.

Total Current Expenditure: Excludes redemption of debt and sinking fund appropriations.

Total Current Revenue: excludes C.D. & W. grants and withdrawal from funds.

FEDERATION OF RHODESIA AND NYASALAND

Sources: Central statistical office: *National Accounts of the Federation of Rhodesia and Nyasaland* 1954-1959.

Fiscal Year: Data for calendar years.

Total Current Revenue: Excludes transfers from abroad.

Expenditure on goods & Services: is net i.e. after deduction of fees charged by Departments for services.

SIERRA LEONE

Sources: The Treasury: *Financial Report* 1950-1957.

Fiscal Years: Calendar year.

Total Current Expenditure: Excludes sinking fund appropriations. P.T.T. is shown on a net basis. *Development expenditures* exclude transfers to Funds.

Total Current Revenue: Includes export duty credited to Development Fund.

SOMALIA (former Trusteeship territory)

Sources: Ministère des affaires étrangères: *Statistiques de la Somalie*, 1957-1960, Rome.

Fiscal Year: Calendar year.

Total Revenue: Excludes contributions by Italy.

Other Indirect Taxes: Include revenue from fiscal monopoly.

P.T.T. is shown on a gross basis.

Total current expenditure: includes repayment of debt.

SUDAN

Sources: Republic of the Sudan: Development Budget Estimates 1959/60 and 1960/61.
(Data received from Fiscal and Financial Branch, New York).

Fiscal Year: July-June.

Total Current Expenditure for years 1952/53 1958/59 excludes debt redemption.

Current expenditures shown for years 1959/60 and 1960/61 excludes only sinking fund contributions.

Taxes on income: Business Profit Tax.

Other direct taxes: include House tax, Animal tax, Land tax, Date tax and the like.

Customs duties: Include "adjustment of duties with Egypt".

Export duties: Include export royalties.

Other Indirect Taxes: Include profits from Sugar Monopoly. Profits from agricultural undertaking are shown under non-tax receipts. Non-tax receipts also include P.T.T., Civil Aviation and Sudan Airways on a gross basis. Current expenditure on Agriculture includes expenditure on irrigation and hydro-electric.

TANGANYIKA

Sources: East African Statistical Department: *Quarterly Economic and statistical Bulletin*, June 1960.

East African Statistical Department: Tanganyika Unit: *Statistical Abstract* 1959.

Fiscal Years: *Calendar years* 1950-1953. Since 1954, years ending June 30.

Total Current Expenditures: Includes repayment of debt. Reimbursements are shown on a net basis.

Other direct taxes: Include native taxes and non-native poll, education and house taxes.

Public Undertakings: Include income from water and dairy.

Development expenditure: as shown under development Plan.

TUNISIA

Sources: Service tunisien des statistiques: *Annuaire statistique de la Tunisie* (Various issues).

Fiscal Years: Calendar years.

P.T.T. and Fiscal monopolies are shown net,

Other direct Taxes: Include taxes on agricultural products and property.

Other Indirect Taxes: include fiscal monopolies.

1958 Revenue figures are from *"La zone franc en 1958, Février 1960"*.

Total current expenditure: excludes transfers to *development fund.*

Education: 1959 & 1960 include social affairs.

Public Works: 1959 & 1960 include housing.

UGANDA

Sources: East African Statistical Department, Uganda Unit: *Statistical Abstract* 1957 - 1958.

East African Statistical Department: *Quarterly Economic and Statistical Bulletin*, March and June 1960.

Fiscal Year: Ending 31 March until 1955 and there after ending 30 June.

Total Current Revenue: Excludes refund of petrol duty which is deducted from revenue from import duty. Includes export duty credited to capital account.

Defence: Capital expenditure on defence is shown on current account.

UNION OF SOUTH AFRICA

Sources: Reports of the Controller and Auditor-General on the Appropriation Accounts and Miscellaneous Accounts and the Finance Statements. The Government Printer. Pretoria, Part I, 1948-49 to 1956-57.

Government Gazette, Union of South Africa, Pretoria. April 18, 1958.

Current Expenditure: Issues on Exchequer Account. Includes National Road Fund, South African Native Trust Fund, and Bantu Education Act.

Excludes redemption of debt.

P.T.T. is shown on a net basis.

Development Expenditure: Includes Issues on Loan Account.

Receipts: Exclude loans and grants.

Fiscal Year: Ending 31 March.

UNITED ARAB REPUBLIC (Egypt)

Sources: Ministry of Finance and Economy: *Statistical Pocket Year-book* 1952, 1958.

Départment de la statistique et du recensement: *Annuaire statistique* 1956-1958.

Ministry of Treasury: *Budget Reports* 1958/59, 1959/60.

For development expenditure: National Bank of Egypt: *Economic Bulletin*.

Fiscal Year: 1949-50 & 1950-51: March 1 — February 28. 1951-52 and thereafter ending 30 June.

Total Current Expenditure: Includes repayment of debt but excludes provision for Five-Year-Plan.

Defence expenditure is transferred to Unified Budget since 1959/60.

Development expenditures includes outlays under Five-Year-Plan and by National Production Council only. Data since 1956/57 are estimates.

Total Current Revenue exclude withdrawal from funds, Fiduciary issue profits and some other items.

Public Undertakings: revenue is shown on a gross basis. Years 1958/59 and 1959/60 include Railways and Petroleum Authority on a gross basis though oficially separate budgets were prepared.

Chapter II

NATIONAL ACCOUNTS IN AFRICA AND RELEVANT ECA ACTIVITIES

I. Progress in national accounts in Africa

National accounts are now firmly established in Africa. More than 25 African countries have at one time or another published economic accounts for a given year, while about 10 publish annual accounts.

The accounting system used varies from country to country. Some use the standardized system recommended by UN, others the so-called "French" system.

Apart from economic accounts published nationally, reference may be made to those published in the UN "Yearbook of National Accounts Statistics", the latter of course compiled in accordance with the standardized system.

Again, it is worth while mentioning that the African countries' accounts whether published locally or in the UN Yearbook, vary in completeness and detail. This is attributable to the varying stages reached by the countries in their statistical development.

An attempt will be made below to give a general idea of present progress in national accounts in Africa, though the picture cannot be complete, because the national accounts situation is evolving all the time and ECA is barely beginning to take stock.

A. *Economic accounts published under the standardized system*

The *Federation of Rhodesia and Nyasaland* now possess the longest series of all the African countries. Estimates of net national income (though not very detailed) are available for Southern Rhodesia from the year 1939. For Northern Rhodesia there are fairly detailed estimates on the triple basis of product, expenditure and income from the year 1945. But estimates for the Federation as a whole began to be made in 1950, and, in fact, this series of years is not homogeneous, as the published figures for the years 1954 - 57 have been revised(1). The revision was undertaken for two reasons: (a) compliance with UN recommendations and (b) the existence of more accurate, recent and detailed information. The aggregates obtainable are the GDP, GNP, NI and expenditure on GDP and GNP. They are calculated at current and at 1954 prices. Detailed accounts by sectors are available. An attempt has also been made to produce approximate estimates of subsistence activities, on which, incidentally, there is a fairly detailed study, which discusses the subsistence concept and sources and methods of obtaining estimates(2).

So far as concerns the *Union of South Africa*, aside from the old estimates (which began in the year 1917-18), the National Accounts Section has concentrated from the beginning on calculating the NI at factor cost. Two series of figures calculated from the production angle, have been published annually since 1946-47, namely, net geographical income and net national income. The reason it was possible to calculate net income was that detailed information was available from consecutive production censuses. In recent years further information has also been obtainable. Nevertheless, there are serious difficulties in calculating national income from the income angle. Again, thorough studies have been conducted by the SA Reserve Bank's Department of Economic Research and Statistics for the purpose of calculating national income on the basis of expenditure. Annual figures are now available for gross national expenditure at market prices from 1946 to date. Lastly, some sector accounts can now be obtained: household and administrations' appropriation, capital and external accounts.

Economic accounts for *Congo (Leopoldville)* have existed since 1950(3). Aggregates are calculated on the basis of production, expenditure and income. There are also sector accounts: non-local enterprises, non-local private persons, local enterprises and private persons, general government, rest of

(1) "*National Accounts of the Federation of Rhodesia and Nyasaland*, 1954—59", Central Statistical Office, Salisbury, June 1960.

(2) "*National Income Statistics and Estimates for the Subsistence Economy in the Federation of Rhodesia and Nyasaland*", Central Statistical Office, Salisbury, April 1960.

(3) These accounts are published in the *Bulletin de la Banque Centrale du Congo Belge et du Ruanda—Urundi.*

the world, as well as savings and investments accounts. But owing to the inadequacy of the available statistics it has been impossible to make a direct evaluation of these accounts. Some figures have therefore been transferred from one table to another, others calculated by difference; but it has been possible to test the evaluations by a certain amount of cross-checking. Some changes were made in the system used to allow for aspects peculiar to Congo. The figures for previous years were revised from time to time, as soon as more accurate data were available. Lastly, there is a fairly detailed description of statistical sources and evaluation methods.

As to *Kenya*, there is a continuous series of estimates available from 1950 on. In 1959, a study was published entitled "Domestic Income and Production of Kenya: a Description of Sources and Methods with revised Calculation from 1954 to 1958". This study contains the most recent estimates, an account of statistical sources and evaluation methods, and the differences between the old and new calculations. The only aggregate derivable from the study is the gross domestic product from the production angle. A rather rough evaluation of subsistence activities has been undertaken. Estimates have been prepared for gross capital formation by type of capital goods and category.

In the case of *Tanganyika*, apart from Professor Peacock's estimates for the years 1952, 1953 and 1954 (published in 1958), the Tanganyika Unit of the East African Statistical Department publishes annually(4) GDP estimates based on production figures (series available for the years 1954-59). The fundamental principles and general methods of approach were largely inspired by Professor Peacock's work. Fourteen distinct sectors were selected and two estimates made for each, one for monetary and the other for subsistence activities. All the estimates are gross and made at factor cost. No estimate was made of the GDP from the expenditure or income angle; but there are tables showing gross capital formation at market prices and at factor cost, and the economic and functional classification of general government expenditure(5). Estimates of the domestic product by region are also available.

Regarding *Uganda*, The East African Statistical Department published in December 1952 estimates of geographical income and net product for the years 1950 and 1951(6). The net product estimate was given for 1950 only, while for subsequent years we have only a few details on geographical income. However, in 1957 the East African Statistical Department published a special pamphlet entitled "The Geographical Income of Uganda, 1950-56",(7) which contains revised estimates for previous years and full details of the calculation methods used. From the data now available we have information on geographical income under the following heads: African enterprises, profits and surpluses of non-African enterprises (public and private), wages and salaries, pensions, African subsistence income. The last-named has been strictly defined, as it represents in fact only a pretty rough estimate of the value of food consumed. Information is given on gross capital formation in the monetary economy. Accounts have been prepared for the most important African enterprises. From the year 1957 figures are given for the monetary income of Africans by region. No estimate has been made of national expenditure. Lastely, it should be noted that the figures given for Uganda are the least elaborate of all the countries in East Africa.

The first estimate of *Nigeria's* national income was made for the year 1950-51. (8) Later estimates, for the years 1951-52 and 1952-53, made by the same methods, are to be found in the IBRD report published in 1954. In 1956, The Federal Department of Statistics estimated national income for the year 1956-57 by the methods used in 1950-51; the results are to be found in the "Nigerian Economic Survey, 1959". There are also more recent studies by E.F. Jackson and P. Okigbo on the preparation of a national income series for the period 1950-57, calculated at current prices and prices for 1957. Estimates are based on both production and expenditure. Aggregates calculated are as follows: GDP at factor cost and at market prices, and GNP for the years 1950-57. The same aggregates are obtainable in net terms for the years 1956 and 1957 only. Estimates are also available of gross capital formation by type of capital and of income distribution by region and by industry. Lastely, account has been taken of subsistence activities; but they have been evaluated indirectly and roughly.

Ghana now has estimates for GNP from 1950 on, based on expenditure and on income. The following sector accounts are available: external account and administrations' appropriation account. A (gross) capital account has been drawn up by industrial use and type of capital. The estimates are published annually in the "Economic Survey".

Libya now has two estimates of the gross domestic product. The first (9) prepared by the Central Statistics Office for 1958, the other by an IBRD mission for the year 1957-58. Both are calculated from the production side, at factor cost. The second also contains an estimate of expenditure on gross domestic product. But both are very rough estimates, owing to the lack of statistical data.

(4) See "*Statistical Abstract*" (Annual), EASD, Tanganyika Unit, Dar—es—Salaam.

(5) "*Public Finance in Tanganyika: An Analysis*", EASD, Tanganyika Unit, Dar—es—Salaam 1959.

(6) "*Preliminary Estimates of the Geographical Income and Net Product for the Years* 1950 *and* 1951", EASD, 1952.

(7) This pamphlet was brought up to date for 1957 in 1958.

(8) "*The National Income of Nigeria* 1950—51" by A. R. Prest and I.G. Stewart, Colonial Research Studies No II, London 1953.

(9) "*National Income Estimates*, 1958", Central Statistics Office, Ministry of National Economy (roneoed).

As to *Sudan*, an initial estimate has been made for the year 1955-56. The principle statistical sources and evaluation methods are described in a detailed study (10) from which the summary tables published in the United Nations Yearbook are derived. The accounting system used is the UN standardized system, with certain modifications to adapt classifications to the special conditions obtaining in Sudan. Aggregates are calculated from the expenditure and production sides, the income side being disregarded for want of statistical information. There is also an input-output table. A detailed account has been made out for the "Administration" sector, in view of its importance. But the authors of the study are careful to stress that there is much room for improvement in the field of statistical information.

In Ethiopia, estimates of national income were made for the years 1950, 1954 and 1957(11) when the five-year development plan (1957-61) was being prepared. These estimates are calculated from the production and expenditure sides. Several of the estimates are very rough, especially those for the years 1950 and 1954, owing to the lack of sufficiently accurate statistical data, comparatively reliable figures being available only for government consumption and transactions with the rest of the world. Little information is supplied on principles, statistical sources and evaluation methods.

In *Ruanda-Urundi*, the "National Accounts" section of the Government-General has bent its efforts in a slightly different but complementary direction, namely to the compilation of an input-output table for 1957(12) obtained by processing industrial census returns. This table represents an initial analysis of Ruanda-Urundi's special economic apparatus. The main aggregates derivable from it are: gross domestic product from the three known aspects, net domestic product, net (and gross) domestic income, and gross domestic income in money terms. The authors of this study take care to point out that they were obliged through lack of certain data to make provisional estimates which will be adjusted later.

Lastly, in *Mozambique*, an initial study was carried out for the year 1958, covering only the "General Government" sector. The account was made out in accordance with the OEEC standardized system, although on certain points it was found more profitable to bring the OEEC standards into line with Portuguese public finance structures and theories. The figures presented are provisional. For the purpose of amplifying and finalizing this work, there was recently set up the Study Mission on Overseas National Income, whose task it will be to study the theoretical and practical problems involved in calculating national income in the Overseas Territories and to publish the studies made.

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For information with regard to certain African countries that use the standardized system, we give below a table extracted from the work "Systems of National Accounts in Africa"(13), which summarizes in a most systematic way the information available on economic accounts in these countries.

B. *Economic accounts published in accordance with the French system*

As regards *Egypt (UAR)*, which has a well-developed statistical apparatus, it is known unofficially that very detailed economic accounts have been prepared for the years from 1954 to 1959 by the National Planning Committee. They were prepared in accordance with the French system, but for a few modifications to allow for conditions peculiar to Egypt. Unfortunately, not all of these accounts have been published, but only those for the year 1959-60, which were specially prepared in connexion with the drafting of the five-year plan (July 1960 — June 1965)(14).

Morocco publishes annual economic accounts in a pamphlet entitled "Economic Accounts of Morocco". They are compiled under the French system to allow for conditions peculiar to Morocco. From the items to be found in these accounts, the following aggregates have been calculated: gross domestic product, gross national product, national income and national expenditure. Fairly detailed annual accounts are available for the years from 1951 on. Certain items in them are rough estimates, e.g. undistributed income of enterprises and income transferred abroad.

In the case of *Tunisia*, there are available, in addition to the overall estimates published in the United Nations Yearbook, fairly detailed accounts for the years 1953 and 1957. Those for 1953(15) were prepared for reference purposes in future work. They contain fairly full accounts for the various sectors and aggregates calculated there from: gross domestic production, gross national product, national income and gross national expenditure. The authors point out that results are sometimes rather vague as some elements actually defy statistical treatment; but the estimates can be considered as

(10) "*The National Income of Sudan, 1955—56*", by C.H. Harvie and J.G. Kleve, Department of Statistics, Khartoum, March 1959.

(11) *See "Ethiopian Observer*", Vol. III, No. 4.

(12) "*Travaux Input—output au Congo Belge*,, (1st Report;) *Input—Output de Ruanda—Urundi*,, (roneoed).

(13) By P. Ady and M. Courcier, OEEC, Paris, 1960 (p. 22).

(14) See "*Framework of the General Economic and Social Development plan for the Period July 1960—Jun e 1965*' Cairo, 1960. (Arabic).

(15) "*Les comptes économiques de la Tunisie 1953*"—Présidence du Conseil—Service des Statistiques (roneo).

Table I.

Summary of Tables available in Certain African countries (1958)

TABLE		East Africa									
		Kenya	Tanganyika	Uganda	East Africa	Congo	Fed. of Rhodesia & Nyasaland	Ghana	Nigeria	Mozambique	Union of South Africa
Production account		Cy	Cx	—	—	—	Cy	—	—	—	C
GDP (or GNP) by industrial origin		C	C	—	—	C	Cy	—	C	—	C
GDP (or GNP) distribution of NI		Ci	—	C	—	C	C	C	—	—	Ci
Expenditure on GDP (or GNP)		—	—	—	—	C	C	C	C	—	Ci
Appropriation account (households):											
	Credit	I	—	I	—	C	C	I	—	—	C
	Debit	—	—	—	—	C	C	I	I	—	C
Approriation account (Administration)											
	Credit	I	C	C	—	C	C	C	I	C	C
	Debit	I	C	I	—	C	C	C	C	C	C
Appropriate account (Enterprises)											
	Credit	C	—	—	—	C	C	—	—	—	—
	Debit	I	—	—	—	C	C	—	—	—	—
Capital account-	Credit	—	—	—	—	C	C	—	—	Cg	C
	Debit	I	C	C	—	C	C	C	C	Cg	C
Details on capital formation:	Fixed	a,c	a,b,c	a,c	—	a,c	a,b,c	a,c	a,c	—	a,b,c
	Stocks	—	—	—	—	S	S	S	—	—	S
External account:	Credit	—	I	—	C	C	C	C	—	—	C
	Debit	—	I	—	C	C	C	C	—	—	C
Investment and financing		—	—	—	C	C	Ci	C	—	—	C

C = complete
Cy = GDP, via factor incomes
a = by type of asset
b = by sector
c = by agency
Cg = for government only
Ci = account implicitly available
Cx = GDP, via output
I = incomplete
S = stock estimate made

on the whole comparatively good. It may be added that the system used was the French one, with certain modifications as regards sector accounts. The annual series from 1951 on were compiled by the same methods as those for 1953.

Lastly, in the countries that formerly constituted *French West Africa* and *French Equatorial Africa, Cameroun* and *Madagascar*, three distinct stages are to be noted from the historical point of view.

The *first stage* concerns studies made prior to 1956, which are rather disparate in method and relate to different dates(16). They vary in detail, depending on the resources at the authors' disposal and the amount of statistical material utilizable.

The *second stage* is characterized by the studies on the year 1956 of working groups set up locally in 1957 and 1958 to prepare economic accounts. A working method largely based on the French system was worked out beforehand, involving a complete set of detailed nomenclatures for sectors, products and model tables to be used in drawing up inventories and operating accounts(17). These accounts were all prepared for the year selected as base year: 1956. They cover the following countries:

Former French West Africa: Senegal, Mauritania, Sudan, Guinea, Ivory Coast, Upper Volta, Dahomey, Niger.

Former French Equatorial Africa: Gabon, Congo (Brazzaville), Central African Republic, Chad.

Cameroun;

Madagascar.

The accounts were first published by groups and territories (former French West Africa, former French Equatorial Africa, Cameroun and Madagascar)(18), then reprinted in separate pamphlets for most of the territories(19).

(16) See for example, "*Etude du revenu et des comptes économiques du Cameroun en* 1951", Vols. 1 and 2 by J. Leveugle, Service des statistiques du Ministère de la France d'Outre Mer—Paris, July 1953.

(17) M. Courcier: "*Essai de manuel de compatiblité économique adapté aux pays tropicaux*", Paris, March 1957 (roneoed).

(18) See "*Outre—Mer* 1958", Paris, December 1959.

(19) Basic data (1956) on the economies of the Central African Republic and the Republics of Chad, Congo, Dahomey, Gabon, Niger, Senegal, Sudan and Upper Volta.

The plan adopted for them all is as follows

(1) A table of resources and use by broad categories of products, summarising all the detailed studies made on production, consumption, plant and machinery and foreign trade (and annexed to the table, as extracts from it, a few significant aggregates of the economy studied);

(2) Studies by sector (general government, enterprises, rest of the world);

(3) A simplified economic table.

The *third stage* covers studies made for years subsequent to 1956. After the ground had been systematically cleared, more detailed and more comprehensive studies were begun for more recent years, the same system, namely the French one adapted to local conditions, being used in each case. These studies are in progress and will be published separately, and without regrouping, for each country. At the present time, they are either already published or about to be published, or being prepared or drafted.

Published or about to be published:

Economic accounts ofTogo, 1956-57-58
" " " the Republic of Chad 1958
" " " the Republic of Mauritania, 1959
" " " Cameroun, 1957
" " " Congo (Brazzaville), 1958
" " " Niger Republic, 1959;
" " " the Republic of Mali, 1959
" " " the Comores Territory, 1959

Being prepared or drafted:

Economic accounts of the Republicc of the Ivory Coast, 1958
" " " the Republic of Dahomey, 1959
" " " the Republic of Upper Volta, 1959
" " " the Republic of Senegal, 1959
" " " Madagascar, 1959
" " " Cameroun, 1959
" " " the Central African Republic, 1958 and 1959.

C. *Economic accounts of African countries published in the United Nations Yearbook of National Accounts Statistics* (1959 Edition).

The African countries whose economic accounts are published in the UN Yearbook of National Accounts Statistics are as follows:

Algeria	Rhodesia & Nyasaland (Federation)
Congo (Leopoldville)	Sudan
Egypt (UAR)	Tanganyika
Ghana	Tunisia
Kenya	Uganda
Morocco	Union of South Africa
Nigeria	

Some of the main features of the national accounts published for these countries may be described here.

In the first place, the economic accounts differ greatly in detail. Whereas there is a full set of tables for a country like the Federation of Rhodesia and Nyasaland, only global estimates are to be found for Sudan and Tunisia, The other countries lie between these two extremes, in the following order:

Congo (Leopoldville)	Tanganyika
Union of South Africa	Kenya
Ghana	Egypt (UAR)
Morocco	Uganda
Nigeria	Algeria

The fact that a large number of tables are published for certain countries does not signify that their national accounts are the most advanced. In drawing up any classification in that respect account would have to be taken of two other very important aspects: degree of accuracy and percentage of coverage. But to judge and evaluate these aspects full information must be available on the statistical sources and evaluation methods of each flow. Unfortunately, information is at present scanty on these points, so that an objective judgement is hardly possible.

Some particulars from the tables published by various countries are given in the table No. 2.

Secondly, the aggregates derived from the tables published for the various African countries are not always comparable. This is mainly due to differences in the basic principles followed by individual countries in establishing their economic accounts and to the existence of statistical data in varying forms of completeness.

Whereas, for example, the "domestic product" can be obtained for all countries, there are some countries for which only the "national product" can be derived. As regards estimates of the national (or domestic) product in "gross" or "net" terms, we find that few countries estimate their fixed capital depreciation, hence few are able to give their estimates in "net" terms. On the other hand, estimates "at market prices" and "at factor cost" are available for all African countries except Kenya and Uganda, which have estimates only at factor cost. Again, estimates at constant prices, i.e. at prices for a particular base year, are difficult to make and are available for only three countries: Congo (Leopoldville), Morocco and the Federation of Rhodesia and Nyasaland.

Table 2 gives particulars of the magnitudes derivable from the tables published in the United Nations Yearbook of National Accounts Statistics.

Table II.

Summary of tables published in UN "Yearbook of National Accounts Statistics"
(Main characteristics)

Tables	Country: Algeria	Congo (Leopold-ville	Egypt (UAR)	Ghana	Kenya	Morocco	Nigeria	Uganda	Fea. of Rhodesia & Nyasaland	Sudan	Tanga-nyika	Tunisia	Union of South Africa
I — Expenditure on gross national product at market prices	x (a,b,c,) (d,e,f,g,)	x (a,b,c,e) (g,h,)	x (b,c,e) (g)	x (a,b,c) (e,g)	—	x (a,b,c,e) (g)	x (a,b,c,d) (e,f,g)	—	x (a,b,c,e) (g,h)	Global estimates only of gross domestic product at market prices and at factor cost	x (b,c,e) (g)	Global estimates only of gross domestic product at market prices and at factor cost	x (a,b,c,e) (g)
II — Industrial origin of gross domestic product at factor cost	—	x (b,c,f,) (g,h)	x (b,d,f,) (g,h)	—	x (b,c,f,g)	x (b,c,e) (g,h)	x (b,c,f) (g)	—	x (b,d,f) (g)		x (b,c,f) (g)		x (a,b,c,d) (f,g)
III — Distribution of the national income product at factor cost	—	x (a,f,g)	—	x (a,f,g)	x (b,f,g)	—	—	x (a,d,f,g)	x (a,f,g)		—		—
IV — Composition of gross domestic capital formation (financing)	—	x (c)	—	—	—	x (c)	—	—	x (c)		—		x (c)
V — Composition of gross domestic capital formation	—	x (3)(c)	—	x (1,3)(c)	x (1,3)(c)	x (1,3)(c)	x (1,3)(c)	x (1,3)(c)	x (1,3)(c)		x (1,2,3)(c)		x (1,3)(c)
VI — Receipts and expenditure of households and private non-profit institutions	—	x	—	x	—	x	—	—	x		—		—
VII — Composition of private consumption expenditure at market prices	—	—	—	x	—	—	—	—	x		—		—
VIII — General government revenue and expenditure	—	x	--	x	—	—	x	—	x		—		x
IX — External transactions	—	x	—	—	—	x	x	—	x		—		x
Annual series available from year:	1950	1950	1950	1954	1954	1951	1950,52, (56 only)	1950	1954	1955 (only)	1954	1950	1950

x = Available
— = Not available
a = National
b = Domestic
c = Gross

d = Net
e = At market prices
f = At factor cost
g = At current market prices
h = At constant prices

1 = By type of capital goods
2 = By industrial use
3 = By type of purchaser

Thirdly, as regards the three sides from which the national (or domestic) product is traditionally calculated — production, expenditure and income— the position differs from country to country. Only two countries give estimates from these three angles: Congo (Leopoldville), and the Federation of Rhodesia and Nyasaland. Egypt (UAR), Morocco, Nigeria, Tanganyika and the Union of South Africa give estimates from the expenditure and production sides. Ghana takes the expenditure and income approach. Kenya's estimates are based on production and income, Algeria's on expenditure and Uganda's on income.

All in all, the bases most commonly adopted may be said to be expenditure and production followed by income. It would therefore appear that estimates are more readily obtainable from expenditure and production and that statistical data are more abundant in these sectors.

Fourthly, the chronological series published are generally long enough to permit of economic analyses, save in the case of Sudan and Nigeria. As regards the former, only global estimates exist for the year 1955. The latter has published complete estimates for the years 1950, 1952 and 1956 and partial estimates for intervening years on the "composition of gross domestic capital formation" and "external transactions".

From the foregoing it may be concluded that the economic accounts published in the United Nations Yearbook generally concern countries that use the standardized system and have reached a fairly advanced stage 'in statistics and hence' in the compilation of their economic accounts.

That being said, it now remains to give a rather general description of the two national accounting system at present used in Africa.

II. The two systems used in Africa: Standardized system and French system

Two major national accounting systems are at present used in Africa: the UN standardized system (SNA) and the French system, the latter used in French-speaking countries and the UAR (Egypt). A rapid description of the two will bring out their main features and the divergences between them, so as to enable the reader to make his own comparisons.

A. *UN standardized system (SNA)* (20)

The main purposes of the system are to present a consistent as possible complete set of accounts and tables in order:

i) to measure the production of goods and services and to indicate the kinds of industrial activities in which this production originates;

ii) to show the income flowing to the various factors of production and the current transfers to these factors and other types of economic transactors;

iii) to assess the source of demand for (or expenditure on) current production and the sources of finance of the expenditures of final transactors (e.g., households) and of capital formation:

iv) to indicate the accounting and economic links between current production, consumption and capital expenditure, income, and sources of finance of capital expenditure, and between various types of transactors— for example, domestic and foreign enterprises, households and general government.

(20) In the drafting of this section use was made of the UN publication "*System of National Accounts and Supporting Tables*". Series F/No.2/ Rev. 1, New York, 1960.

Characteristics of the system

So as to achieve these purposes in the accounts compiled under the UN system, the transactors are grouped in such a way as to divide the economy, in accordance with the role of the various transactors in the economy into three basic sectors:

1. Enterprises;
2. Households and private non-profit institutions; and
3. General government (administrations).

The UN system of national accounts recognizes and records three important forms of economic activity that can be exercised by any transactor, viz., production, consumption and capital formation. Normally, a set of three accounts representing each of these activities is compiled for each transactor. There is also a fourth account compiled to record the transactions, of each sector with all other sectors (external transactions), so there must be in principle four sub-accounts for each transactor:

1. Production account;
2. Appropriation account;
3. Capital reconciliation account; and
4. External account.

In accordance with this system, the term "transactors" covers all "normal residents" under the definition adopted by the International Monetary Fund.

As regards types of transaction, it is considered more convenient "to obtain the desired additional information by a further listing of types of transaction to be kept distinct". It is also found that "even in a most general set of accounts it is desirable to distinguish between transactions involving goods and services, those representing the purchase of financial claims, and transfers to which no *quid* *pro quo* corresponds'', and even that "in addition to these basic distinctions certain supplementary classifications are necessary'' But, the object of setting up a system of national accounts being to group transactions in such a manner as to give a meaningful picture of the structure of the economy, this is considered to be largely achieved by the establishment of a common set of accounts for each of them. And the picture of the economic structure will be simplified thereby.

Standard accounts

On the basis of the sector's accounts six accounts covering the whole economy can be set up, each relating to one of the most familiar and most important aggregates of the national income:

(i) Domestic product account;
(ii) National income account;
(iii) Domestic capital formation account;
(iv) Current and capital reconciliation accounts of households and private non-profit institutions;
(v) Current and capital reconciliation accounts of general government;
(vi) Current and capital reconciliation accounts for external transactions.

It should be noted that on practical grounds the number of accounts has been restricted to six instead of maintaining those already proposed for the various sectors. The changes made simplify presentation and focus attention on the formation of the most important components of the national accounts.

Standard tables

Once the six accounts are established, a certain number of tables can be compiled whose general function it is "to present detailed and, in some instances, alternative classifications of the major flows included in the set of standard accounts. This information could not be given as a part of that accounting system without overburdening it unduly''. In other words, these tables give more detailed information than that included in the above-mentioned accounts, and give it from different angles as a means to action and economic analysis. The tables to be compiled are as follows:

1. Expenditure on gross national product;
2. Industrial origin of gross domestic product at factor cost (this table as a rule follows the standard international classification, by industry, of all branches of economic activity);
3. National income by type of organization;
4. Distribution of national income;
5. Gross domestic capital formation;
6. Composition of gross domestic capital formation;
7. Receipts and expenditures of households and private non-profit institutions;
8. Composition of private consumption expenditure;
9. General government revenue and expenditure;
10. Composition of general government consumption expenditure;
11. External transactions.

But while, in theory, these are the tables that have to be compiled, the fact nevertheless is that for practical reasons *nine* "standard tables" are collected and published by the United Nations Statistical Office in the "*Yearbook of National Accounts*", i.e. tables 1,2,4,5,6,7,8,9, and 11 above.

B. *French system*(21)

The initial purposes of the French system may be described as follows:

—"to elaborate and progressively perfect an accounting framework whereby all economic operations performed over a given period can be recorded; and

—to link up this accounting network, as far as possible, with the material and human resources existing at a given date.'' Hence the priority accorded under the French system to studies of resources and uses for each product and the importance attached to balances, not only for goods and services, but also for transfers of and variations in credits and debits.

1. *Characteristics of the system*

In order to attain these two objectives, two major accounts must be established which, in fact, recall the traditional accounts in enterprises:

Inventory account: Before what may be broadly regarded as assets of a particular economy can be examined, the country's available resources, both human and material, must be inventoried at a certain date. The accounts in question are obviously to the country what its balance-sheet is to an enterprises. Not all of a country's assets can ,of course, be calculated, many being by their very nature difficult to measure and express in figures.

Inventory accounts must comprise three clearly distinct headings; first, all useful data on population must be collected, then the various goods existing on a given data reviewed, and finally the known claims and liabilities on the same date.

Operational account: These accounts serve to describe all "economic" activities, all operations performed by the transactors over a given period. Hence, the transactors and the economic operations recorded in these accounts must be listed.

(21) See "*Initiation à la Comptabilité Nationale*", INSEE, PARIS, 1957; M.Courcier "*Essai de Manuel de Comptabilité Economique adapte aux Pays Tropicaux*", Paris, March 1957 (roneoed); G.le Hégarat: "*Comptes économiques des pays d'Afrique noire de la Zone Franc*" study presented to the African Conference of the International Association for Research in Income and Wealth.

The transactors will have been defined and classified by homogenous groups in the inventory of human resources. Under the French accounting system there are four separate groups of transactors (i.e. sectors):

1. Enterprises;
2. Administrations;
3. Households; and
4. External

Economic operation

However, so that the operations conducted by each of these groups can be more readily understood and better described, the following three sub-accounts are introduced, representing a classification of operations by the types of activity of the transactor under consideration:

—the production account, which records production activities;
—the appropriation account, showing the formation and utilization of income;
—the capital account, showing the assets and liabilities of the economic agent in question.

For it is not sufficient in analyzing the various aspects of the economic activity of the transactors constituting the nation to open an account for each in which various types of economic operations are recorded higgledy-piggledy; the operations must also be classified and spread over the three above-mentioned transactors' sub-accounts in accordance with their significance. But, as this classification is insufficient for an exact description of the operations performed, the French system introduces a third classification: by object of operation. Three different types of operation are distinguished:

1. Operations concerning goods and services;
2. Transfers; and
3. Claims and liabilities.

Thus under the system adopted in overseas French-speaking countries operational accounts are kept by object of operation (goods and services, transfers, claims and liabilities(22), and transactors' accounts for each of the following types of transactor: enterprises, general government, households and rest-of-the-world, each divided into 3 sub-accounts: production, appropriation and capital(23).

It is interesting to note that this form of presentation has one particular basic effect. Every operation conducted between two transactors is booked in a goods and services account, a transfer, account and an indebtedness account, i.e. transactors' accounts interact not direct but through operation accounts

(22) These accounts will hereinafter be designated as "Operations accounts"

(23) These accounts will hereinafter be designated as "transactors accounts".

2. *Construction of an economic table*

From the accounts studied above can be compiled an economic table for the purpose of fitting all these accounts into a coherent general framework. The method of presentation adopted is the horizontal/vertical, all credits (transactors' accounts and operations accounts) being inserted on the lines and debits in the columns.

Every operation is entered in the economic table where a transactor's account and an operation account intersect.

3. *Principle of territoriality*

The line of demarcation between a country's economic activity and the rest of the world can be drawn according to one of two criteria: national or territorial. Where the national criterion is followed, the accounts record operations conducted by national transactors i.e. those having their normal residence in the country. Under the territorial criterion, the accounts record operations conducted within the country's frontiers. Under the French system, the emphasis is on the activities of all transactors inside the territory, i.e., the criterion followed is the territorial one, and this for two reasons: the fact that statistical data exist and the ease with which territorial aggregates can be used.

C. *Divergences between the standardized and French systems* (24)

After this general study of the two systems, the differences between them can be specified. The main ones are two in number: the articulation of the accounts and the definitions adopted.

(1) *Articulation of the accounts*

(i) The French system lays considerable stress on the objects of economic operations conducted by transactors. Operation accounts are set up for each one and, in fact, they constitute the basic originality of the system. The standardized system does not go beyond the opening of transactors' sub-accounts. No clear distinction is drawn between the objects of economic operation, though one is indeed made implicitly within the transactors' accounts (1) through the definitions adopted on flows and (2) in detail in the supporting tables.

In a word, under the French system an operations accounts recording transactions on goods and services, transfers and financial claims is always inserted between transactors' accounts; and this form of presentation has two imporatnt effects;

(a) The advantage of providing information on available resources and uses for major groups of products; and

(24) This section is largely based on the work by P. Ady and M. Courcier, "*Systems of national Accounts in Africa*", published by OEEC in 1960.

(b) The disadvantage deriving from the fact that transactions between transactors cannot be traced explicitly but only through the operations accounts.

The arguments for setting up the operation accounts are basically practical:

(a) The need for information on available resources and uses in countries where statistical data are scarce implies the use of these operations accounts, as the only means of providing with the least possible delay an overall picture of the economy in question.

Furthermore, once this information has been obtained for major groups of goods and services, global estimates of production, consumption and capital formation are quickly made.

(b) The method used in setting up operation accounts for goods and services compels those making the estimates to check and to give in full the values reached for production, commercial margins, consumption and capital formation.

(c) Lastly, the operation accounts for goods and services are very useful in preparing economic development plans, which have to be established in relation to inventory accounts.

(ii) The French accounting system aims at establishing two sorts of accounts at different levels: inventory accounts at a given date and operational accounts set up by the transactors over a given period. These two types of accounts are borrowed from the conventional accountancy of business concerns (balance-sheet and trading account).

(iii) Under the French system the external account is treated separately, on the same lines as the three other sectors-enterprises, general government and households. In it are recorded all transactions conducted by foreign transactors with any transactors within the frontiers of the country concerned. Under the standardized system, on the other hand, a fourth sub-account is opened in *principle* for each of these three other sectors. In it are recorded all transactions conducted by each domestic transactor with all foreign transactors.

2. *Differences in definitions*

Differences in the definitions adopted under the two systems affect two main points: transactors and operations by object (goods and services, transfers, claims and liabilities).

As regards transactors, the standardized system is more particularly concerned with national economic aggregates (obtained through territorial aggregates), whereas the French system attaches more importance to territorial aggregates. This does not mean, however, that the French system completely disregards national aggregates; for the accounts under that system contain sufficient detail to enable them to be calculated, at least approximately.

Secondly, the difference is more marked in the definitions of the industrial or enterpreneurial sectors. The French system classifies enterprises by branch of activity under the main activity, while the standardized system classifies establishments by main activity. "Enterprise" is obviously a wider concept than "establishment". An enterprise may comprise several establishments(25). But even if an establishment is a smaller unit than an enterprise it may include activities that are accessory to the main activity.

Thirdly, as regards the treatment of private non-profit institutions, the SNA classifies under "Households" those "which are not established primarily with the aim of earning a profit and are not mainly rendering services to enterprises", and under "Enterprises" those serving enterprises. Under the French system, on the other hand, these institutions are, as a rule, included under the "Administrations.

Fourthly, the definition of the general government sector is different *in the two systems*. This is due not only to the differences in the treatment of non-profit institutions just noted, but also to the fact that the French system includes public schools and hospitals in the enterprises sector(26). These institutions are part of the general government sector in the S.N.A.

Economic operations have been classified under the French system by object in as full detail as available statistical data will permit. A system of definitions has been adopted that takes account of, and covers the three main categories already mentioned: Purchase and supply of goods and services, transfers, claims and liabilities. The choice of definitions was dictated by the desire not only to have a properly organized production account but to facilitate analysis of consumption and capital formation and thus show the balance between resources and uses for each product.

The very detailed breakdown of economic operations by object shown in the economic table under the French system explains the broad definition used for "transfers", which under that system include such items as interest and dividends, which are classified as factor income under the standardized system.

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There now remains one question to answer. Must the conclusion in the light of the divergences

(25) See *"International Standard Industrial Classification of All Economic Activities"*, Series M, No. 4, Rev. 1, United Nations, New York, 1958, pp. 2—3.

(26) See: Courcier—*op. cit—p.*97

described above be that no comparison is possible between the estimates and calculations made under the two systems? Can figures derived by the French system be presented in a manner consistent with the standardized system, and vice versa.

Comparisons and transition from one system to the other are in fact possible, but only subject to adjustments(27), especially as regards the definitions adopted under the two systems; and the adjustments must be made *scrupulously*, thoroughly and accurately.

There is, in fact, little difference in the basic data that have to be assembled for the compilation of the accounts and tables found under each of the two systems. But, whereas the standardized system stresses the final destination of the main flows resulting from production operations by presenting them from different angles — production, income and expenditure — and without explicity indicating intermediate stages, the French system incorporates in the accounts the intermediate calculations whereby the final econmic table can be arrived at, stage by stage, from the basic data. From this table, which is designed to provide an overall picture of the economy, the aggregates of the standardized system can be readily derived. In a word, the difference between the two systems is one of approach, not of basic concepts.

III. ECA Activities in the Field of National Accounts

From the foregoing it may be concluded that rapid progress is being made in Africa in the sphere of national accounts. Some countries have already published accounts for a fairly long period and in fair detail; others are satisfied with publishing no more than global estimates. But in most African countries considerable effort is being expended either on improving economic accounts that are already pretty complete or on amplifying and preparing more detailed accounts.

In this field the African countries are in fact merely following in the footsteps of the more economically advanced countries, which began their work on national accounts shortly after the Great Depression of the ,30s. That Depression demonstrated the extreme importance of and practical need for information on the functioning of the entire economic system and the relations between its various components. Subsequently, with the second World War, economic mobilization and the financing of the War gave striking proof of the importance of national accounts. Again, the reconstruction and development problems that emerged after the War opened new vistas to national accounting.

The acute problem of under-development and the pressing need of most African countries to elaborate a development policy spurred these countries to seek analytical tools that would assist them in their purpose. And experience has shown national accounts to be one of the best adapted and most useful of these tools.

Considering the importance of national accounts in Africa, it was only natural that from its inception ECA should devote itself to the problem, with a view to assisting the African countries to the utmost, and draw up a programme of work.

A. *ECA programme of work*

The First Conference of African Statisticians, which was held at Addis Ababa from 29 September to 8 October 1959, studied the proposals of the ECA Secretariat and made certain recommendations on the following points(28): exchange of information, training activities, and arrangement of meetings of experts.

(a) *Exchange of information*

The main task in this field would be the periodical compilation of an analytical bibliography of works published on national accounting techniques and various uses of national accounts in countries of the region, or in countries outside the region if they are of special value to African countries. This will call for co-operation among the African countries, whose views and comments will be sought. Once the bibilography is completed, it will be published and circulated, and should be of help to the national accountants in their work.

(b) *Training activities*

It was recommended that the Secretariat consider the possibility of arranging seminars on national accounting, to encourage the pooling of experience and methods.

Three proposals were made in this connexion by the Working Group on the Uses of National Accounts in Africa (10-12 January 1961(29) which recommended the ECA Secretariat to report on the subject to the second Conference of African Statisticians:

1. There should be a decentralized programme of in-training courses for young graduates employed

(27) In this connexion, see Annex A (*PP.*23—41) to *"systems of National Accounts in Africa"*, *op. cit.*

(28) See *"Report on the First Conference of African Statisticians"* (E/CN.14/25), pp.50—53.

(29) Document E/CN.14/84, p. 15 *et seq.*.

in African national accounting departments with adequate staff.

ECA's function would be to ascertain from the various countries in the region which are prepared to accept trainees in their national accounting departments and which are prepared to send trainees on courses.

2. There would be one or two brief training courses on the systems used in Africa arranged by ECA for persons who have just graduated or who have less than two years' experience on the job. The curriculum would place special emphasis on practical problems arising in Africa.

3. There would be a series of training programmes at sub-regional level, each of 3-6 months' duration, designed to give practical statisticians instruction in methods of collecting the statistical series required for setting up national accounts.

(c) *Arrangement of meeting of experts*

This is considered to be one of the most fruitful tasks that can be carried out. It will be a major activity of ECA's National Accounts Bureau in coming years; for there is now almost limitless scope for discussion of technical questions concerning the use of national accounting methods in African countries.

It should be added that existing techniques will have to be adapted to some extent to allow for the special conditions obtaining in African countries. Again, the priorities to be accorded in establishing certain accounts will have to be examined, in view of the scarcity of technicians and the meagreness of the funds available to the national accountants.

B. *Priorities in implementing the programme of work*

It is rather difficult to tackle the three aspects simultaneously. The need for preliminary studies on each, the scope of the problems they raise and the smallness of the staff in ECA's National Accounts Bureau all justify the making of selections, at least to begin with.

On those grounds, priority was accorded to item "c" of the programme, considering the urgent need to agree on certain important problems. So two meetings were arranged: one on the treatment of non-monetary transactions and one on the uses of national accounts in Africa.

Meeting on the treatment of non-monetary transactions

This meeting was held at Addis Ababa from 27 June to 2 July 1960, at the request of the First Conference of African Statisticians, which recommended that "the Secretariat should consult with experts of the region in order to convene a working group of experts in 1960 which would draw up a list of recommendations for the treatment of the non-monetary (subsistence) sector within the framework of national accounts", including problems of concepts, definitions and valuation.

Meeting on the uses of national accounts in Africa (10 - 12 January 1961)

This meeting was arranged immediately after the African Conference of the International Association for Researvh in Income and Wealth, on the recommendation of the First Conference of African Statisticians. Its purpose was to examine the uses that could be made of national accounts in elaborating economic policies and development programmes.

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The following pages are devoted to an account of the discussions which took place at the above-mentioned meetings and of the recommendations adopted.

IV. Treatment of non-monetary (subsistence) transactions within the framework of national accounts(29)

A. *Need for estimates of subsistence activities and their practical use*

The meeting on the various applications and uses of national accounts has already been mentioned in this study. If economic accounts are to constitute a sound foundation for all possible applications and uses, they must obviously mirror the full reality of the particular country's economic activity. To do so, they must show not only monetary but non-monetary transactions.

That point is still more important for the African countries, where non-monetary activities represent a substantial part of the economy. Moreover, the percentage they represent differs from country to country, and even from region to region in a given country. Hence, to omit them would be a grave error.

Having decided in principle for the inclusion of non-monetary transactions, the Working Group made certain comments on the practical value of the economic accounts produced as a result:

(1) The first of these concerns *comparisons between different countries*. In that connexion, "it would be unfortunate if the improvement of subsistence

(30) This chapter is extracted from document E/CN. 14/60. Whole paragraphs have been quoted, with a few changes, in order to simplify presentation and clarify the statement.

estimates should encourage the tendency prematurely to make international comparisons particularly of per capita income. .... the difficulties and shortcomings of such comparisons *are* not widely understood and..... detailed and elaborate statistical calculations *are* needed before any such comparisons *can* be meaningful, even between countries at similar stages of economic development". Furthermore, the work involved is massive, as "the statistical data needed to undertake such comparisons even between any two African countries *are* not at the moment available, either for meaningful per capita comparisons or for comparisons of the composition of output or income".

Lastly, as regards comparison between various regions in the same country, "difficulties of the same kind *arise......* but *are* somewhat less intractable".
(2) The second reservation concerns *economic policy.* "While agreeing that aggregates of subsistence activities *are* not of primary importance in policy-making," the Working Group "drew attention to the following points:

—Production for own use in agriculture, forestry and fishing can make, by its magnitude, an important contribution to the levels of living. Its evaluation is useful for policy-making in the estimation of needs.

—The inclusion of a subsistence estimate in an income time series *allows* a more realistic assessment to be made of the rate of growth of an economy. Without the inclusion of this relatively stagnant element, rates of growth can be much magnified.

—For three reasons changes in the magnitude of this item will be of special concern to governments as development *proceed*s:

(a) in assessing the trend of rural levels of living, especially consumption patterns;

(b) in evaluating the trends in supply of agricultural production with the shift from subsistence to production for markets;

(c) in assessing the impact of migration upon subsistence output.

—The size of rural capital formation by households is unknown in African countries. It is important to estimate this annual contribution to total investment.

—The investment potential of subsistence activities is likely to be tapped by governments in future years and the assessment of this item can assume an increasing importance.

—A subsidiary use is that the completion even of rough estimates of this element in national accounts will focus attention on major shortcomings in statistics available and may stimulate action for the compilation of new series."

The following three comments are called for on the foregoing:

1. Estimated orders of absolute magnitude of certain aggregates for a single year have but limited value, and the essential in national accounts is to have a comparable estimates for a series of years wherever possible and, where any change of method occurs, to calculate retrospective series.

2. A cardinal point in working out plans and economic policy is to give special priority to improving the statistics required for calculating food production and capital formation in the subsistence sector.

3. When economic accounts are published, the extent to which the estimates are to be considered reliable should be specified. In judging the value of the estimates more accurate, though qualitative, criteria, based on the nature of the sources and the type of survey used, should be adopted. It should also be clearly stated which estimates have been arrived at after scientifically organized inquiries or as a result of objective action.

B. *Definition of "subsistence"*

In the present absence of any common view on the rules to be applied in treating subsistence activities within the framework of national accounts, it is difficult to use subsistence data for purposes of comparison, either in space (internationally), inter-regionally) or in time. An effort should therefore be made to standardize the contents and presentation of economic accounts.

However, the recommendations of the United Nations Statistical Office contained in the "System of National Accounts and Supporting Tables" are at present inadequate to cope with that task, as all that they propose is a model plan to be adpted to the special requirements of the various countries.
—Hence the need to agree on the definition and content of "subsistence".

The term "subsistence activities" has been preferred to others, such as "subsistence (or non-monetary) transactions" or "subsistence sector", the view being taken that the latter expression is "misleading and *conveys* the idea of a separate sector of the economy where no monetary transactions ...take place. There *is* no pure subsistence sector left in Africa but, instead, a continous gradation in the share of subsistence activities in the production of households".

After stressing the terminology that should be employed, the Working Group gave the following definition, of "subsistence activities": *the production of goods and services which are subsequently found to have been directly used by their producers, and not exchanged for money*". The Working Group further pointed out that subsistence activities do not refer to a special category of productive agent, but to the part of the productive activity of each agent which he has not exchanged on the market.

It may be added that the Group agreed, "to classify barter transactions with subsistence activities (although recognizing that these goods *are* exchanged with consequent opportunities for specialization) because of the difficulties of distinguishing items from production for own use in rural areas of Africa".

In accordance with the above definition, subsistence activities may form part of the production of the following groups:

(1) Agriculture, forestry and fishing products.
(2) Building, construction and land works by households.
(3) Processing, storage, transportation and distribution of own primary output.
(4) Home processing of goods purchased.
(5) Other services.

It is true that this list did not meet with the unanimous approval of the participants, some of whom thought that only groups (1) and (2) should be retained, for example, the production of agricultural commodities for own consumption and additions to rural capital equipment. The reason given for this view was that subsistence activities of a somewhat different kind, although by no means negligible, are not in fact included in the national income accounts of the more developed countries.

The Working Group also agreed that "as these two groups were of fundamental importance in the general economy they should be given priority in any programme of measurement", though this does not mean that the other groups are unimportant. It was even stressed that "some of the items whose inclusion was opposed, such as the collection of firewood and fetching water, make a valuable contribution to rural household income, especially in countries where wood and water are scarce". The precise meaning of this statement is that the choice of items for measurement should be left to individual country statisticians, and that the case for imputation is weaker in groups (3), (4) and (5) than in groups (1) and (2).

It is important to note that the consequence of extending the coverage of production beyond group (1), i.e. by including groups other than production of agricultural commodities for own consumption, is a departure from the definition of "production" given in the United Nations "System of National Accounts and Supporting Tables"(31) Hence, "for countries which adopt this extension of coverage the production boundary might be defined generally to include goods and services which are exchanged for money and goods and services produced within the household, whether for exchange or for own consumption, which are analagous with those produced by enterprises and which, in the money economy, could only be obtained in exchanged for money".

(31) *Op. cit.*. paragraphs 29 and 30

At all events, it was considered essential that "all countries should define clearly the extent of the coverage adopted.....in groups (1) — (5).... or in greater detail".

One final remark: Subsistence activities, "where included, are always self—balancing items on both sides of the accounts and .... always form a larger proportion of consumption than of investment". Hence, "the effect of any extension of the coverage of subsistence activities to include groups (3), (4) and (5) ...... inflates the gross national product and reduce the share of output devoted to investment".

C. *Structure and articulation of accounts*

Now that the need to valuate subsistence activities has been recognized and details have been supplied on the content of these activities, the question arises: How are valuations to be included in the economic accounts? For the possibility of utilizing national accounts largely depends on their presentation.

There are two possible ways of showing these activities: either by recording them separately or by intergrating them into sector accounts. After discussing the two methods, the Working Group expressed its conclusions as follows:

"......countries might consider it useful or desirable to compile a separate account of the more important groups of transactions taking place in a part of the economy which is largely self—contained and in which non—monetary transactions play an important role". But, "as it *is* difficult......to isolate the subsistence element in rural income", the delegates preferred to define a rural household sector and recommended that it be treated as a whole.

This rural household sector was defined as comprising "all households, as opposed to large—scale enterprises, engaged in farming, forestry or fishing located in rural areas, that is, areas outside the limits of towns and cities, of a size and nature to be determined by reference to local conditions. It does not include rural households whose principal activities are non—primary".

It may be added that the Working Group agreed "it would be desirable for all countries to endeavour to compile minimum information on the production of primary goods for direct consumption together with estimates of the amounts sold outside the rural sectors and that it is not necessary for countries to attempt to compile a complete account for the rural sector".

"However, recognizing that certain countries *may* reach a stage of development in their national accounting in which the various sector accounts covering monetary transactions *can* be more or less fully articulated, the Working Group agreed that, in order to present a clearer picture of the economic structure and to enable the principale and more reliable aggregates required for development planning, model building and forecasting to be readily indentified, it would be advisable to make provision for the separate recording through the accounts of those transactions of the rural sector in which the imputed non—monetary elements *represent* a substantial part."

To that end "it was suggested that a further sector account should be added to the SNA, similar to Table XII (Receipts and disbursements of the rural sector)" (first edition of the SNA, already quoted). The table proposed in shown below.

Receipts and Disbursements of Rural Hosehold Sector

Receipts	*Disbursements*
1. Sales to other sectors.	7. Consumption expenditure.
2. Production for own use including sales and barter within the sector.	(i) Produced for own use and purchased and bartered within the sector.
(i) Primary production	(ii) Purchases from other sectors.
(ii) Rural household services	8. Fixed capital formation.
3. Increase in stocks.	(i) Produced for own use and purchased and bartered within the sector.
4. Net factor income from other sectors.	(ii) Purchased from other sectors.
5. Transfers from other sectors.	9. Increase in stocks.
6. Total receipts.	10. Purchases for production from other sectors.
	11. Net indirect taxes paid to other sectors.
	12. Other current payments to other sectors.
	13. Net capital outflow to other sectors.
	14. Total disbursements."

However, as previously explained, the rural sector account as defined above need not be fully articulated, at least to begin with, particularly in the case of countries that have not yet reached an adequated stage of statistical development. Items 1 and 2 under "Receipts" and items 7 and 8 under "Disbursements" will suffice for a start.

D. *Valuation of subsistence activities*

The present problem is to find a valuation system. And it must be said at once that "any system of valuing subsistence activities *is*, by the nature of the case, completely arbitrary". But, after reviewing the various possible systems, the Working Group had no hesitation in rejecting some of them in the following terms: "There *is* little to be said in the context of traditional national accounting for using another country's weighting system, a set of arbitary constants or a set of weights based on imputed labour input units, with which some countries intend to experiments". It also noted that "usually for national accounts the real choise *is* the familiar one between producer prices retail prices".

The two methods of valuation, i.e. at producer prices and at retail prices, would lead to the following identities in a simple two—sector model:

Table A

(1) Total quantities at producer prices
plus
(2) Value added to quantities sold in towns by transport and trade

=

(3) Rural consumption at producer prices
Plus
(4) Total sales in towns at retail prices

Table B

(1) Total quantities at producer prices
plus
(2) Value added to quantities sold in towns by transport and trade
plus
(5) "Value added" by household services

=

(6) Rural consumption at retail prices
Plus
(4) Total sales in town at retail parices

Three possible methods of valuing the output of each crop were discussed:

"(a) at the retail prices of the most processed form;

(b) at the retail prices of the form in which the commodity was most commonly purchased by the household; and

(c) at producer prices".

The Working Group agreed that "output should be valued as under (c) in the production account and, ...if consumption *is* to be valued at retail prices, then a corresponding imputation of household services should be explicitly shown in the output side of the account.........".

As to the price system to be used in valuing, it was agreed "to use a simple average price for each region or political area, for each commodity in a given year. No major effort should be devoted to the collection of numerous prices in many centres, but rather to the collection of accurate prices by means of weighing commodities in main markets."

"The definition of producer prices generally agreed was that of the prices at market near the main producing centres. In some areas such prices *are* not obtainable, and *have* to be derived from the retail prices in the main marketing centre. In making such an adjustment the aim *is* that of making the best estimate of producer receipts."

In summary, the Working Group took the view that there are two possible methods of valuing subsistence production: by producer prices and by retail prices. It further recommended the use for each product, over a given year, of a single price for each region forming a political or economic whole.

E. *Measurement of the volume of subsistence activities*

There are several methods of measuring the volume of subsistence activities; but whichever is used many difficulties arise. An attempt will be made here to summarize the methods and to indicate the difficulties involved in applying them.

1. Although very uneven in value, the *agricultural statistics* published annually by administrations in African countries do provide certain information on subsistence production. Among disadvantages encountered with them are:

   (a) It is not easy to measure agricultural production in areas given over to shifting cultivation;

   (b) Where total cultivated areas can be readily determined, objective measurement of yields is very difficult; and

   (c) Production is hard to measure in areas where a large number of crops can be harvested without a break throughout the year.

2. *Agricultural sample surveys* are a second possible source of information, though experience has shown that on-the-spot investingations are very costly and complicated; and this is the more true in regions where shifting cultivation is extensively practised. The lack of an appropriate sampling frame and transport difficulties make the conduct of surveys on yields and acreages particularly arduous.

3. *Household surveys* represent a third method. The aim of household survey techniques is to valuate agricultural consumption from data collected on food harvested and its utilization. The estimates obtained can be regarded as indentical with output except for possible changes in stocks. But stocks are very hard to measure, especially where continuous harvesting occurs.

There are further difficulties, e.g. in areas where the "family" unit is large and the household structure complex. There the term "household" is difficult to define and the usual census definition is inappropriate.

The Working Group was nevertheless of the opinion that household surveys can be used to obtain independent estimates of subsistence consumption, while emphasizing that the accuracy of the estimates will be directly proportional to the frequency of investigators' visits.

4. *Multi-purpose rural surveys*

There are two broad types of multi-purpose rural survey: one primarily aimed at measuring agricultural production and capital formation, the other at collecting information from households and, secondly, on other matters.

The major difficulty in both types lies in trying to combine several objectives requiring different techniques and sampling designs. On the other hand, they are the best solution for making the most effective use of the limited resources at the disposal of statistical offices.

5. *Traffic checks*

Traffic checks can be used as an indicator for measuring trends, and might be more valuable when used in conjunction with other field enquiries, though they demand the co-operation of transport owners, drivers and traffic authorities, and this might not always be forthcoming.

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* *

Generally speaking, multi-purpose rural survey teachniques are regarded as the best adapted to the measurement of subsistence activities in Africa countries, since they ensure full-time employment of the investigator teams.

This meeting was mainly devoted to discussion of the various uses of national accounts; but the Working Group's report contains a series of recommendations concerning the statistical aspect of the compilation of economic accounts. These recommendations are not set out separately in the report, but appear from time to time throughout wherever discussion showed the need to clarify certain statistical points. In order to simplify the presentation and for clarity's sake, the first section of this account will be devoted to the statistical recommendations and the second to the uses of national accounts.

A. *General statistical development and the compilation of economic accounts*

From the statistical point of view, national accounting is merely a rational and useful method of arranging and grouping a mass of statistical data none of which taken separately has any great value. Moreover, the compilation of economic accounts presupposes the existence of a certain minimum of basic statistics. Hence, the repetition of the exercise makes it possible to discover gaps in the statistical information and, where necessary, to fill them. Of course, these gaps are not the same for all the uses to which the accounts are to be put.

Before making any recommendation, the Working was careful to acknowledge in general terms the "wide diversity of countries in Africa both with regard to their economic and social structures". It concluded "therefore that the nature of national accounts, their completeness and reliability, and the uses to which they can put must vary according to both the stage of statistical development and the stage of economic development reached. No single system of accounts is likely to meet the needs of all countries through all stages of development".

Subject to that reservation, and with due regard to the needs of countries whose national accounts are still not very highly developed, the Working Group recommended that all countries should endeavour to compile time series for their economic accounts, with special reference to the valuation of their domestic or geographical product. The priority accorded to the domestic or geographical product is justified by the fact that with the statistics available in most African countries one or other of these two aggregates can be more easily calculated than the national product(33). It was further recommended that "the product and the expenditure estimates should be given both at current and at constant prices".

In order to save the way for the compilation of the most complete and best articulated annual economic accounts possible, it was also recommended that "the preliminary investigation and regular annual enquiries .... should be given a high priority and introduced as soon as possible".

It was, however, found to be rather difficult in many countries to compile exhaustive economic accounts annually. Hence it was recommended that they be compiled for "benchmark years determined by the availability of the principal sources of data on which the estimates are based" and even that "it would .... be of advantage if benchmark years could be fitted into the administrative programme, for example, to coincide with the beginning and end respectively of a phase in a country's development programme". Estimates for intermediate years should be restricted to "those series for which reasonably reliable data are available".

The latter recommendation is of vital importance from the practical point of view. On the one hand, it tends to obviate the dispersal of effort that might arise from the compilation of times series on an annual basis. On the other, it derives from the direct experience of several African countries that had compiled complete annual accounts before being in a position to collect sufficiently reliable basic data on population, agricultural production and consumption. These series later turned out to be very far from accurate and it was even found necessary in some cases to give up the idea of a complete revision. The publication of complete accounts for benchmark years only will eliminate such pitfalls and, what is more, the attention of the authorities will be drawn to gasp and deficiencies in their annual statistics.

There is, of course, no question of abandoning the annual compilation of a certain number of partial accounts. In more precise terms, the Working Group considered "that the development of the following accounts was likely to prove of immediate value:

- —the general government accounts;
- —the production and appropriation account for government enterprises, public corporations and modern enterprises in the private sector;
- —the "rest-of-the world" account; and
- —the "expenditure" side of the combined "capital" account.

(32) For the drafting of this section use was made of ECA document *E/CN/*14/84 entitled "*Report of the Working Group on the Uses of National Accounts in Africa*", from which whole paragraphs are quoted, with certain amendments, to simplify presentation and ensure greater clarity.

(33) With regard to the difference between the geographical, domestic and national aggregates, see page 36 of the report (E/CN. 14/84.

The compilation of these accounts was advocated for practical reasons, namely, the existence of the required statistical information in most African countries and the "value of these accounts for analytical purposes". Moreover, the Working Group drew the attention of governments to "the high priority which should be attached to work on these subjects by governments both individually and jointly (in consulation with each other)".

Again, the Working Group made certain general but extermely important recommendations, which may be outlined as follows:

—The first task is "to estimate the geographical or domestic product distinguishing wherever possible between a rural sector and the rest of the economy". This recommendation merely underlines the importance of the subsistence activities dealt with at the previous meeting.

—Where time series are compiled, "it should be accepted as an unavoidable committment that as new information becomes available the corresponding estimate should be revised for earlier years in order to ensure that the series is comparable over time".

—"If less reliable estimates are incorporated in the accounts in order to provide an aggregate figure they should be clearly and separately identified throughout the accounts. In this way the more dynamic flows which should be based on reliable information or annual indicators of change can be really identified and put to use."

—It was also "strongly recommended that details of the sources and methods of estimation should be given for all estimates", so as to enable the reader or the user of the accounts to judge for himself the value and degree of accuracy of the estimates presented.

B. *The various uses of national accounts*

By definition national accounts constitute a description after the event of a certain number of economic phenomena expressed in money terms. Thus the production and consumption of wealth, the formation and the utilization of income, savings and investments are analyzed in a common framework which will show their structures or their most meaningful trends in time.

However, this study of the past is not made out of an absolute and disinterested desire to know. The economist who indulges in it certainly hopes to obtain information for future use, whether in formulating long-term plans or in framing short term economic policies.

Accordingly, the following three main uses of national accounts can be discerned:

(a) a study of the past, either at a given time or over a given period;
(b) a short-term forecast, which may enable the government to determine its economic policy with a view to maintaning the country's economic balance; and
(c) help in establishing a long-term economic development plan.

(a) *Use of national accounts for a study of the past*

Generally speaking, an economy can be studied either at a given time or over a specific period. The aim in the former type of study is to try to make out the proportions and relations between the various flows included in the economic accounts; it is also possible to deduce certain significant coefficients from it. The main interest in the latter type of study lies in the dynamic processes of change in the economy, with particular reference to structural changes, whence can be noted certain modifications in the significant coefficients and also ceratin correlations or divergencies.

In addition, it is possible to make international (and even regional) comparisons between economic structures, rates of growth and standards of living.

These studies are of great importance, particularly in the case of under-developed countries. They help to reveal structural defects in a country's economy at a given time, and they show the elements that have played a pre-eminent part in the structural changes and the effects of these changes on the various parts of the economy during the period considered. In a word, it may be said that in these studies economic accounts are used as indicators of structures.

For information the Working Group attempted to give a few examples of the purposes to which series of economic accounts can be applied namely:

as regards structural studies at any given time

—"to establish the relative order of magnitude of the product of different sectors of the economy;
—to provide data on income distributions as between economic, social and ethnic groups and as between factors of production;
—to provide a basis for inter-regional comparisons of product and expenditure for decisions on revenue allocation in federal territories and for policy formation in the adoption of priority for the development of particular regions".

as regards structural changes

—"to study the growth of real product;
—as a datum in any consideration of relative rates of growth internally in the economy or by reference to other similar economies;
—to present in prospective the principal features in the structure of the economy and to study the changes in this structure".

On the above basis the Working Group made the two following comments regarding the possibility of using economic accounts for these purposes;

1. "Any simple form of accounts can be compiled and adapted to the particular uses envisaged above and it is recommended that all countries in Africa should attempt to compile simple aggregative tables using either one or more of the income, product and expenditure approaches". It is, however, obvious that before any study is undertaken on one or other of the above-mentioned points, a most careful selection must be made of the aggregate best suited to the study and most useful in answering the questions arising.

2. To enable retrospective comparisons to be made, the definition of "product" in the time series used must be constant whether data are expressed in terms of value or volume.

(b) *Use of national accounts for short-term forecasting*

If the studies already mentioned provide us with information on past trends in the economy, they will thereby help us to forecast the future. The forecast will consist in deriving from the past appropriate pointers to the near future so as to formulate an economic policy that will achieve certain specific purposes.

Given certain assumptions on probable trends in the main variables of a particular economy, the direction of the economy as a whole can be projected for the following year. If the results of the projection are expressed in the form of economic accounts, it is possible to be sure of the consistency of the various assumptions adopted, to reveal any bottlenecks that arise and then to determine the steps to be taken to ensure a balance between resources and uses.

In this field the Working Group also noted that "the national accounting approach would appear to be specially useful in those countries of Africa where there is a relatively small number of variables of outstanding importance in their economies". Of course, national accounts as a forecasting instrument differ in efficiency from country to country. Two possible situations can be distinguished:

Firestly, there are those African countries "where the principal dynamic factors in the economy are within the control of governments". For these short-term forecasting is of immediate value. "This is particularly the case in economies which are subject to violent fluctuations in income from export earnings and in which the introduction of official domestic price stabilization measures can successfully insulate the domestic economy from the effects of windfall gains or losses in export earnings. This also holds true where changes in government spending, whether current or capital, are significant and are likely to have a widespread effect on the economy."

Secondly there are the countries "in which the determinats are the receipts from cash crops and trading ventures in the hands of private enterprise, or private investment decisions free from any form of government control. In this case the usefulness of the method will largely depend on the amount of information available on the behaviour and intentions of the private sector".

In summary, it is not to be expected that economic accounts have of themselves any ability to forecast. Sucess in forecasting and in using the instrument will depend on the assumptions adopted at the outset.

This task now is to specify the main uses of national accounts in short—term forecasting. This can, according to the report, be summarized as follows:

(i) "to provide a model within which the fiscal, monetary, and other control measures necessary to ensure some degree of economic stability, consistent with continued expansion, can be determined;

(ii) to provide a measure of capital formation and the source of finance, and in ex-ante studies to ensure that the capital investment programme can be adequately financed on the basis of the assumptions postulated;

(iii) to analyse the implications of policy decisions in the balance of payments and to take account of the consequences of an anticipated change in the terms of trade, and to adjust general fiscal policy accordingly;

(iv) to provide an analysis of the structure of the economy and a framework within which to study the past changes and the possible effects of present policy".

C. *Uses of national accounts in preparing long-term development plans*

It is rather difficult to say in the initial stages what uses will be made of national accounts in preparing development plans, because (1) there is no single method that is used in preparing a plan and (2) there are several types of planning—varying in their general scope and in their authoritarian nature. If the term "planning" is broadly interpreted, there may be said to be several types and methods of planning in Africa, ranging from the capital expenditure programme to the overall plan comprising detailed and articulated sector programmes (34).

Among the experts in the Working Group there emerged a clear divergency of view on the interpretation of planning. Some expressed doubts as to the possibility of establishing macro—economic models to cover all the hazards of a developing economy.

(34) See "*Survey of Development Programme and policies in Selected African Countries and Territories*", *Economic Bulletin for Africa*, January, 1961, Vol. I No.1, pp. 74 *et seq.*

Others described their experience of constructing models from economic accounts in African countries. In their view the value of models does not depend on their varying capacity to represent faithfully future trends in the economy but on their utilization as a guide to the planners' decisions and, in certain countries, as a teaching aid to bring home to a wide public the interplay between the economic sectors and the restraints it excercises on national development. Without reconciling the divergent points of view, discussion illustrated the lively interest of all countries represented in the practical experience gained by certain African countries in constructing models.

Although the Working Group's report could contain no final conclusions on the doctrinal dispute between the two schools of thought, it nevertheless shows the interest displayed in ceratin experiences. Accordingly, "the Working Group recommended that if planning is to be undertaken efficiently and in such a way as to achieve the maximum utilization of resources, planners should be encouraged to use the techniques and tools of analysis provided by the national accountant and, furthermore, considered that the uses to which national accounts can be put in this field can only be fully realized to the extent that the administrative or planning staff and the statisticians are familiar with these techniques and are encouraged to work in close co—operation". Again, "in those countries which are currently undertaking large—scale development programmes it is recommended that governments should give serious consideration to the establishment of planning organizations to facilitate closer co—operation between national accountants and economic statisticians on the one hand and the staff responsible for planning on the other."

Independently of planning doctrines, the information that any planner is tempted, in varying degrees, to expect from national accounts may be classified in two categories:

(1) as precise particulars as possible of economic structures at a given time; and

(2) a certain number of 'dynamic' co—efficients whereby one or more models with 'reasonable' chances of expressing the future situation can be constructed.

But, in order to meet these two requirements of the planner, "the system of national accounts...... is likely to be highly developed and fairly detailed if it is to serve as a technique or tool of analysis for the planner. A consecutive series for a number of years, combined with more detailed studies for one or two years, would appear to be essential. Such a system would include a minimum set of basic sector accounts together with such re—arrangements of the basic material as might be most appropriate to the particular problem of the planner or to the special features of the economy in question."

Hence it was proposed that "the actual form which such tables might take in the special conditions of the majority of African countries in a position to produce such tables in the near future should be the subject of a special study".

In that connexion, it is wor th noting that "the accounts likely to be of most immediate application to these studies would necessarily have to be broken down by industrial sectors and in certain cases by economic regions. Separate identification of the urban and rural sectors would also appear to be an important requirement".

On the same lines, and still with regard to the best form for the tables to take, the Working Group referred to inventories of human resources and material resources and to the uses and resources tables for individual commodities (two main features of the French system), and it was observed "that the normal sector accounts of the standardized system can be derived" from the information included in these tables. The Working Group further suggested., that countries adhering to the "Standardized System, might usefully consider the value to be gained from the use of the inventory of human resources, especially in connexion with manpower budgeting".

Once the economic accounts are established in sufficient detail to enable the planner to derive the necessary information from them, he can construct a simple development model. In the Working Group's opinion, this "simple model using national accounting concepts would ...... provide a valuable if not indispensable framework within which planners could assess:

(1) the consistency of the objectives of their plans with the resources, material and financial, expected to be available;

(2) the foregin capital, including the running down of reserves, required for the overall investment programme;

(3) fiscal policy which would keep personal consumption within the limits of expected supply."

Item (2) above assumes still more importance if account is taken of the following views of the Working Group:

"A considerable increase in general government expenditure, in investment, both public and private, and a concomitant increase in wage earning employment and urbanization have already brought a shift upwards in propensities to import (as well as important shifts in relative prices and income within African economies). These changes have taken place at a time when new monetary arrangements have made many countries vulnerable to balance—of—payments difficulties. The broad problem of internal equilibrium and the narrower but more acute problem of external equilibrium which have been recognized in the above proposals on the use of national account are appropriate subjects for further enquiry and research."

However, the part that can be played by national accounts as a planning tool must not be exaggerated. It should always be remembered that "national accounting material even in a fairly developed form is unlikely to provide the planner with all the information required". Additional statistics and other information of a more specialized nature will be needed for the study of certain projects.

It was also noted that "in economies in which a programme of industrialization was an important feature of the development plan the detailed relationships between projected increase in assets, import requirements, labour inputs and domestically produced materials could be examined within the framework of production statistics and input—output data".

Considering, however, that in most African countries the economy is basically agricultural and the industrial sector in its infancy, "it is doubtful whether the coefficients of expansion and technical coefficients derived from input—output study would play an important role in such planning for some time to come, except in some of the most advanced economies. National accounts would need to be supplemented by special industrial studies designed to replace the input—output analysis appropriate to more advanced economies". In the circumstances, "the national accounting approach would held to ensure the maximum utilization of resources, the correct timing of different phases of the development programme and the avoidance of bottlenecks, wastage, excess demand and avoidable inflation".

VI) General Conclusions

The two meetings referred to represent merely a first phase of ECA activities on national accounts. So far as concerns the Commission's future activities in 1961—62, the experts attending the January 1961 meeting made a certain number of recommendations on the following points:

A. *Programme of meetings to be convened by ECA*

Priority was accorded to two meetings, one to study the economic and functional classification of government transactions, the other to deal with the adaptation of the IMF Balance—of—Payments Manual to African conditions.

The main task of the first of these meetings will be to discuss the UN Manual on the Economic and Functional Classification of Government Transactions, which was considered too complicated for immediate use in most African countries. The meeting will have, at the very least to make a preliminary study of problems in the public sector in the broader content more immediately relevant to African conditions.

As regards the second meeting, it was thought desirable to work out a simplified version of the Balance—of—Payment Manual in consulation with the Fund, for African countries that possess little information on invisible transactions.

B. *Revision of the UN national accounts questionnaire*

While recognizing that the questionnaire distributed adheres to the high standards of national accounting theory and provides a useful basis for the standardization of the approach adopted by individual countries to national accounts, the Working Group nevertheless considered that the questionnaire does not recognize the limitations of the available statistical material in most African countries or take account of the particular features of the social and economic, and in particular institutional, framework of these countries.

To that end, it was recommended that the ECA Secretariat and the UN Statistical Office should make concrete suggestions to the next Conference of African Statisticians on the possibility of initiating a joint discussion with a view to drawing up a revised simplified version.

C. *Compilation of a handbook on national accounts statistics*

The Working Group recommended that handbook on national accouts statistics should be compiled under the direction of the ECA Secretariat, in joint consultation with member countries, for the purposes of presenting the available statistics in comparable form, submitting a detailed description of the concepts, sources and methods of estimation, and adjusting the data available in such a way as to fill the main gaps and to ensure a standard basis of comparison.

D. *Preparation of a manual of methods of estimation of national accounts for use in Africa*

This manual should be designed to be of immediate practical use to the national accountants working in Africa and to form a supplement to the existing UN manual (Methods of National Income Estimation) or to any revised version which may be introduced in the future. It should contain a sufficiently detailed description of the concepts, sources and methods of estimation to enable relatively inexperienced national accountants to perform their duties properly with the minimum of instructions.

E. *Training programme for national accounts statisticians*

It was recommended that this subject should be discussed at the Second Conference of African Statisticians.

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It is worth noting that all these recommendations will be submitted to the Second Conference of African Statisticians, which will open at Tunis on 26 June 1961. The ECA programme of work on national accounts will be formulated at that Conference.

Chapter III

LEOPOLDVILLE AND LAGOS

COMPARATIVE STUDY OF URBAN CONDITIONS IN 1960

Introduction

Since the Second World War, some cities in Tropical Africa have grown fast. Whereas before the War this region had only 5 cities with more than 100,000 inhabitants (Dakar, Lagos, Ibadan, Khartoum and Addis Ababa), there are today 10 with over 200,000 (those already mentioned, plus Abidjan, Accra, Leopoldville, Luanda and Nairobi) (A-14)*. This rapid growth raises problems meriting attention, some of which it is the purpose of the present study to underscore. Leopoldville and Lagos have been selected as being very characteristic, and the comparative method has proved of particular value in emphasizing the existence of a serious basic problem, namely, the lack of coordination in the compilation of African statistics.

These two cities, similar in many respects, differ owing to their geographical situation, Leopoldville being inland and Lagos being a seaport. It is to be noted that the 10 cities mentioned above are divided into two equal groups in the same way. This fact is significant and represents a major consequence of the effects on Africa of the nineteenth centry industrial revolution. Most of the great cities cities in history, especially in Africa, were situated inland (Cairo, Kairouan, Fez, Kumbi, Kangala, Zimbabwe etc. in the Middle Ages; somewhat more recently, Djenné, Kano, Benin, Abomey, Gondar, Tananarive). European expansion, which began in the fifteenth century and culminated with the industrial revolution, invested seaborne trade, and hence seaports, with an importance that they have rarely enjoyed in history(A-22). It may also be noted that Leopoldville is the second capital of Congo, the port of Boma having been the first until 1929. Here again the situation is characteristic; several inland African cities have replaced seaports as capitals (Pretoria for Capetown, Nairobi for Mombasa, Brazzaville for Libreville, Yaoundé for Douala etc.), whereas no example of the opposite movement has yet been noted. It would therefore appear that the status of a seaport as a political capital is more precarious than that of an inland city; that of Leopoldville has been strengthened by the railway, which has made it into a quasi-seaport without destroying the advantages of its inland position(A-13).

History

From the historical point of view, the main difference between the two cities is that Lagos alone already enjoyed some importance before 1885. From the beginning of the century it was even a flourishing seaport, in which the „merchant princes'' built themselves luxury dwellings, especially those who had returned from slavery in Brazil(B-29). However, with its some 20,000 inhabitants, Lagos Lagos was merely the modest outlet for the large towns of the Yoruba country, and in particular the metropolis of Abeokuta, which had probably more than 100,000 inhabitants. It was precisely around 1885, the period of the greatest wave of European colonial expansion, that the „merchant princes'' began to give way to the large foreign companies, and for a time the population of Lagos declined (from 37,452 in 1881 to 32,508 in 1891), but began growing again on new lines to reach 73,766 in 1911, while Abeokuta, on the other hand, had its population reduced by half, its indigenous textile industry ruined and lost its position as metropolis to Lagos(B-26).

Leopoldville, which was founded in 1881, at first progressed much more slowly than Lagos, before taking a sudden leap forward which gave it almost the same population as Lagos about 1950. After the First World War, the two towns together experienced their first boom. Trade remained flourishing until about 1934; but there was little thought of industrial development. Although Leopoldville always cut a poor figure beside Lagos (32,000 against 99,000 inhabitants), the Congolese centre nevertheless saw important innovations. Reference may be made in this connexion to the unification of river transport services in 1925, the establishment of a textile factory in 1928 and the general expansion of the town of Kinshasa, situated 8 kms. from the station founded by Stanley but administratively attached to it in 1922 in a manner that appeared very artificial at the time. As early as 1914, Lagos was provided with a direct channel to the sea and many public buildings followed.

The world crisis of 1929 had consequences that were the more crucial because the crisis occured

* Those figures refer to the bibliography at the end of the article.

shortly before the Second World War. It delayed the economic expansion of the two cities for a time, but it also encouraged, mainly for reasons of economy, the promotion of indigenous personnel. It was also of great help in stabilizing and urbanizing the population, since the more unstable and more isolated elements were the first to return to their villages. Thus the Africans were ready to take the fullest possible advantage of the radical changes induced by the Second World War in colonial policy, particularly as regards industrialization .In Leopoldville what had been a small boatyard became a large factory, while Lagos served as a supply base for British forces isolated in the Middle East and, as such, was granted public works that Nigeria could not have afforded — for example, a complete anti-malaria drainage system(A-18). The movement thus began was further accelerated in the two cities after the War and largely helped to provide economic support for the political changes which resulted in Congo and Nigeria gaining their independence almost simultaneously, in 1960.

Town—Planning

Both cities have grown up with no master plan, and there can be distinguished within them built-up areas representing the main phases of their development(A-18). In the Congolese capital an African "cité" and a commercial and an industrial district emerged as offshoots of the station founded by Stanley in 1881, and this part of the city continues to lead its own life as the provincial capital. Some 8 kms. away as we have said, a more modernlooking town has grown up around the port and along the railway, with the same three main divisions as the first, but on a large scale. The intervening area, which was given the name of Kalina, was designated as the seat of the central government as early as 1922, but remained almost desert until after the Second World War; even today a goodly part of it is occupied by the military camp. The year 1952 can be regarded as decisive, because it saw the beginning of a plethora of "cités" that changed the plan of the city. Until the last minute the Belgian colonial authorities did their best to maintain the principle of racial segregation by channelling the expanding white population either to the western limit of the new city, in direct contact with the Stanley station, or to another much smaller and isolated zone situated alongside an extension of the industrial zone at the city's eastern limit.

Lagos has grown in time on similar lines to Leopoldville, but in a different manner. The essential fact was that Lagos was founded on a small island, so that land was difficult to find — a problem that scarcely arose in the Congolese capital. Old Lagos, i.e. the Lagos of the nineteenth century, is still divided into three distinct zones representing the first settlements of the main population groups: 1. the original nucleus, which is almost exclusively inhabited by Yorubas clustered around the palaces of their chiefs and in particular of the „Oba" (king), 2. the "Brazilian" district, situated east of the first, which has continued to attract non-Yoruba Africans, and 3. the zone situated south of the first two along the southern coast of the island, which was developed by the Europeans and is divided into the shipping and commercial district to the north-west and administrative and cultural centre to the south-east. The railway encouraged the creation of the first suburb, Ebute Metta, which has remained functionally very mixed, while the racial segregation policy introduced by Lord Lugard in 1914 resulted in the creation of a white reserve at Ikoyi, in the east of Old Lagos. It is to be noted that in Lagos, as elsewhere in West Africa, it is the whites who have taken up residence in a special district, while south of the Equator, from Congo to South Africa, they have applied segregation in the opposite manner, i.e. by confining Africans rather than themselves to certain districts(A-20).

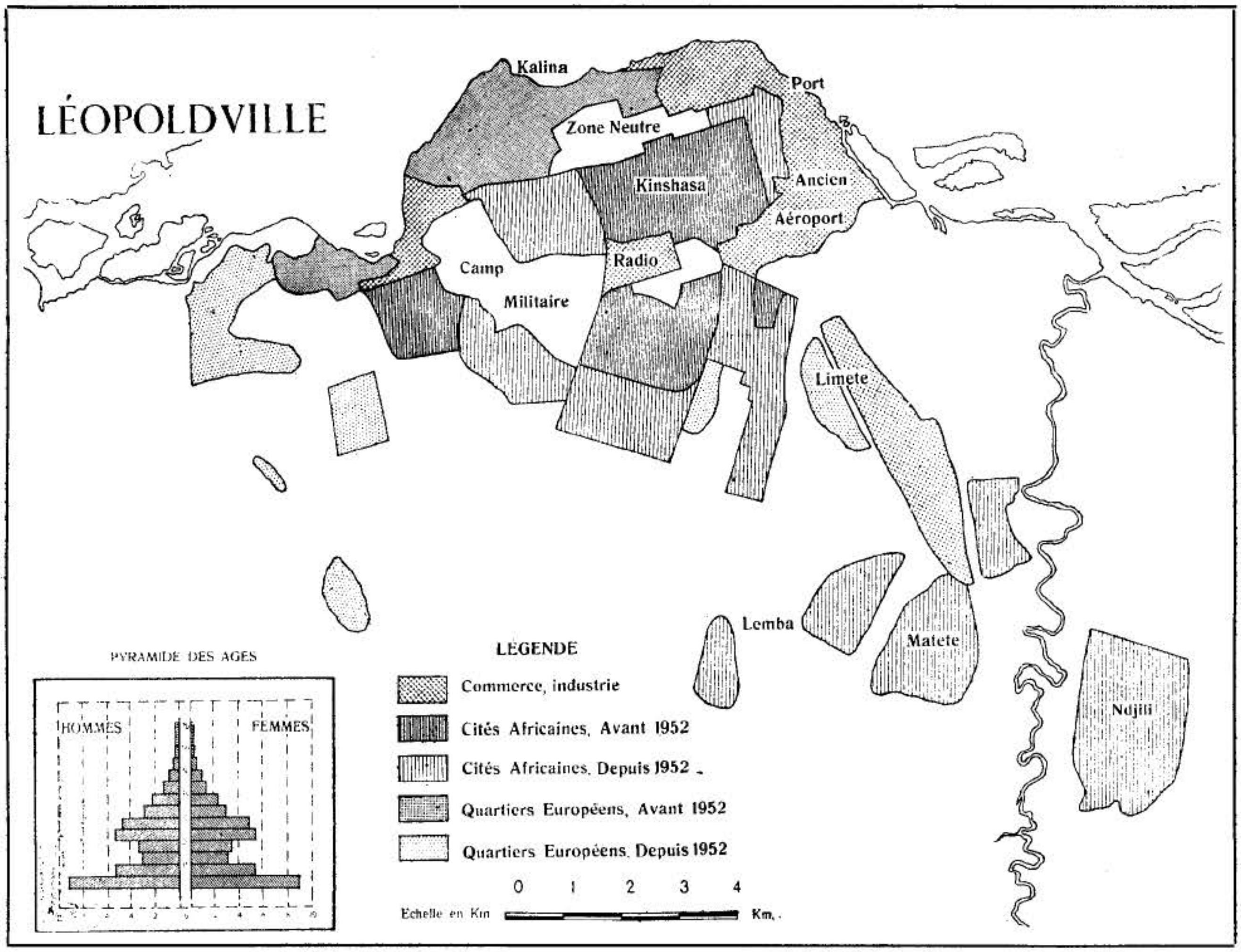
After the First World War, an attempt was made to clear the original heart of Old Lagos by creating the residential suburb of Yaba, north of Ebute Metta; but it was not until about 1950 that Lagos took on a really new look, through the extension of a shipping and industrial zone (Ebute Metta, Ijora Island, Apapa) in the center of the town, and of residential suburbs methodically established to the north, south-west and east.

Like almost all modern colonial cities, Leopoldville and Lagos are today typified by untidy planning, waste of land and generally thin population combined with over-population of the older African districts. Leopoldville has now an area of 100 sq. kms. with a density of 3,800 per sq. km., which is low for an urban area; the corresponding figures for Lagos are 27 sq. miles and 14,400 inhabitants per sq. mile., or 5,600 per sq. km.

Attempts have been made to explain this situation by attributing it to the water problem: at Leopoldville, rivers winding through sand making building impossible without an expensive drainage system; at Lagos, the channel to the sea and the lagoon demanding equally costly bridges. However, in the first case the main cause of waste has been the racial segregation policy, which has resulted in the creation of a „neutral zone" with a vast military camp added in the very heart of the city. In both cities the distance to be covered lessens the economic value of urban concentration, which is precisely that it reduces distances to a minimum(A-18).

Population

The most obvious difference between the two cities certainly lies in their populations, Leopoldville having far more non—African inhabitants than Lagos. At the beginning of 1960, Leopoldville had more than 20,000 foreign residents, legally described as "Europeans," including 2,000 in government



service and 1,000 employed by transport undertakings. "Native" trading *(traite)* is dominated by 1,000 Portuguese families. Lagos, on the other hand, has no more than 4,000 foreigners, who, while certainly enjoying higher average incomes, have to face competition from Africans in all fields and at all levels.

Moreover, the African population of Leopoldville has increased much faster than that of Lagos, especially over the last two decades. This increase has been accompanied by radical changes in the demographic situation, although the ratio of males to females has stood at between 170;100 and 200:100 since 1937. The increase has been mainly in the child population, which rose by ten times between 1940 and 1955, against an increase in the adult population over the same period of only six times. It may therefore be assumed that the situation of town—dwellers, and especially of families, has become stabilized. The birth—rate rose from 34 per mile in 1950 to 50 per mile in 1955, while the infantile mortality rate fell from 196 per mile to 140 per mile over the same period and the general death—rate dropped from 12.1 per mile to 9.8 per mile between 1952 and 1955.

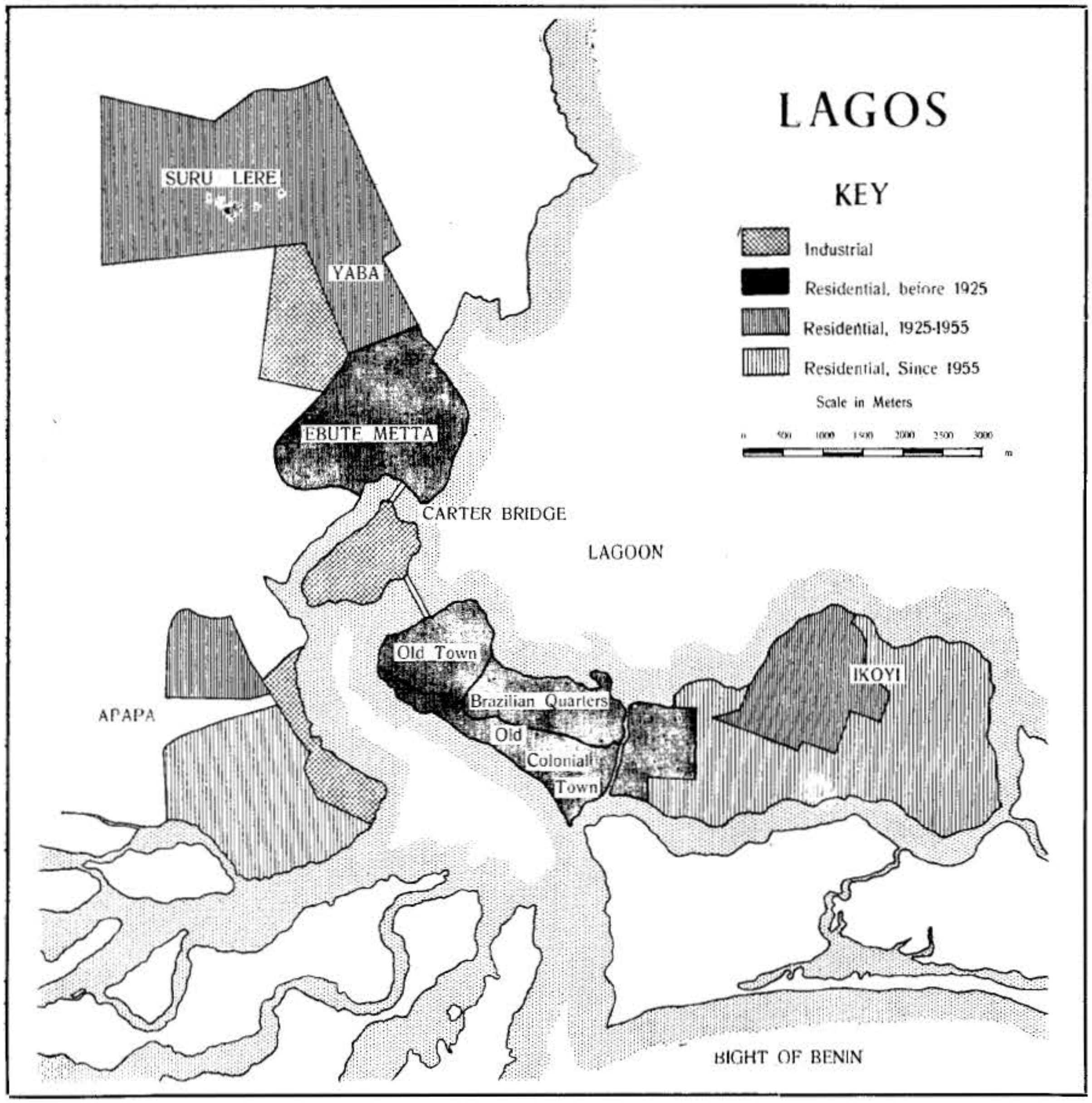
The demographic situation in Lagos is different, though less so than might be assumed from the apparent stabilization of population at 118 males for 100 females in 1950. Some relevant figures are given in Table I.

Table I

Vital Statistics, Lagos(B-4)

Year	Births	Infantile mortality	Deaths
	per thousands		
1939	27.6	126.7	21.4
1950	55.9	85.7	16.2
1955	47.6	80.8	12.5
1959	61.2	32.2	13.1

The death—rate therefore remains fairly high, though it must not be forgotten that it is lower than the rate for any capital in the world a m ere half—century ago. The birth—rate is the oddest phenomenon accompanying the process of urbanization in Africa. There is no reason to expect a reduction, unless by a forced analogy with western urban societies. It



is, however, certain that there is no connexion between this increase in the population through births and the economic situation; hence problems may be expected to arise in the future of which account must be taken.

Migrations

Despite the high birth—rate, the population of Leopoldville has increased mainly through immigration. Between 1945 and 1955, arrivals amounted on average to 25,000, and departures to 5,000 per year. (A23) A survey conducted in 1955 revealed that only 25.9% of the inhabitants had been born in the city, and 80% of these were children under 15 years of age. On the other hand, 38.4% had less than 5 years' residence. As the immigrants were mostly adults, the age pyramid has a characteristic bulge, especially for males between 25 and 35 and for females from 20 to 25. There is a common saying that "the African population comes from all regions of Central Africa". While this is true on the whole, there are well-defined migration flows which serve to show that the city has a specific hinterland. Two thirds of the population come from the province of Leopoldville itself, which is mainly populated by Bakongos. The neighbouring territories of Angola and former French Equatorial Africa merely help to strengthen the Bakongo element, the city being therefore clearly dominated by this ethnic group, which is characterized by the matrilineal family system and contacts (that are much too easily forgotten) with Europeans since 1482. Belgian statistics show only the district of origin, never the tribe; but they suffice to demonstrate the growing importance of the Bakongo element, incomers from the province representing 66% in 1955, as against 67.5% in 1950. (C—36)

Only two other provinces besides Leopoldville have made an appreciable contribution to the population of the city: Equateur (8.9% in 1950 7.6% in 1955) and Kasai (4.2 and 4.5%, respectively). The "Bangalas,, come from the former, and their name is sometimes given to all non—Bakongos in the city. The contrast between the two groups is striking; but there are few statistics available to check it. A survey of independent workers conducted in 1954 showed that 3.69% of them came originally from the province of Equateur and 5.6% from abroad, but only 1.83% from the province of Leopoldville itself. (C—7) On this point, therefore, the Bakongos are differentiated according as they are of local or foreign origin. However, as the "independents,, are much less numerous among those coming from Angola (4.9%) or from French Equatorial Africa (8.5%) than among British nationals (24.6%), it may be assumed that the former find independent careers distasteful. The gradual decline of the Bangalas has destroyed the hopes reposed in them by the Belgian authorities and missionaries, who had imposed their language on the Army and hoped to see it recognized as the national language of the whole Congo, and in particular of the entire urban community of Leopoldville, which would thus have acquired a more inter—tribal character. (2—27)

In the case of Lagos, there is no source of information on length of residence in the city; but the number of inhabitants born in the city fell from 42% in 1931 to 36% in 1950, and censuses show a rate of increase well above the difference between death—rate and birth—rate. (B—17) The rate of increase reached an annual maximum of 5.8% in 1901—10, against an annual average of 1.3% over the 30 previous years, and 2.9% for the 30 following years. In recent years. most of the immigrants came from eastern Nigeria, where 11% of the 1950 population had been born, as compared with 4% of the 1931 population. When tribal origins were investigated, it was found that the Ibos of Eastern Nigeria were the only tribe emigrating to Lagos in substantial numbers (25% of the urban population, including 7% born outside their region of origin, and no less than 40% of children under 15 years of age) after the Yorubas, who come not only from the vicinity of Lagos but even from more or less everywhere in Nigeria, (Yorubas born in Northern Nigeria represent 14% of the population of Lagos, as against only 4% for tribes native to the region).

This increase in the Ibo element stands in contrast to the decline in Hausa immigration; the Hausas represented 2% of the population in 1950, as against 3% in 1931 and 4.7% in 1921. This change has considerable social and economic repercussions, as up to 95% of the Ibos are Christian, educated (not more than 19.4% illiterate) and keen to work in offices, where there were in 1950 1,698 out of 11,205 employees of Ibo origin, as compared with only 579 business managers or clerks. The Hausas are, on the other hand, Muslims (93%), generally illiterate (66.2%), traders (377 out of 1,691 males) or craftsmen (281), but seldom employed in offices (31). It may be added that immigrants belonging to the small tribes in the south—west (4% of the population) have the same characteristics as the Ibos, and that immigrants from other countries in Africa are few in number (6% in 1950) and without much influence.

Foreign influence

The Belgians were far less interested than the French or Portuguese in westernizing their colonial subjects, and they habitually used Lingala to communicate with the Congolese, especially in the Army, where Lingala was compulsory. In a colonial situation it is, nevertheless, inevitable that the subject should feel inclined to adopt his masters' customs, and above all their language and symbols of values. The European dress worn by all men reflects this attitude, which will change with time if the history of Lagos is to be repeated in Leopoldville.

Lagos has already experienced the attitudes now still obtaining in Leopoldville, and what is more important, the ruling class in Lagos had a chance to assimilate western culture much more deeply than seems ever likely to be the case with the Congolese. For many families of that class are descended from black Sierra—Leonese or Brazilians who had for some time entirely lost contact with their original environment. Nor is it uncommon to come across whole families that have attended the best English schools for three or four generations. It is therefore wittingly that they have introduced into their preponderantly western culture certain African elements of which they are no longer ashamed, such as dress, birth, marriage and death rites (supplementing western rites) and amusements. In the latter connexion, mention may be made of the "high life" dance as a supreme form of syncretism at which, for the moment, the Congolese balk, preferring to stick to either "western,, or purely African dances.

Primary education has for long been much more common in Leopoldville than in Lagos, in accordance with the Belgian policy of educating the masses up to primary level before training *élites*. Since before the Second World War, almost all boys have attended school at least for some time; but it later became impossible to keep building schools at the same rate as the population was increasing. At the end of 1959, Leopoldville had 66,650 attending educational establishments, including 2,217 in secondary schools or seminaries and 247 Africans at Lovanium University. Intruction was given mainly in Lingala, with local programmes, and it was entirely free of charge. A different scholastic policy was followed in Lagos, dominated (as throughout the British Empire) by the principle that children should be prepared for the English Cambridge School Certificate, unadjusted to local conditions. Attendance at school remained low until 1956, when it stood at 38,072. Since that time education has been made compulsory and free of charge, and the number of scholars rose to 63,064 (including 4,798 in secondary and teacher training schools) in 1958 and to some 75,000 in 1959.

Lastly, conversion to new religions may be regarded as the acme of foreign influence, (A—19) In 1949, the African population of Leopoldville comprised 58,000 Roman Catholics, 40,000 Protest--ants, and 1,300 Muslims, leaving 60,000 adherents to the traditional religions. At Lagos, in 1950, there were 35,600 Roman Catholics, 86,600 Protestants, 95,167 Muslims and only 3,500 following African creeds. Islam therefore constitutes a major difference between the two cities that extends far beyond religion. In Lagos, it helps to maintain a gulf between two sections of the population; but the Christians are themselves so divided that this gulf becomes less important. Since the Second World War, most, Muslims have accepted the idea of secular education even for girls, while the Christians have emulated them in the cultural syncretism already mentioned. At the ruling—class level, where religious scepticism prevails, the gulf has almost disappeared. (B—24)

Inter—tribal acculturation

Quite apart from any foreign influence, urban life entails changed customs. Unlike village life, it imposes contacts with people of different, and often even unknown, traditions and the consequent need to assimilate a system of impersonal relations that would be of no use in the countryside. It also becomes necessary to substitute formal association (the "Gesellschaft" of the old German sociologists) for obsolete family and customary associations ("Gemeinschaften"). In town even the family or tribal association cannot prosper unless its members elect a management committee and loyally support it financially. In that connexion, it would be wrong to underestimate the force of the cultural change faced by a countryman entering the service of an enterprise, i.e. a formal association to which he gives his labour in exchange for his wages. There need be no surprise at the slow emergence of class-consciousness and the trade union spirit, even in Lagos, which is in that respect more advanced than Leopoldville. What is remarkable rather is the proliferation of all kinds of associations — signs of the desire to organize — and among them associations that have already acquired a considerable degree of stability. (C—32)

Most writers describing African cities have emphasized the mixture of tribes found in them as compared with the village, where — so they imagine— only people of the same tribe are to be found. What there is in fact is not so much "mixture" as „co-existence", African towns being no more "melting-pots" than the North-American towns about which the same mistake was made in the past in Leopoldville, the colonial administration and the missions did their utmost to encourage the tribes to mix, and most of the parcels of land in the old township of Kinshasa are occupied by people of more than one tribe. However, this situation (which goes beyond the administration's intentions since each parcel of land is supposed to be reserved for one family) exists only trhough necessity, it is the cause of much tension and, characteristically, does not prevent most marriages from taking place within the tribe(C-27). Urban life has nevertheless brought about some unification of cultures, mainly in two directions. First, it has mitigated differences and antagonisms between what may be called „sub-tribes". Strong organizations have been set up to work, and worked successfully, for the unity of the Bakongos in Leopoldville (the "Abako") (C-3) and of the Yorubas in Lagos (the "Egbe Omo Oduduwa") (B-32) to mention only the foremost. Secondly, people of all tribes seeking solution for the problems of urban life have often come to accept the customs of one particular tribe rather than a western model; this phenomenon is on a par with the cultural predominance of one tribe in each town, though no cause-and-effect sequence can be discerned.

In Leopoldville, the predominance of the Bakongos is incontestable, and colonial officials and missionaries have merely had to regret it, being unable to deny it. It is the more remarkable in that Lingala, the language of the schools and the Army, is at least understood by most of the population. The main outward sign of it is the trend of the family system towards a matrilineal common custom and the adoption of the dowry, even by tribes, like some of Lake Leopld II, to whom it is unknown in their home area(C-28). And the dowry is one of the most vital problems, if not the most vital, since parents' demands are increasing more rapidly than suitors' living standards.

In Lagos, the preponderance of the Yorubas is to be observed particularly in the matter of land, Old Lagos having remained family property of the Yorubas, except for land expropriated by the State. Legally speaking, English common law has been in force in Lagos since 1861; but in actual fact not more than 2,900 out of 15,000 properties have been registered, the remainder being subject to Yoruba custom(B-7). This position may be compared with that in Khartoum-Omdurman, where 47,000 properties are registered for a population of 200,000 inhabitants. Furthermore, families of Sierra-Leonese origin (called „Creoles") and of Brazilian origin have been endeavouring for about fifteen years to eliminate any difference between them and the rest of the population, and it is to the Yoruba element they turn in seeking a local name, a substitute for European dress etc.. In summary, however, the Yoruba predominance in Lagos is probably less strong than the Bakongo predominance in Leopoldville, certainly at any rate in the political field.

Economy

Leopoldville and Lagos are poles of development for countries developed on different principles which have nevertheless resulted in giving their inhabitants remarkably similar per capita incomes ($ 62 in Congo and $ 67 in Nigeria in 1956)(A-2) and in inducing the same number of people to concentrate in these their capitals (380,000). However, the contrast between the two countries' economies explains that between their capitals. Congo is a thinly populated country (14 million inhabitants) which has been developed by great European Companies, with the help of a large number of foreigners, who receive nearly half of the wages and salaries paid, which reduces the Congolese population's per capita income to $43. Industry there supplies nearly half of the national product. Nigeria, on the other hand, is densely populated (36 millions); indigenous agriculture provides nearly two thirds of the national product, and foreigners are too few in number to have any appreciable effect on the per capita income.

The figures for foreign trade, which is the foundation of the economies of their capitals, are shown in Table II.

Table II

Foreign Trade — (million US dollars)(A-1)

	Exports		Imports	
	Congo	Nigeria	Congo	Nigeria
1950	261	253	188	173
1959	489	458	308	502

Their foreign trade was therefore of about the same order of magnitude until the reduction of Congolese imports from 436 to 360 million dollars in 1957-58.

Against such background, the two capitals stand out as centres of concentrated activity from the points of view of both production and foreign trade. According to estimates for 1957, Leopoldville itself (with 2½% of the total population) contributed 7%, and the rest of its province 20%, to Congo's national product, while the province of Katanga contributed 34%(C-31). Hence more than half of the national product came from these two provinces alone, and the Congolese economy appears to be based on two poles of development: Leopoldville with the Lower Congo and Elisabethville with Katanga. Moreover, Belgian colonial policy had favoured Leopoldville by creating a "national highway" (half railway, half waterway) by which about one half of Congo's products was to be exported. Thus the twin ports of Matadi and Leopoldville (river) had become respectively the second and third of Equatorial Africa, coming immediately after Mombasa. Traffic through the river port of Leopoldville in 1959 amounted to 1,739,300 tons of goods, and through the port of Matadi to 1,388,000 tons(C-13). 30% of the goods arriving by the river and 10% of the in-bound freight from overseas carried on the Matadi-Leopoldville railway, are retained in Leopoldville, for consumption or processing, according to a 1955 estimate.

The share of Lagos in Nigeria's national product has been merged in surveys on the subject with that of the whole of Western Nigeria; but the latter's superiority over other regions is well established ($ 29 per head, against $ 16 in the North), and Lagos certainly contributes more than the 1% of the population of the country its inhabitants represent(B-2). Electricity consumption is a good indication in this respect: 46% of the total in the commercial and industrial sector, 50% in the domestic sector. As to foreign trade, traffic handled at Lagos in 1959 amounted to 3,457,000 tons and represented 67% of Nigeria's total exports and 53% of its total imports.

Economic function

Despite the importance of their political status, Leopoldville and Lagos are first and foremost business centres that have arisen through shipping activities. The share of the State in the estimated product of the city of Leopoldville in 1957 was 1,700 million francs ($34 million), out of 5,000 million francs ($100 millions)(C-31). There is no corresponding study for Lagos; but the same preponderance of the private sector is borne out by figures such as those for employment in 1959. (Table III)

A main characteristic of the two cities is the chain reaction that their initial activities have provoked; the existence of a port resulting in the appearance of a variety of workshops and finally of actual factories, then shops, building enterprises and all kinds of services to meet the needs of an evergrowing population. The importance of Lagos in Nigeria's economy can be gauged from such figures as 38% of new car licences, 27% of renewals, 56% of telephone calls, 7 hotels out of 19, 4 daily newspapers out of 20, 18 periodicals out of 19 etc.

The same holds true for Leopoldville, which, according to the *Annuaire du Congo Belge* for 1958, had 15 cinemas out of 88, 13 hotels out of 271, 310 cafés out of approximately 1,000,3 breweries out of 7, 4 shoe factories out of 8, 92 building enterprises out of 563, 23 metal-working firms out of 67, 2

Table III

Employment, Lagos, 1959(B-6)

	Establishments	Employees	Wages £
Public sector			
Lagos	116	30,400	551,000
Nigeria ...	3,184	221,400	1,719,000
Private sector			
Lagos	378	65,500	1,041,000
Nigeria ...	1,621	251,300	3,054,000

daily news papers out of 7, 20 periodicals for Europeans out of 67, 11 periodicals for Africans out of 53 etc(C-14). Yet in all spheres it is to be noted that Elisabethville is on a par with the capital, so that Congo always appears to have two poles of development, while Nigeria has only one.

Despite these resemblances, the two cities are very dissimilar industrially. Apart from the port and the railway, Leopoldville has no less than 100 industrial companies, the activities of more than half of which, with a total capital of some 3,000 million francs ($60 millions) are entirely concentrated in the city. Foremost among the latter are a brewery with a capital of 500 million francs, a spinning-mill with a capital of 486 million francs and an electric power station with a capital of 360 million francs(C-14). Lagos is far from reaching this level of industrialization, and the local capitalists — these do exist, and this makes Lagos very different from Leopoldville — prefer to invest their money in commerce and building rather than to follow the Government's exhortations to invest in industrialization. There do exist a brewery, a metal container factory, a margarine factory and a soap factory etc. — but only one of each, and they are small. North of Lagos, outside Federal territory, the Government of Western Nigeria has developed a rival industrial estate to Apapa; but the two estates taken together are of modest proportions, while the political question has already arisen as to when the Federal territory of Lagos will absorb this competitor.

Public services

The progress of a city can be fairly well gauged from the scope of its public services, such as water and electricity supplies, transport etc..In this field, as in others, Leopoldville has long been remarkable for its strict racial segregation. Nevertheless, the Congolese population there had a goodly number of free and permanent public fountains, which enabled the people to maintain their tradition of extreme cleanliness(C-27). Piping to individual dwellings began after the War and reached 7,000 (Africans only) in 1956, and water consumption for that year amounted to 35,000 cubic meters per day for the whole population. In the same year, 1,300 Congolese received an electricity supply. Power consumption rose from 7.5 million kilowatts in 1942 to 20 million in 1945; then it doubled in 5 years and quadrupled in 10, to reach 122 million kilowatts in 1958(A-23).

There has in principle never been racial discrimination in Lagos, except as regards the Ikoyi residential reserve; nevertheless, the mass of the population has to make do with public fountains, and the water supply problem has been acute since 1898. During the Second World War daily consumption fell to 18 gallons per head, the population having increased much faster than water supplies (3.03 million gallons in 1938, 3.90 million in 1945)(A-18). In 1959, it amounted to 9 million gallons per day, or 25 gallons per head of population. The electricity consumption curve is surprisingly similar to that for Leopoldville; 6.2 million kilowatts in 1935, 18.6 in 1945 and 119.8 in 1959. This is the more remarkable in that indigenous private consumption is infinitesimal in the capital of Congo, while it predominates in Lagos, which has more than 30,000 subscribers(B-1).

The great area of the two cities and the waste of land create serious transport problems. There are 185 kms. of macadamized streets alone in Leopoldville (132 in the European districts) and 161 in Lagos(A-24). The most popular vehicle in the two cities is the bicycle; but it is not suitable for everybody.

Leopoldville had no public transport system for the Congolese before August 1955, when a service was introduced, which had 202 vehicles and carried 33 million passengers in 1959. The two longest routes cover some 10 miles, between Kinshasa and the south and south-west. In Lagos a private service of 32 buses was taken over in 1958 by the municipality, which added 53 more vehicles. The two main lines cover about 6 miles each, from the entrance to Ikoyi to the northern and south-western limits of the city. There are also some 20 privately-owned buses, which the municipality has decided to buy. It should be noted that in Lagos many workers live in the very centre of the city, so that the transport problem is not so acute as in Leopoldville, while there is an African upper class that owns at least half of the 11,000 motor vehicles in the city. Traffic in 1960 nevertheless passed the 40 million mark, with 10,000 regular passengers per day and 5,000 children per school day.

Labour

The two cities are about equal as regards total manpower (male): 79,525 in Leopoldville (C-36) and 78,058 (B-17) in Lagos, in 1950 and 114,000 (C-31) and 119,000 (B-6) respectively, at the end of 1959. They differ, however, in the use they make of their available labour.

Types of Enterprises

The public sector is less important in the Congolese capital, where the number of African officials amounted to 4,222 in 1950 and to 12,000 in 1959. The corresponding figures for Lagos were 11,391 in 1950 and 30,400 in 1959. Allowance must be made for the fact that Leopoldville has more than 2000 "European,, officials, while Lagos has not even 500 "expatriate,, officials, though this does not suffice to equalize the total figures.It is regrettable that no particulars are obtainable at Leopoldille concerning the labour force of the municipal undertakings ("régies,,), which employ most transport, electric power and building workers. The latter are lumped together with workers in the private sector. In Lagos the public corporations employ no less than 21,400 workers, whom we include in the private sector for purposes of comparison.

The large enterprise is characteristic of colonial economies. It is predominant in the two cities with which we are here concerned. Leopoldville has 83 firms with more than 100 employees each, amounting to a total of 39,000 men, and 213 other firms with between 20 and 100 employees, making a total of no more than 3,500.There remain 3,500 men employed by small enterprises and 12,000 "independents,,. Lagos has 175 enterprises with 100 or more employees and 185 with 20 — 99 employees.

Industry

There are more people employed in the industrial sector than might be supposed considering production figures, which are still low, especially in Lagos. Leopoldville has 13 mills with 3,364 employees, 2 chemical factories, with 412 employees, 7 power production plants with 2,206, 6 food—processing factories with 3,042 and 9 cotton mills with 5,576 employees — or a total of 37 industrial concerns with 9,600 employees in all. To this figure may be added 8,023 building workers employed by 19 firms and 10,312 employees of 7 transport undertakings (C-31). Lagos has 8,226 workers employed in mills, 2,809 in power production plants, 18,542 in the building industry and 22,178 in transport.(B-6)

These figures are not absolutely comparable, since in Leopoldville they are limited to the large enterprises; but it is significant that even so the Congolese capital can show a higher figure (12,664) for mill and factory workers than Lagos (8,226). Industrialization is undeniably more advanced in the former than in the latter, except as regards the power production plants, where the numbers employed are about the same (2,206) in Leopoldville, (2,809) in Lagos). It should also be pointed out that the figures for Leopoldville are affected by the crisis that has been going on since 1958. This is still more true of the figures for the building industry; 8,023 in Leopoldville, 18,542 in Lagos, and for the transport industry; 10,312 in the former, 22,178 in the latter. In this case it may be worth while to recall the figures for 1950, when the economic situation in the two cities was similar. (Table IV).

Table IV.

Employment in selected sectors, 1950

	Leopoldville (C-36)	Lagos (B-17)
Industry	20,716	15,114+3,173 women
Building	10,782	3,142+ 9 "
Transport	12,719	11,908+ 114 "

Wages and salaries

The visitor to Leopoldville is struck on arrival by the contrast between "European city" and "native cités". This contrast reflects overdifferentiated wage and salaries scales. In 1954, the annual per capita income of the Africans in Leopoldville was estimated at some 4,350 france ($87) (C-36). This places them well above the national average, which we have already mentioned. but still very far below the average for foreigners, which is estimated for Leopoldville at 250,000 francs ($5,000) per head The average income without regard to race ($333) has but little practical meaning, unless perhaps to explain how the town in general can have an appearance that favourably impresses the casual visitor.

In Lagos, wages are generally higher for the masses, although it has been considered advisable to grant a rent allowance to 1,300 heads of famillies earning less than £ 330 per year ($924). The general average is about 563, but it falls to 81/12/ (£228.50) for labourers, who account for one third of the total. Foreigners have earnings on a par with those in Leopoldville, even higher; but they are too few in number to have much effect on the average income or the general appearance of the city. When racial segregation was abolished in 1947, the white district of Ikoyi was clearly more opulent than any corresponding district of Leopoldville; but it contained only 290 houses and those so remote that the visitor had already formed a general impression of the city before getting that far. (A-20)

Social classes

The Belgian colonial administration gave a good deal of publicity to the "independents" or "indigenous colonists", i.e African workers who had set up on their own account or those employed by the latter. It considered them a "middle class,, in embryo, satisfied to get out of the low-wage rut and ready to collaborate for many years with the colonial authorities. A scientific survey conducted between 1943 and 1945 analyzed the situation of 3,575 "independents" (including 816 employees) then working in Kinshasa alone (C-27). In 1954, an official survey revealed the presence of 7,070 of them i the whole city, with 850 employees (C-8). Of these 2,572 (36.38%) were Portuguese, French or British nationals. Their enterprises numbered 12,548, only half of them being satisfied with one single activity. Among these enterprises food took first place (51.5%), followed by clothing and footwear (14.54%). Contrary to a popular prejudice, entertainment concerns amounted to no more than 439 (5%), including 315 bars. In 1960, the number of "independents" had risen to 12,000; but the authorities were beginning to be disillusioned about them, having noted that work on their own account had become the only hope of many of the unemployed, and they were beginning to become concerned about the effects of competition which had resulted in the opening in a particular district of one shop per 125 inhabitants, i.e. m ıe than twice too many for each shopkeeper to have enough custom to live decently.

It is quite possible that the group of "independents,, is divided into two sections one of which — the most numerous — is very little different from the masses and the other of which has attained the standard of living of the "Europeans". This would appear to be so from certain signs, such as tax declarations (in 1955, 30 Congolese taxpayers declared annual incomes of over 300,000 francs ($6,000)). (C-36)

In Lagos, three is no doubt, on one hand that the emergence of class-consciousness is retarded by the persistence of extended family ties (A-16) and, on the other, that these ties suffer from migration to new districts (B-38). If average wages (B-6) are considered together with certain pointers to standards of living, such as residence in an old over-populated district (73%), electricity consumption below 100 kilowatts per month (75.2%) and illiteracy among women (68%), (B-17) the conclusion must be t at between two-thirds and three-quarters of the population have not yet succeeded in improving their standards of living. This figure includes all labourers (34% of all workers, with an average wage of £ 81/12/— ($228.50) per year) and half of the 54.5 % other workers (skilled workers and office-workers) whose average annual income amounts to £180($504). On the other hand, we may regard as an upper class the 9.6% (professional men and officials) who earn an average of 1,472 per year ($4,281), or the 7.6% who consume more than 600 kilowatts of electricity per month. Foreigners represent barely more than 1% of the population, so that the African *élite* would thus make up between 6.5 and 8.5% of the total. There would then remain a middle class forming from a quarter to a fifth of the population, characterized by the fact of living in a new district, the consumption of 100-600 kilowatts of electricity per month and the extension of education to women. But this class leads a precarious life owing to low wages and insecurity of employment.

Female labour

In the field of labour the most striking difference between the two cities lies in the fact that women are kept in the background in Leopoldville and are everywhere in Lagos. (B-31) Indeed, the situation in Leopoldville would merit study, since the Belgian authorities perhaps understimated the role of women in Congolese life. The fact is that they played an important part in the renascence of the prophetic sects during the War and in the nationalist movement that followed, despite the inferior type of education they received and, in particular, the fact that they were not allowed to learn to speak French. (A-17)

In the 1950 census, 32,026 women were registered in Lagos as earning their living in trade, 9,695 as exercising other private activities and 261 as in government service, no distinction being made between female wage-earners and women working on their own account. The surveys of wage-earners conducted in September 1958 and September 1959 at the very least show a considerable increase in the number of women in government service. (Table V).

Table V.

Female employment. Lagos (B-6)

	1958	1959
Government	1,400	1,800
Private	1,400	2,200

There is a sizeable number of women in the high-salaried professional category (1,376, against 7,404 men), although women generally prefer to continue the market life. It should be added that in Lagos the market-women have always been strongly organized under the *Iyalode* ("queen of the market"), their recognized chief, who comes immediately after the *Oba* ("king,,). These market-women play an important role politically, socially and economically. (B-33)

Housing

In Leopoldville, as in most of the African colonial cities, the housing problem is essentially a financial one, since geographic conditions present no insuperable obstacle and there is plenty of land. Until about 1945, Leopoldville could be said to have no serious housing problem. Two native "cités", popularly known as "Belgians,,, had been built by the Congolese themselves on 8,000 parcels of land, each 20 x 25 metres, allocated by the Government. Beginning in 1933, a loan fund enabled about 300 Congolese to build on these parcels houses that were both comfortable and to their taste. Unfortunately, the Second World War raised the population of these "cités,, from 40,000 to 80,000 and in 1945 the Congolese took their own step to extend their living space by squatting on the land to the south of Kinshasa. This was the first serious act of rebellion against the colonial authorities; but an administrator with political good sense had the new state of affairs accepted, and thus a third "cité" of 4,000 parcels was established (A-18). Despite the revolutionary origins of the new "cité", it remained, like the others, a mere appendage to the European town in which the inhabitants built their shanties ("cases,,) to the best of their ability with their own hands. The loan fund continued its activities at the rate of 300 loans per year.

In 1949, the population had increased so fast that another idea began to emerge. The first "Office de Cité,, was established and built 3,000 houses in three years, let at from 150 to 455 francs per month, at a time when a labourer's monthly wage was 450 francs. Two years later, the Government made a new departure by building a fourth "cité" of 4,500 parcels 15 kms. south-east of the city center, a real "satellite town" in the sense in which this term is used in modern town-planning, with a commercial and civic center. Again, in 1952 the "Office des Cités Africaines" (O.C.A.) was established for the purpose of systematically building such "dormitory towns" in the five main urban centres of Belgian Africa. Between 1952 and 1960 the O.C.A. built five "cités" in Leopoldville, at the same time assuming responsibility for the public works (streets, drains etc.) required for their efficient functioning. Each of these "cités" was technically an improvement on its predecessor, the culminating point being reached at Lemba-Est, a "cité" of 4,433 dwellings built at an average cost of 94,751 francs ($1,895), with an infrastructure that brought the real cost per dwelling up to 131,477 francs ($2,629). (A-6)

The O.C.A. certainly achieved complete success on at least two points. It completely changed the general appearance of the city in a technically satisfactorily manner, and demonstrated that the Congolese inhabitant of Leopoldville could adapt himself fairly easily to types of dwellings that were new to him. On the latter point it should be carefully noted that before 1952 almost all the "cases" in Leopoldville were isolated one-storeyed structures. The O.C.A. succeeded in popularizing not only detached houses but blocks of flats. To this technical point must be added that the work of the State organ aroused serious social and economic, and even political, criticisms. One basic fact undoubtedly remains, namely, that the housing problem in Leopoldville has not been solved, as the O.C.A. has not succeeded in building fast enough to meet the needs of a rapidly growing population. Indeed, conditions in the old "cités" have worsened, since they had 245,000 inhabitants (on an area of 1,930 hectares) in 1960, as compared with 222,000 in 1952, the O.C.A. having 135,000 people living on 1,023 hectares(C-12). Furthermore, the inhabitants of the new "cités" are far from satisfied with their lot, especially owing to the cost of rents, transport and living in general, which is beyond their means. Particularly from 1955 on, the O.C.A. resolutely specialized in the building of dwellings which could not be let at less than 300 francs ($60) per month, whereas at the time Leopoldville had at least 20,000 workers earning less than 1,000 francs per month(C-36). To the already heavy burden represented by such rents must be added the cost of public transport and the financial loss to women represented by the distance from the city's central market. It is, indeed, in this distance that lies the most obvious contradiction in the principles behind the work of the States organ. On the one hand, the aim was to follow the European or American style; on the other, the accent was laid on the typically colonial custom of pushing the native population, i.e. those inhabitants who cannot afford to live the suburban life that is so characteristic of the well-off classes in the western world, as far away from the centre as possible. Politically speaking, it can be held that the O.C.A. increased the number of communities from which the Belgians were not only excluded but kept at ever-increasing distance, and in which the future leaders of an independent Congo had their first opportunity of measuring their forces in 1957, when these "cités" were transformed into "communes" with elected administrative bodies. But these bodies are now confronted with the social problems we have mentioned, while pressure in the old "cités" has reached such a point as to provoke another squatters' movement, more extensive still than in 1945.

In Lagos, the housing problem is quite different from that in Leopoldville or even in most of the cities in Tropical Africa. It recalls rather the situation in the rest of the Old World, in so far as it primarily arises from the existence of an old urban centre that time has changed into slums, which have to be demolished before rebuilding is undertaken, particularly as Old Lagos is an island and thus cannot be enlarged to any great extent, although it has been a little by drainage. Unfortunately, every demolition implies the sacrifice of interests which may be very worthy of respect; and the sacrifice is the more difficult to accept in Lagos because it is the very essence of traditional life that is affected when what is destroyed is the palaces of the chiefs, which were built like Roman houses, with their "atrium" and "compluvium", and the homes of their subjects, which were arranged around the palaces in closed circles rather than in streets. What there still is of Old Lagos is, moreover, full of charm and one can but hope that something of that charm will always remain.

It was nevertheless difficult to resist the cold reality of figures that showed, 3930 dwellings for 28,518 inhabitants in 1871, and only 12,930 for 126,000 inhabitants in 1931. Spurred on by a plague epidemic, the Government set up an independent public corporation in 1929, the Lagos Executive Development Board, with an initial capital of £ 200,000, which immediately began operations at the very seat of the plague — an area of 150 acres with 30,000 inhabitants. The complaints of these inhabitants nevertheless put a stop to the works when the project was only one third finished, and the Board thereafter merely collected the rents of the houses it had built, the value of which was three times that of those it had demolished. At the same time the Land Department offered the population 1,800 parcels at Yaba, north of the then existing town. African contractors in less than two years, covered these parcels with houses costing on average £ 300 each. Yaba may be considered a success, though too many more houses were later built there. On the other hand, a loan fund established by the Government in 1926 has been rather a failure, only 325 applications having been submitted in 18 years(A-18).

After the Second World War, the Board came into operation again and began by drawing up a master plan, which it sought in vain to keep secret, in order to avoid criticism and speculation. Over the last 10 years it has developed the three suburbs of Suru Lere, north-west of Yaba; Apapa, south-west of Old Lagos, on the other side of the channel; and Ikoyi, at the eastern end of the city. Suru Lere consists of four "complexes", the first two of which have 987 houses built at an average cost of £633 ($1,772) and let at 25 shillings ($3.50) per room, thanks to a subsidy of 23 shillings, the third 1,300 houses built at an average cost of £733 ($2,052) and let at 16 shillings and 6 pence ($2.31), thanks to a subsidy of 33 shillings 6 pence, and reserved for workers earning less that £330 per year, and the fourth 670 parcels of land of 40x110 feet each, mostly sold for 280 each. At Apapa, the Board distributed 1,000 acres of land divided into; (1) in the east, an industrial estate of 230 acres let at £400 per acre per year; (2) in the west, a cheap housing and shopping area, divided into 678 parcels let at £120-170 per acre per year; (3) a residential estate of 444 parcels, let at £75 per acre. Lastly, at Ikoyi the Board extended the old white district to the south-east and south-west in such a way as to cover almost the whole of the island where it is situated. The first extension comprises 270 acres divided into so many parcels for sale, and the second 278. In the latter development costs have amounted to £ 766,000, and the parcels will be let rather than sold. Apart from these "complexes", the Board has built 359 houses, sold at from £ 1,120 (two rooms) to 3,370 (six rooms with garage)(B-3).

Of course, the activities of the Board cover only a small part, perhaps 10%, of the needs of Lagos. This can be judged by comparing with the figure of 3,645 houses built by the Board in 10 years the figure of 4,853 building permits issued during the last 5 years. Moreover, the Board is criticized for treating households as isolated units with the result that families transferred to the new districts feel lost among strangers — a situation that is familiar in the western world but exceptional and particularly unpleasant in Africa, even in towns. Again, there is also the prospect of a politico-social problem that might arise from the fact that a goodly part of Old Lagos is now passing into foreign hands, as the local people cannot afford to buy their enlarged and developed properties on the Boards' terms.

In summary, the housing situation in both cities is therefore disappointing. The authorities seem to be incapable of providing sufficient, or, what is more important, cheap enough housing. But no really practical method of assisting private building has as yet been found either. The situation is undoubtedly aggravated by the freakish manner in which these cities were built, particularly from the point of view of distances; but the basic problem is undoubledly low wages, which make impossible the purchase and upkeep of decent homes.

Municipal government

The existence of great multi-functional capitals raises such serious administrative problems that the world's main metropolises (Paris, London, New York etc.) have been given special administrative systems unlike those applying to other cities in their respective countries. However, as the cities of Tropical Africa are still very far from having the population and the economic importance of these metropolises, the tendency has been to give them the administrative system common to cities of secondary rank in Europe. This the British, French and Portuguese did systematically, unlike the Belgians, who sought to introduce a new type of municipal administration in their colony, Congo(A-18).

In Leopoldville, the most obvious result of this attempt to find a new system was unfortunately that the municipal institutions were introduced too slowly, and this has been denounced as one reason for the discontent prevailing in the last years of the colonial regime. As early as 1891, the Governor-General proposed the introduction of Belgian municipal institutions in Congo. As this policy was rejected once for all, it was not until 1922 that Leopoldville acquired a system based on the town boards established in Uganda by Lord Lugard, who himself had been inspired by a visit to the "cantonments" in British India. An "Urban Committee' composed entirely of Belgians appointed by the colonial authorities thus functioned in a purely advisory capacity until 1957. The African population had to wait until 1945 before having a "conseil de cité" (town council) also appointed by the authorities and also advisory; but from that time on the Africans had an advantage over the white population in their "chef de cité", who was the first accredited representative of the urban community, although without clearly defined powers(C-11). In 1957, after endless discussions, the Belgian colonial Government introduced in the colony a municipal administrative system which had been proposed in 1948 in a thesis presented at the University of Oxford(A-18).

This system had nothing in common with that existing in Belgium either, apart from the title of "bourgmestre" given to the elected chief of each of the thirteen communes into which the territory of the city was thenceforward divided. The supreme authority remained in the hands of a colonial officials, who assumed in his new capacity the title of "premier bourgmestre". This system has been provisionally retained by independent Congo; but it should be noted that the general circumstances in which it was introduced set it on the wrong lines from the start.

Leopoldville had been subjected even more than the colony as a whole to a "paternalist" regime, characterized by abundant subsidies and the absence of political responsibilities of its inhabitants. The 1957 reform itself granted the "bourgmestres" and their councils only very limited powers, while their superior was an official of "district commissioner" grade, as was already the case in 1922, when the population was 21,200. However, as it was the very first time elections were held in the Congo, the leaders of the political parties rightly saw their opportunity to put themselves forward as candidates for future positions at the national level(C-3). Men of the calibre of Mr. Kasavubu therefore stood at these elections, in which they won only to be subsequently removed from their seats by the colonial authorities for their general political activities. Since that time the various communes have been administrated by authorities who were appointed at the last minute by the Belgians and who have been temporarily kept in office by the Government of the Republic of the Congo in order to spare the urban population the excitement that an electoral campaign would undoubtedly cause.

Leopoldville's budget is high but artificial. In 1953, it included 78.7 million francs in subsidies ($1,574,000) and only 44 million francs of receipts ($500,000) 20 million francs in loans plus Hand 25 in gift, or a total of 167.7 million francs ($3,354,000)(C-20). There are 22 different taxes, which are imposed not only on all lucrative activities but also on private individuals, in the form of a poll-tax on men and a special tax on spinsters. The city maintains its own police force but has no responsibility for water supplies, transport and housing (which are all controlled by public corporations), electricity (which is operated by a private firm) or education.

In Lagos, the Colonial Government pursued a systematic policy of gradually introducing British municipal institutions, beginning in 1909 by establishing an Advisory Committee and going on, in 1919, to the election of some of the members of a new Municipal Council. In 1950, this policy culminated in the installation of a Council identical with English town councils; but the experiment was not completely satisfactory. Since that time Lagos has been administered by a Council comprising not only 42 elected members but also 4 customary chiefs, as *ex officio* members, under the purely honorary chairmanship of *Oba* Adele II(A-24). The police force, which is a Federal force, water supplies, electricity and housing, which are controlled by public corporations, are outside municipal jurisdiction, which however, covers education and public transport.

Subsidies represent a little more than 20% of the Lagos budget, and they are always justified by services rendered to the Federation. The 1959-60 budget (taxation year beginning 1 April) amounted to £890.870 ($2,495,000), including 185,410 in contributions from the Government, 540,900 obtained from rates (a tax on tenants and very characteristic of British municipal organization), 74,800 in receipts from municipal services and 89,760 from miscellaneous sources(B-4). In 1952-53, the Lagos budget amounted to £537,000 ($1½ millions), and the International Bank mission did not expect it to exceed £723,000 in 1959-60(B-2).; but rates brought in much more than the £430,000 estimated by the mission. In English administrative law „rates" are the only tax collected by the municipalities. Objections have been raised to their introduction into the colonies, one of them being that landed property does not offer the same basis for taxation there as it does in Europe, and another that rates tend to discourage owners from developing their land in countries where they should rather be encouraged to do so(B-18).

Relations with the central government

In both capitals relations with the central government raise thorny problems. Pending a constitutional reform, Leopoldville is only one of 25 districts in Congo, and this legal status barely reflects its political and economic importance. On the other hand, the central government proves by its subsidies that Leopoldville is not a district like the others. The capital's share of 7% in the national product seems to justify the subsidies; but the question has not been gone into.

In Nigeria, on the contrary, the status of the capital has been the subject of innumerable studies and discussions, which resulted in its recognition in 1954 as a Federal territory independent of all regional jurisdiction but at the same time devoid of powers outside the ordinary competence of local authorities. This situation remains a cause of disputes particularly as regards the „Ministry for Lagos Affairs", which was set up as a guarantee of the whole nation's interest in the capital, but which the local authorities fear may assume quasi-tutelary powers. The question of the payment of subsidies and other moneys by the government to Lagos has been studied by a Fiscal Commission, which found that, far from receiving more than its share, the population of Lagos was at a disadvantage under the existing system. In 1956-57, the Federal Government spent £2.2 million, and in 1957-58, 2.4 million to provide Lagos with services that were elsewhere the responsibility of the regional authorities; but the corresponding taxation brought in £3.4 million and £3. 3 million respectively, in these years(B-19). There is therefore a misunderstanding between the urban community of Lagos and the rest of the country, which does not grasp the extent to which development in the capital exceeds the general level.

Conclusions

Leopoldville and Lagos are not only large towns. They are two communities that have soared in the midst of under-developed societies, contrary to the principles of orthodox political economy. Such situations are, howeve, justified by modern economists, who no longer believe that a country should, or can, develop simultaneously in all its parts. Therefore they regard towns like those we studied as "poles of development" in which basic activities give rise to all kinds of chain reactions, the main characteristic of which is that the rural masses move into the towns without the actual inducement of possible employment.

Although favoured in comparison with other regions in their respective countries, these cities have nevertheless serious tasks to contend with. The corollary to the relative abundance of manpower is wages so low that it becomes difficult to house this manpower decently and find a suitable basis for taxation to meet the cost of public services. The main task of all is to take stock of urban living conditions, which is complicated by the extreme division of responsibilities and the careless attitude of many authorities towards publishing statistics and, especially, towards co-ordinating them with those of other services. This would quite obviously be a fertile field for technical assistance.

As we have already seen from examples given in this study, such stock-taking would reveal the existence of considerable waste of land, capital and manpower, due to the failure to plan and coordinate urban activities. The municipalities would appear to be the authorities most competent to ensure greater harmony of views in the development of these cities; but the strenghtening of their power will no doubt depend on the understanding a majority of the nation shows of the part played by these cities as poles of development.

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Chapter IV

STRUCTURE OF THE CONGO ECONOMY, BY PROVINCES

(WITH SPECIAL REFERENCES TO KATANGA) (1)

On the first of July, 1960, exactly 75 years to the day after the proclamation of King Leopold II's personal sovereignty over the country,(2) the Republic of the Congo(3) acceded to independence. Unlike the other African states which have gained independence in recent years, the Congo has had a very violent and turbulent history since the dawn of her independence. Its economic and political developments since the middle of 1960, which have inflicted grievous suffering on the Congolese people, have also had very serious international repercussions.

In the first issue of this bulletin an article was published giving a brief account of the economic developments of the Congo immediately prior to its independence and of its current economic conditions and problems.(4) The primary purpose of the present article is to present some information on certain aspects of the structure of the economy of six provinces constituting the Republic, and to evaluate, as far as possible, the weight or the significance of the separate provinces in the economy of the country. In this discussion, special attention has been devoted to Katanga, where political developments since the early days of the independence have played a dominant role in shaping the history of the whole country. It is hoped that the two articles would help in throwing some light on the major factors involved in recent developments in the Congo and on the nature of some of the economic and political problems facing the country at the present time.

LAND AND POPULATION

The Republic of the Congo is a vast country situated in the heart of Africa astride the equator. It has an area of over 2.3 mil. square kilometres, or over 900,000 square miles. For administrative purposes the country had been divided by the Belgian colonial administration into six provinces, indicated in table 1 below. This division remained after the independence, each province electing its own local partliament and government.

The Congo is endowed with rich natural resources which, except in a few limited areas, have barely been exploited to this date. Less than 5 per cent of the area of the country not covered by forests is cultivated,(5) most of it with primitive methods in the traditional tribal areas of the economy. The country is, nevertheless, almost self-sufficient in the production of food for indigenous population and exports a substantial amount of agricultural products — valued at about $ 150 mil. in 1959.(6) It is rich in mineral resources and has a well developed mining industry whose exports amounted to about $ 280 mil. in 1959.(7) It possesses, moreover, very vast hydroelectrical energy resources, which have only partially been exploited to this date.(8) The country

(1) This article is written by a staff member of United Nations Headquarters while on a temporary assignment with the Economic Commission for Africa. Part of the research work involved, however, was done during his prior assignment to the United Nations Office of Civilization Operations in the Congo.

(2) The country was known as the Independent State of the Congo until November 1908, when the personal rule of Leopold II gave place to control by the Belgian parliament. After that date it became known as *Congo Belge*, or the Belgian Congo.

(3) Throughout this article the Republic of the Congo (Leopoldville), has for convenience been referred to as the "Republic of the Congo", or simply as the "Congo".

(4) Economic Commission for Africa, *Economic Bulletin for Africa*, Vol. I No. 1, E/CN. 14/67.

(5) It is estimated that slightly over half the area of the country is covered by forests, of which about three-fourth are accessible but only a small fraction is exploited.

(6) Excluding rubber and other forest products. The major agricultural exports consists of coffee, cotton and palm products.

(7) The major mineral exports consist of copper, cobalt, industrial dimaonds, zinc, tin, manganese, tungsten, gold and uranium.

(8) South-west of Leopoldville, at Inga, the Congo river is estimated to have a potential of generating about 20 mil. K.W. of energy — the greatest known hydro-electrical energy resource in the world.

Table 1

Area and Population
(31st December, 1959.)

	Total	Katanga	Leopold-ville	Equator	Oriental	Kivu	Kasai
Area ('000 Sq. km.)	2,345	497	361	402	503	259	323
Indigenous Population							
Total (mil)	13.9	1.7	3.3	1.8	2.5	2.3	2.2
Per Square km.	5.9	3.4	9.1	4.6	5.0	9.0	6.8
Population (mil) in:							
Traditional areas	10.8	1.1	2.4	1.5	1.9	1.9	1.9
Non-traditional areas	3.1	0.6	0.9	0.4	0.6	0.4	0.3
Per cent of total population							
Traditional areas	78	67	73	80	77	83	87
Non-traditional areas	22	33	27	20	23	17	13
Non-indigenous population							
Total ('000)	115	33	34	7	18	14	9
Per '000 indigenous	8	19	10	4	7	6	4

Source: Ministère des Affaires Africaines, Direction des Etudes Economiques, *La Situation Economique due Congo Belge et du Ruanda-Urundi en* 1959, (Brussels).
Note: Details do not necessarily add up to totals because of rounding of figures.

has thus the rare economic potentiality for attaining a balanced growth between agriculture and industry, at a relatively rapid pace, primarily by utilising its own domestic savings and foreign exchange earnings rather than by resorting to a large scale import of foreign capital.

Although the Congo is about four and a half times the size of France, its total population at the end of 1959 was estimated at about 14 mil. only — about 13.9 mil. indigenous and 115,000(9) non-indigenous people. The country has thus a relatively low density of population — abut 6 persons per square kilometre, or just over 2 persons per square mile.

Table 1 shows the distribution of the area and population of the country between its six provinces. It can be seen that Katanga, which is the second largest province in terms of area, has the lowest indigenous population among the provinces; it accounts for only 12 per cent of total population. Its population density is slightly over half of the average figure for the country and considerably lower than that of Leopoldville and Kivu.

The European — primarly Belgian — population of Katanga, on the other hand, at the end of 1959 was about equal to that of Leopoldville. As a result, the ratio of Europeans to Africans was about 2 to 5 times of the ratio prevailing in the other provinces (see table 1). This phenomenon, which represented a higher rate of colonisation of Katanga as compared with the other provinces, was largerly due to an advanced stage of development of the European mineral and manufacturing industries in that province described later. It was probably instrumental in the generation of the special social and political trends observed in Katanga immediately before and after independence.

In common with many other under-developed countries of Africa, by far the largest part of the indigenous population still lives in the traditional tribal areas of the country. It can be seen from Table 1 that these areas accounted for about four-fifths of total population at the end of 1959. Even in Katanga, with its relatively higher degree of mineral and industrial development, about two-thirds of the population lived in the traditional areas.

The distinction between traditional areas *(milieu coutumier)* and non-traditional areas (*milieu extra-coutumier*) in the Congo was based primarily on legal and administrative considerations. The former were administered generally by tribal customs and under tribal chiefs. From the economic point of view, however, the importance distinction to be noted is that the methods of production in the traditional areas were largely primitive in character, and most of the production, which consisted of agricultural crops, fish and game, was for subsistence purposes; about 40 per cent of it was commercialised. Bearing in mind the administrative structure and the techniques of production used in these areas, it is not surprising to find the tribal links and loyalties playing an important role in the life of the great majority of the population.

(9) Of this, the people of European and U.S. origin represented over 110,000, and Belgians alone about 90,000. For convenience, the non-indigenous population is at times referred to in this article as "European" or "non-African" population.

Like most other African states, there are a large number of tribes and ethnic groups living in the Congo.(10) Whereas in rural regions certain areas can be indicated as being predominantly inhabited by some specific tribes, this is not the case in the urban and semi-urban regions, which account for by far the largest part of the domestic product of the country. In these regions, people of many different tribes are intermingled together, although many among them continue to maintain tribal links with their places of origin.

In a study of the provinces of the Congo, however, the important point to be noted in respect of the tribal structure of the population is that there is more than one major tribe and ethnic group living in each province Moreover, the boundaries of tribal areas rarely, if ever, coincide with the boundaries of the provinces; the areas occupied by some tribes and ethnic groups extend well beyond the provincial boundaries and in some cases even beyond the frontiers of the country. In view of these facts, there seems to be little or no validity in the argument that provincial autonomy or independence in the Congo would result in a parallel tribal autonomy or independence. This is as true, if not more so, of Katanga as it is of the other provinces. About half of the population of that province consists of Baluba people,(11) represented by a political association known as Balubakat — Balubas of Katanga, as distinct from Balubas of Kasai. The provincial government of Katanga, however, is from Conakat, a political association of some of the other tribes, mainly Lunda and Bemba people who also cover parts of Northern Rhodesia and Angola.

Nor does it appear very practicable, from economic point of view, to establish separate independent states based on the major tribal and ethnic groups of the country. This would involve breaking up the country into a dozen or more separate states with an average population of about one million each.(12) It is very unlikely that such a plan would produce social and political stability, since very few of these states would be economically viable by themselves.

It should be emphasized that the arguments contained in the two preceding paragraphs are not in any way directed against certain proposal aimed at redrawing the boundaries of the provinces or at creating additional provinces without, however, impairing the integrity of the country. Such proposals deserve careful consideration by those concerned with the affairs of the Congo. The purpose of the above discussion is to examine the rationality of only those schemes which are destined, immediately or in the future, to break up the political and economic unity of the country.

Structure Of The Commercialised Economy

A study of the structure of the commercialised economy in the Congo is of necessity confined largely to an examination of the characteristics of trade and employment and of the processes of production and income distribution outside the traditional tribal areas. The contribution of the traditional areas to the market economy is of a relatively minor importance; the value of their commercialised production is estimated at less than 10 per cent of the gross domestic product of the country. Apart from this, the primary role of the traditional areas in relation to the rest of the economy has consisted of providing a large reservoir of unskilled labour, from which the latter has drawn its man-power requirements and to which part of the surplus labour has returned in years of economic recession and widespread unemployment.

It follows that very little is said in this section about the economic life of the four-fifths of the population which live in the traditional areas and retain most of the characteristics of the primitive tribal economy. Many years of determined effort on the part of the government are required for the introduction of more modern techniques of production among this large sector of the population, a task which has to be accomplished if its abnormally low level of productivity is to be significantly raised.(13) This task is not, of course, confined only to the Congo in Africa; many other under-developed countries of the continent face development problems of similar nature and dimensions.

Economic inter-dependence of provinces

The Congo economy under Belgian administration had developed as an integral unit. There were no trade and customs barriers between the provinces, and no restriction on the movement of labour and capital between them. The pattern of economic development in the various regions of the country was, therefore, largely determined by their endowment of natural resources. This naturally led to a large degree of specialisation

(10) Racially and culturally the population of the country is predominantly Bantu.

(11) Part of this tribe lives in the province of Kasai.

(12) None of them would have a population exceeding 1.5 million, even though they would include a number of smaller tribes.

(13) To obtain a general idea of the difference between labour productivity of the two sectors of the population, it will suffice to mention that it is estimated that in 1958, the traditional areas with about four-fifths of the population accounted for only about 20 per cent of the domestic product.

Table 2

African Employment, by Occupation and by Province[a]

(31st December, 1957)

Occupation	Total	Katanga	Leopold-ville	Equator	Oriental	Kivu	Kasai
Agriculture	26	9	12	50	39	38	12
Mining	9	18	—	—	7	16	20
Industry	11	16	13	9	11	6	4
Commerce	6	9	5	5	6	4	9
Transport	7	12	9	5	6	4	8
Building	10	11	11	10	9	9	11
Office	4	5	5	2	3	3	4
Other	27	19	44	18	21	20	33
Total	100	100	100	100	100	100	100
Total Employment ('000)	1,148	175	306	133	213	217	104

Source: Ministère des Affaires Africaines, Direction des Etudes Economiques, *La Situation Economique du Congo Belge et du Ruanda-Urandi*, years 1956-1959, (Brussels); Monthly bulletins and annual reports of the Banque Centrale du Congo Belge et du Ruanda-Urundi, years 1956-1959.

[a] For each province employment in each occupation is expressed as per cent of total employment in that province.

Note: Details do not necessarily add up to totals because of rounding of figures.

in the production of goods and services and to a substantial volume of trade between the provinces.

From the outset, the intra-regional trade was facilitated by the existence of long navigable routes along the river Congo and its tributaries; the length of navigable routes within the country is estimated at about 16,000 kilometres, including 1,300 kilometres on the eastern lakes. The construction of a long network of roads and railways since the close of the 19th century had only a relatively minor influence in facilitating the inter-provincial trade. These transport routes, which represented an extension of the navigable stretches of the river, were aimed primarily at facilitating the export of goods from the hinterland to the Atlantic Ocean. This pattern of transport had, nevertheless, the effect of giving the country a national, as distinct from provincial, system of transport. It made the other provinces, to a large extent, dependent on Leopoldville for the shipment of their exports and imports. The three ports situated at the mouth of the Congo in Leopoldville — Boma, Ango-Ango and Matadi — handled in terms of weight over 55 per cent of the country's exports and about 65 per cent of the imports in 1959.(14) By far the greatest part of these exports and a large share of the imports belonged not to Leopoldville but to the other provinces.

Regarding specialisation in production, two major industrial regions have, as explained later, emerged in the country, one in Leopoldville and the other in Katanga. The size of manufacturing enterprises in these two provinces was determined primarily by national, as distinct from provincial, markets. Prior to the political disturbances which followed the independence, substantial quantities of manufactured goods were exported from these two centres to the other regions of the country. In addition the cities of Leopoldville and Elizabethville, in particular the former, supplied important commercial, financial and transport services to the other provinces. The latter, in turn, supplied Leopoldville and Katanga provinces with food and raw materials.

The important exports of manufactured goods by Katanga, which is of special interest to this paper, to the rest of the country consisted of: cigarettes, confectionary, biscuits, beer, textiles and metal and wood products. In addition, the province sold: fish to Kasai and Kivu; eggs and vegetables to Leopoldville and Kasai; and butter to Kasai. Its main purchases from the other provinces included: maize, ground nuts and tobacco from Kasai; manioc and rice from Kasai and Kivu; palm oil from Kasai, Oriental and Leopoldville; sugar from Kivu; wood from Kasai and Kivu; and coffee and cotton from the northern provinces.

The disruption of economic ties between Katanga and the rest of the country has thus had the effect of depriving that province of a relatively cheap supply of food and raw materials provided by the other provinces. It has, moreover, had a considerably more damaging effect on the manufacturing industry of Katanga which, as noted earlier, has been developed on the basis of a nation-wide rather than

(14) The port of Lobito in Angola accounted for about 30 per cent of exports, consisting primarily of mineral products from Katanga, and for about 5 per cent of imports. The share of this port in the foreign trade of the Congo must have increased considerably since the interruption of the traditional transport facilities between Katanga and the other provinces. It is connected to Katanga by a direct railway line in which Union Minière has a substantial holding.

Table 3

Contribution of Provinces to African Employment in Major Occupations[a]
(31st December, 1957)

Occupation	Total Employment (in '000 employees)	Total Employment (per cent)	Katanga	Leopold-ville	Equator	Oriental	Kivu	Kasai
Agriculture	295	100	6	12	22	28	28	4
Mining	101	100	31	—	—	14	35	20
Industry	121	100	24	34	10	19	11	3
Commerce	71	100	22	23	10	18	13	13
Transport	86	100	25	33	8	14	11	9
Building	118	100	17	30	11	16	17	10
Office	42	100	22	34	8	13	14	10
Other	314	100	10	43	8	14	14	11
Total	1,148	100	15	27	12	19	19	9

Source: See Table 2
[a] For each occupation employment in each province is expressed as per cent of total employment in the country for that occupation.
Note: Details do not necessarily add up to totals because of rounding of figures.

a provincial, demand. Many important sectors of manufacturing have been deprived of a large part of their internal market and, at the same time, have not been able to export any significant part of their products to the neighbouring countries which are protected by relatively high tariffs. As a result, they are compelled to operate well below the full capacity level of production. It can be said, without much doubt, that the manufacturing industry of Katanga has a significant vested economic interest in the economic unity of the country. This does not, of course, apply to the mining industry of the province which had always sold, and continues to do so at present, almost all its important products in foreign markets.

Pattern of employment and production

It is possible to obtain a clearer view of the nature of economic specialisation attained in the various provinces and of their contribution to different sectors of production through an examination of employment and production patterns in the country.Tables 2 and 3 provide the essential data on the distribution of African man-power by provinces and by occupation at the end of 1957.(15) It can be seen that agriculture absorbs a relatively larger part of labour force in Equator, Oriental and Kivu, which together account for about 80% of agricultural labour force in the country. Mining employment is concentrated in Katanga, Kivu and Kasai; the two more developed provinces of Katanga and Leopoldville together account for over 50 per cent of employment in the combined sectors of industry, commerce and transport.

Table 4 gives an indication of the distribution of the European labour force between provinces at the beginning of 1955, the last year for which the appropriate breakdowns can be obtained. Judging the size of the European population, which increased by about 30 per cent between 1955 and 1959, the volume of the labour force on the eve of independence must have been appreciably higher than that indicated by the table, although its distribution between provinces did not change significantly. It can be seen from Table 4 that Katanga accounted for a high ratio of European employment in all major spheres of occupation in relation to its total population and employment.

A detailed account of the structure of production will be given later when examining the contribution of provinces to the production of the country. Here only the broad outlines of the pattern of agricultural and industrial production are briefly mentioned. Generally the agricultural production of the Congolese caters largely for the food requirements of the indigenous population itself. The important products consist of manioc, maize, cotton, ground nuts, palm fruits, rice and plantain. Kasai, which accounts for about half of the commercialised production of maize and a third of the commercialised output of manioc, exports a significant part of these staple crops to other provinces. Cotton and palm

(15) The reason for presenting the employment figures at the end of 1957, instead of giving the more recent figures available for the end of 1959, is that data on contribution of provinces to production, to which the employment figures are related later in this article, is available only for 1957. Owing to the 1957/58 recession, from which only a moderate recovery was made in 1959, and to the progress of mechanisation in industry, total employment declined by about 10 per cent between the end of 1957 and the end of 1959. The decline was particularly pronounced in construction, mining and manufacturing indusnies. These changes in the volume and in pattern of employment do noa, however, in any way affect the conclusions mentioned in the text.

Table 4

European Employment, by Occupation and by Province
(Beginning of 1955, in thousands)

Provinces	Total	Business	State employees	Missionaries	Settlers[a]
Katanga	11.6	5.9	2.0	1.0	2.6
Leopoldville	11.9	6.3	2.3	1.6	1.7
Equator	2.8	0.8	0.7	0.9	0.4
Oriental	6.0	2.3	1.0	1.2	1.6
Kivu	4.5	1.6	0.9	0.6	1.3
Kasai	3.2	1.1	0.7	0.9	0.4
Total	40.0	18.0	7.7	6.3	8.0

Source: See Table 2

[a] The total European agricultural employment, as distinct from the population of settlers, for the country was estimated at about 1,900.

Note: Details do not necessarily add up to totals because of rounding of figures.

products are in a different position; they are sold by indigenous producers to European enterprises for processing and export purposes.

The European agricultural production, unlike the Congolese, was primarily for export purposes. The important products grown on European plantations consisted of coffee, palm fruit, rubber, tea and cocoa. Coffee plantations are concentrated in Oriental. Equator and Kivu, especially in the former, palm oil and rubber are exported largely from Equator and Oriental provinces. The European livestock industry, however, catered largely for the domestic market, especially in the supply of beef and dairy products. During 1959 it accounted for about 70 per cent of beef, 30 per cent of pork and most of the dairy products of the country. Katanga was the most important single province for livestock and dairy industries.

Mining industry, which accounted for about 20 per cent of the national product and for 60 per cent of the country's exports in 1959 is concentrated in Katanga and to a lesser extent in Kasai, Kivu and Oriental. Whereas the last three provinces produced only one or two important minerals — industrial and precious diamonds in Kasai, gold in Oriental and cassiterite in Kivu — Katanga produced a variety of mineral products, including copper, cobalt tin, zinc, manganese and uranium. In this connection it should also be noted that the employment figures shown in tables 2 and 3 above do not give an accurate indication of the contribution of Katanga to the country's mineral production discussed below.

As noted earlier, manufacturing industry is located largely in the two provinces of Leopoldville and Katanga. It catered primarily for the domestic requirements of consumers, in particular Africans. A number of manufactured goods were, however, exported, on a small scale, to the neighbouring countries; the sale of industrial products abroad amounted to about 2 per cent of the total exports.

Dominant control exercised by Europeans

Perhaps the most striking characteristic of the commercialised production in the Congo prior to its independence was the dominant control exercised over it by Europeans, through the ownership and management of business enterprises. With the exception of the indigenous agricultural production, destined primarily for domestic African consumption and for sale to processing factories and exporters, and of a small part of retail trade catering to the African population, all the other economic activities in the private sector of the economy were almost exclusively under European control. The public sector also was, naturally, controlled by the Belgian colonial administration prior to the independence.

Table 5 is designed to provide a rough estimate of the relative importance of the control exercised by Africans and Europeans over the commercialised production of goods and services in the private sector of the economy.(16) It is derived from the figures of gross domestic product, by provinces, published by the old Central Bank.(17) It is not claimed that the figures shown in the table are completely accurate; they represent the best available estimates. Such inaccuracies as may exist in them, however, are not likely to alter significantly the general conclusions drawn here from the table.

It can be seen from Table 5 that, in the country as a whole, over four-fifths of commercialised production in the private sector of the economy was under the control of Europeans; a small fraction of this — not more than 5 per cent — was accounted for by government constructional activity and rent included in the table. This estimate takes no account of the indirect, yet significant, control exercised by Europeans over parts of African agricultural pro-

(16) Including production by para-state organisations.

(17) Throughout this article, "Banque Centrale du Congo Belge et du Ruanda-Urundi" is, for convenience, referred to as the old Central Bank.

Table 5

Per cent Share of Africans and Europeans in Gross Domestic Commercialised Production in the Private Sector[a], at Factor Cost.
(1957)

	Total	Katanga	Leopold-ville	Equator	Oriental	Kivu	Kasai
African Production:							
Agriculture, livestock and fishery	11	4	12	22	18	16	20
Trade, handicrafts etc.	2	2	4	1	3	2	3
Total African	14	6	15	23	20	18	22
European Production[a]							
Agriculture, livestock and processing of products	15	3	15	46	30	17	15
Mining & metallurgy	27	55	—	—	8	23	36
Manufacturing[b]	14	15	23	5	10	9	7
Construction[c]	5	4	6	6	7	10	4
Transport	14	15	18	13	11	9	12
Commerce & housing[d]	16	12	23	14	15	17	11
Other services[e]	7	5	11	5	9	9	5
	99	110	95	88	91	93	90
Less Import content	—12	— 15	—10	—11	—11	—11	—12
Total European	86	94	85	77	80	82	78
Total, African and European	100	100	100	100	100	100	100

Source: See Table 2
[a] Includes production by para-state enterprises, which were managed and controlled by Europeans.
[b] Includes electricity, gas and water.
[c] Includes government construction.
[d] Includes imputed rent on government houses.
[e] Includes banking, insurance, hotels, real estate, professional and domestic services.
Note: Details do not necessarily add up to totals because of rounding of figures.

duction — primarily cotton, palm fruit, and ground nuts — sold to European processing factories and exporters. Generally, it can be safely concluded that the Africans did not effectively control more than 10 to 20 per cent of the private commercialised production in the country.

Another significant result which emerges from the table is that the extent of European control over economic activity in Katanga appears to have been appreciably greater than in the other provinces. This was largely due to the mining industry of Katanga, which accounted for about 50 per cent of the gross private commercialised product of that province and which was exclusively controlled by Europeans. Mining industry accounted also for a large share of European control in Kivu and Kasai, especially in the latter. In Leopoldville, on the other hand, it was the growth of manufacturing industry and the commercial, financial and other services that gave Europeans a large share of their control over production.

Polarisation of economic power: The European control, described above, contained a strong monopolistic element due to the concentration of economic power in the hands of a few big corporations. This element was initially introduced into the Congo economy through the system of exclusive concessions granted by the colonial authority to foreign corporations for the exploitation of the natural resources of the country.(18) The monopolistic trend was further strengthened by the advent on the scene, of the Belgian financial trusts, which gained a large degree of control over the mining and other corporations in return for supplying the latter with the required finance in the early phase of their operations. Finally, the power of corporations was extended through the normal processes of setting up subsidiaries and of purchasing large blocks of shares in other enterprises operating in the country.

It is beyond the scope of this paper to deal with the numerous and intricate business ties link-

(18) Such monopolistic rights were, for example, granted by Leopold II to Compagnie du Congo pour le Commerce et l'Industrie in 1886, to Compagnie du Katanga in 1891 and to Compagnie des Grands Lacs in 1901, for the exploitation of resources in lower Congo, in Katanga and in the eastern regions of the country, respectively. In return for their exclusive privileges, these companies were to construct railways and to provide other transport facilities in their respective areas of operation.

ing together the big financial, mining and railway corporations operating in the Congo and to measure the extent of the control exercised by them over the economy. Owing to the special interest of Katanga in this paper, however, a brief reference may be made to some of the known business ties between the powerful corporations interested in the operations of Union Minière de Haut-Katanga which is in almost exclusive control of mining and metallurgical industry of that province. Société Générale de Belgique, a major Belgian financial corporation, has substantial holdings in: Union Minière, Compagnie de Katanga, Tanganyika Concessions Ltd, Compagnie du Congo pour le Commerce et l'Industrie and in Compagnie du Chemin de Fer du Bas-Congo au Katanga. The interest of the Société Générale in Union Minière is not, however, limited to its direct holdings in the latter, since the other corporations mentioned above also have large blocks of shares in the Union Minière. At the same time, Société Générale and the other corporations interested in Union Minière have also considerable holdings in many other enterprises operating in mining, industrial, commercial, transport and financial fields throughout the country.(19)

To obtain a general idea of the magnitude of th economic power jointly and separately exercised by these corporations through their ownership of large blocks of shares in Union Minière alone it is only necessary to consider the scale of operations of the latter. Union Minière is not only in almost exclusive control of the mining activities of Katanga, which as noted earlier, account for about 50 per cent of the private commercialised production of that province, but has itself a large number of subsidiaries and also shares in the control of many enterprises operating inside and outside the province.

According to its 1959 report it had substantial holdings in 17 major corporations situated in the Congo, a number of which were its subsidiaries.(20) Some of these corporations — hydro-electricity, explosives and metallurgical enterprises — operate in fields directly related to mining industry. Others, however, work in such diverse fields as real estate and building, flour-milling, shipping, railways, insurance, stock-farming and forestry.

It is impossible, of course, to measure exactly the total control exercised, directly and indirectly, by the big financial and industrial corporations over the economy of the country. According to a competent Belgian authority on the Congo economy, however, about three-fourth of the economic activity in that country were under the control of two or three powerful financial groups.(21) Although this estimate of the degree of concentration of economic control may be somewhat exaggerated, it does indicate the order of magnitude of the polarisation of economic power within the country, which is most pronounced in Katanga and in South Kasai, the two major mining regions of the Congo in which the big corporations were particularly interested.

Contribution Of Provinces To Production And Income

It is possible to obtain from Table 6 a broad view of the relative weight of the provinces in the total production of the country and of the pattern of production in each province. It should be noted, at the outset, that the estimates of production shown in that table, especially those related to the allocation of transport and of private and public services between provinces, are of a very rough nature and should be interpreted with due caution and reserve. Such inaccuracies as may exist in some of the figures, however, are not likely to alter significantly the general conclusions derived here from the table.

It can be seen from table 6 that Katanga accounted for about one-third and Leopoldville for about one-fourth of the gross domestic product of the Congo. The other four provinces contributed only about 10 per cent each — probably the Oriental province a little more and Equator slightly less — to the total domestic production. In view of a relatively smaller proportion of subsistence production in Katanga, its share in the commercialised production is somewhat larger than in the total product. The greater concentration of commercial, financial and other services in Leopoldville, on the other hand, gives that province a larger weight in the total domestic production than in the production of goods and utility services alone.

Table 6 also shows the great importance of mining and metallurgy in Katanga and of manufacturing industry in that province and in Leopoldville. In 1957 Katanga accounted for about 80 per cent of total mining output in the Congo, and the two provinces together accounted for about 70 per cent of the country's industrial production, excluding

(19) For example, Banque de la Société Générale of Belgium, in which Société Générale, has a substantial holding controlled about three-quarters of the private commercial banking activity of the Congo through one of its subsidiaries, Banque du Congo Belge. No mention is made here of the extensive economic interest of some of these corporations outside the Congo, especially in the neighbouring countries.

(20) The 1959 report of the company also enumerates 9 Belgian and 5 foreign corporations in which Union Minière had substantial holdings. In addition, it held Congolese public debt securities with a nominal value of about 900 mil francs and had also advanced loans to the Belgian Government.

(21) Institut de Recherches Economiques et Sociales, Louvain, *Problèmes Structurels de l'Economie Congolaise,* by Professor Fernand Bézy of the University of Lovanium in Leopoldville, Congo.

Table 6

Contribution of Provinces to Gross Domestic Product,[a] at Factor Cost, in 1957
(billions of francs)

Private Sector:	Total	Katanga	Leopold-ville	Equator	Oriental	Kivu	Kasai
Goods and Utility Services:							
1. Agriculture	18.9	1.7	5.4	3.4	3.7	2.2	2.5
2. Minig & Metallurgy	11.7	8.7	—	—	0.4	1.0	1.6
3. Manufacturing[b] and construction[c]	8.6	2.9	3.2	0.3	0.9	0.8	0.5
4. Transport[d]	6.4	2.4	2.1	0.4	0.6	0.4	0.5
5. Total (1 to 4)	45.6	15.7	10.8	4.1	5.6	4.4	5.0
6. *Less:* Import Content	— 5.5	—2.4	— 1.2	—0.4	—0.6	—0.5	—0.5
7. *Total, Goods and Utilities*	40.1	13.4	9.6	3.7	5.1	3.9	4.5
(7, as per cent of total)	(100)	(33)	(24)	(9)	(13)	(10)	(11)
Other Services:							
8. Commerce	5.2	1.4	2.1	0.3	0.6	0.5	0.3
9. Finance and other services[e]	6.1	1.7	2.1	0.3	0.9	0.7	0.4
10. *G.D.P. Private Sector* (7+8+9)	51.4	16.5	13.8	4.3	6.5	5.0	5.3
(10, as per cent of total)	(100)	(32)	(27)	(8)	(13)	(10)	(10)
Public Sector:							
11. Provincial Services	4.7	0.9	1.7	0.4	0.7	0.5	0.5
12. Other Services[f]	2.4	0.8	0.7	0.2	0.3	0.2	0.2
13. *G.D.P.* (10+11+12)	58.6	18.2	16.1	5.0	7.5	5.8	6.0
(13, as per cent of total)	(100)	(31)	(27)	(8)	(13)	(10)	(10)
14. *Less Subsistence Production*	— 7.4	—0.8	—2.5	—1.3	—1.1	—0.8	—1.0
15. *G.D.P., Commercialised* (13+14)	51.1	17.4	13.6	3.7	6.4	5.0	5.0
(15, as per cent of total)	(100)	(34)	(27)	(7)	(13)	(10)	(10)

Source: See Table 2
[a] The term "Gross Domestic Product" is abbreviated to "G.D.P." in the table.
[b] Includes electricity, gas and water, part of which were produced by para-state enterprises.
[c] Includes government construction.
[d] Includes transport by para-state enterprises.
[e] Includes insurance, housing, real estate, professional and domestic services, and imputed rent on government houses.
[f] Total apportioned between provinces in the ratio of line 10.
Note: Details do not necessarily add up to totals because of rounding of figures.

mining. The large weight of mining industry in Katanga, renders the economy of that province considerably more vulnerable of international price fluctuations of primary commodities.

As noted earlier a substantial share of the manufacturing production and of the commercial and financial services of Katanga and Leopoldville were exported to other provinces. This explains the strong economic interest of the business circles of the two provinces in maintaining close economic ties with the rest of the country. It is particularly true of Leopoldville which, unlike Katanga with its large volume of exports abroad, sells only a small proportion of its total product in foreign markets.

The large share of Katanga in the production of the country is accounted for primarily by the relatively high productivity of labour employed in the capital intensive mining industry of that province. This conclusion clearly emerges from a comparison of employment and production data shown in Tables 3 and 6, respectively. It can be seen that, with only 15 per cent of total employment, Katanga accounted for about one-third of the commercialised production. This is explained largely by the higher productivity of labour in mining industry, where with 31 per cent of mining employment it produced about 80 per cent of total mineral output. The higher productivity of labour in the mineral industry of Katanga is due, partly, to the comparative richness of mineral resources of that province and, partly, to a large volume of investment made by Union Minière in mechanisation and automation of the

Table 7

Indices of African Per Capita Production and Per Capita Personal Income, 1957
(Average for the Congo=100[a])

	Total	Katanga	Leopold-ville	Equator	Oriental	Kivu	Kasai
Indices of Per Capita Production							
Total Population[b]	100	250	115	65	70	60	65
Working Population[c]	100	205	100	65	80	45	105
Wage & Salary earners[d]	100	225	100	60	70	50	110
Indices of Per Capita Personal Income							
Total Population	100	160	130	80	85	75	70
Working Population[e]	100	165	115	60	95	60	80
Wage & Salary earners	100	180	115	55	80	70	80
Other[f]	100	115	140	105	85	80	80
Population in (mil.)							
Total	13.0	1.6	3.1	1.7	2.4	2.2	2.1
Working Population[e]	3.5	0.6	0.9	0.4	0.5	0.7	0.3
Other[f]	9.5	1.0	2.1	1.4	1.8	1.4	1.8

Source: See Table 2
[a] Indices have been rounded to the nearset five or zero.
[b] Gross domestic product, at factor cost, divided by total African population.
[c] Gross domestic commercialised product, at factor cost, divided by the number of African wage and salary earners and their families.
[d] Gross domestic commercialised product, at factor cost, divided by the number of African wage and salary earners.
[e] African wage and salary earners and their families.
[f] Total African population less working population as defined in footnote[c].
Note: Details do not necessarily add up to totals because of rounding of figures.

industry. Between 1950 and 1959, for example, it was possible to raise the output of copper, which accounts for about two-thirds of the mineral production of the province, by about 60 per cent without any significant change in employment.

Distribution of income

The very high volume of *per capita* production in Katanga as compared with the other provinces, discussed above, was not reflected in a comparable difference between the levels of personal income earned by Africans in that province and in the rest of the country. It can be seen from table 7 that, whereas the ratio of production to the African population in Katanga was about two and a half times larger than the average for the country, the personal income, per head of African population was only 60 per cent higher. As compared with Leopoldville the *per capita* production of Katanga was over 100 per cent greater, but the corresponding difference in African personal incomes was only about 20 per cent. Similar narrowing down of gaps between *per capita* income, as compared with differences in *per capita* production, can be observed if the computations are made by reference to working population(22) and to wage and salary earners.

(22) Working population — employees and their families — broadly corresponds to population living outside the traditional tribal areas.

Table 7 also shows that the relatively high average personal income of Africans in Katanga was the result of larger earnings by the African wage and salary earners, due to a higher level of wages in that province explained below. Wage and salary earners and their families, however, accounted only for about 35 per cent of total African population in Katanga and for 25 per cent of African population in the rest of the country. For the remainder of the African population the *per capita* earnings of Katanga were only about 15 per cent above the average for the country and some 20 per cent lower than in Leopoldville.

The higher wage and salary rates paid to Africans in Katanga as compared with the other provinces were, partly, a result of the employment of a comparatively larger proportion of skilled and semi-skilled Africans in the mining industry of that province. Moreover, the legal minimum wage rates, which were based largely on the prices of the essential consumer goods in different localities, were on average considerably higher in Katanga than in the rest of the country. In this connection it may be noted that African wages in the Congo, especially in Katanga, were relatively high by comparison with most other African countries. For 1957, the annual average wage paid to Africans is estimated at about $ U.S. 240 for the country as a whole and at over $ U.S. 400 for Katanga(23).

(23) Conversions to $ U.S. are made at the official exchange rate of $ U.S. 1 = C.F. 50.

Table 8

Distribution of Gross Domestic Factor Income between Africans and Europeans, 1957
(Per cent of gross domestic product, at factor cost).

	Total	Katanga	Leopold-ville	Equator	Oriental	Kivu	Kasai
African Income							
Total	47	31	55	61	59	61	52
Wages and Salaries	24	22	28	19	29	32	18
Other[a]	23	9	27	41	31	28	34
European Income							
Total	49	69	45	39	41	39	48
Wages and Salaries	21	23	28	16	21	21	15
Gross business profits[b]	28	46	18	24	20	18	33
Other Income[c]	4	—	—	—	—	—	—
Total, Gross domestic product, at factor cost	100	100	100	100	100	100	100
Total, in bil. francs	58.6	17.4	15.4	4.8	7.2	5.6	5.8

Source: See Table 2

[a] Includes income represented by subsistence production, estimated for the country at 7.4 bil. francs, or about 12 per cent of gross domestic product at factor cost.

[b] Before providing for depreciation and direct taxation, but after payment of indirect taxes.

[c] Consists of income generated through general government services not allocated to provinces, estimated at 2.4 bil. francs.

Note: Details do not necessarily add up to totals because of rounding of figures.

The narrower gaps in African personal incomes as compared with differences in production, noted above, can be explained largely by an exceptionally large proportion of total income absorbed by the European business profits in Katanga. It can be seen from Table 8 that in 1957 the gross profits of European enterprises amounted to about half of the gross domestic factor income in Katanga and to about one third in Kasai, as compared with a ratio of about 20 per cent in the other provinces. These differences between the share of European business profits were primarily the result of a relatively larger volume of profits earned in the capital intensive mining industries of Katanga and South Kasai, in particular in the former. The profits earned in these industries, exploiting rich mineral resources, accounted for a significant proportion of the total income in the two provinces.

It would be almost impossible to calculate accurately the 'normal' level of profits earned by the mining companies, as these are subject to a considerable short-term variation in accordance with fluctuations in world prices for mineral products. To obtain a general idea of the magnitude of these profits, however, a comparison may be made between the profits of Union Minière, operating the mining industry of Katanga, and the income of the African population of that province during two different years, 1956 and 1959, the former being an exceptionally good year for the company and the latter about average.(24) For the year 1956 the profits of Union Minière, after payment of royalties and of direct and indirect taxes, but before providing for depreciation, were moderately higher than the estimated income of the total African population of Katanga — 1.6 million people. After making a provision of 900 mil. francs for depreciation, the net profits of the company still amounted to over four-fifths of the estimated income of the total African population. In 1959 the net profits of the company were about 20 per cent lower than in 1956, but still amounted to about two-thirds of the estimated income of the total African population of Katanga.

The salaries received by Europeans in the Congo were on a scale totally different from that applied to Africans. They were substantially higher than salaries paid for comparable occupations in Western Europe, and many times bigger than the average salary paid to the Congolese, although, as noted above, the latter were relatively high by African standards. It is estimated that, in the private business sector of the economy, the average salary of Europeans in 1954 was over $ 8,000 per year and of Africans slightly under $ 200 per year. For the

(24) The reason for this is that, owing to an economic upswing in the industrial group of countries and to the Suez crisis, the average export prices of mineral products of the Congo during 1955 and 1956 were relatively high — about 25 per cent above the 1953-1954 level. Following the settlement of the Suez crisis and the 1957/1958 economic recession in industrial countries, these prices declined steeply and in 1959 were on the average about 25 per cent lower than in 1956, and some 5 per cent below the level of 1953-1954.

Distribution of disposable domestic income,[a] 1957
(In billions of francs)

	Total Income		Commercialised Income	
	bil. francs	percent of total	bil. francs	percent of total
African Income	26.4	50	19.0	42
European Income	19.6	37	19.6	43
Of which, paid abroad[b]	(3.8)	(7)	(3.8)	(8)
Public Revenue[c]	6.6	13	6.6	15
Domestic Income	52.6	100	45.2	100

Source: See Table 2

[a] National income plus net factor income paid abroad.

[b] Net factor income paid abroad, consisting primarily of dividends

[c] Direct taxes, including social security charge.

economy as a whole, — private and public sectors combined —, the corresponding figures were about $ 6,300 and $ 165 during the same year. Thus, the average salary of Europeans in the private business sector was over 40 times and in the economy as a whole over 35 times the average salary of Africans. Estimates made for more recent years indicate that the gap between the two scales of salaries had somewhat narrowed down during the following years and that, in 1957, the average European salary in the economy as a whole was only about 30 times that of Africans. As shown in table 8. the total salaries received by Europeans, who accounted for about 3 per cent of African employees, was only moderately lower than the total wages and salaries paid to the latter during that year.

The above pattern of income distribution, between wages and profits on the one hand, and between African and European salaries, on the other, resulted in the absorption of a very large share of total income by Europeans. It can be seen from Table 8 that, for the country as a whole, gross income accruing to the European capital and labour was equal to the income of the total Congolese population. The share of European income was particularly large in Katanga, where it amounted to more than double the share of the African population of that province. A large part of the European business income in the Congo was re-invested in the country. During 1957 the vaule of the gross private fixed investment amounted to about 55 per cent of the gross European business profits.

The foregoing discussion of the distribution of income between Africans and Europeans, is related to "gross" income, namely, prior to the payment of direct taxes and before providing for depreciation of fixed assets. During 1957, about 85 per cent of direct taxes were paid by Europeans in the form of corporate and personal taxes. Direct taxes paid by Europeans amounted to over 25 per cent of their net income after providing for depreciation; the corresponding rate for African income was about 5 per cent.(25) In addition, depreciation provisions related exclusively to European enterprises. In view of these facts the share of the European disposable income in total national income was, as shown below, somewhat lower than that indicated by table 8.

It can be seen from the followinng table that the volume of disposable income accruing to Europeans in total domestic income of the Congo in 1957 was about 25 per cent less than the African disposable income; about one-fifth of the European share was paid abroad, largely in the form of dividends. For the commercialised income alone, however, the total disposable income received by Europeans was equal to the total African disposable income. The share of disposable income accruing to Europeans in Katanga must have been appreciably higher than the average figure for the country shown in the above table.

Contribution Of Katanga To The Exchange Earnings And To The Public Revenue Of The Congo

The general picture of production and of income distribution, sketched above, was, naturally, reflected in the domestic and foreign trade of he provinces and in their fiscal relations to the country's exchequer. It is not, unfortunately, possible, on the basis of the available data, to arrive at an accurate estimate of the contribution made by each province to the foreign exchange earnings and to the public revenue of the country. The following analysis, which has been confined to Katanga, provides therefore, no more than a very rough estimate of the magnitude of the contributions in question for that pro-

(25) The 1957 direct tax rate on European income was relatively high, as it was strongly influenced by the high business profits earned in the preceding year. In 1958 the direct tax rate on European income amounted to less than 20 per cent; the tax rate on the African income remained unchanged.

vince. In view of the special significance of this subject, it is considered that even such broad estimates as those provided here may be of some value to an appreciation of some of the economic problems which have faced the Congo since its independence.

Contribution to foreign exchange earnings:

The difficulties involved in estimating the contribution of Katanga to the foreign exchange earnings of the Congo stem from the fact that no separate statistics were recorded in the country for the trade of the individual provinces. This applies both to their trade with foreign countries and to inter-provincial trade. As regards foreign commerce, the published customs statistics give no information on the origin of the country's exports and on the final destination of imports. Moreover, particular difficulties are encountered in allocating to the provinces their share in payments made for transport and insurance, dividends and other invisibles which, as shown below, absorbed an unusually large proportion of the foreign exchange earnings of the Congo.

Regarding the inter-provincial trade, it has been possible to obtain some estimates of the trade of Katanga wih its two neighbouring provinces — Kasai and Kivu — for the three years preceding independence. According to these estimates, made by private business sources in Katanga, the trade with Kasai was generally in balance during this period. The value of manufactured goods exported to Kasai, estimated at about 200 mil. francs per annum, was roughly equal to the value of food and raw materials bought from that province. Katanga, however, enjoyed a surplus, estimated at over 250 mil. francs, per annum, in her trade with the province of Kivu; its average annual sales to Kivu are estimated at about 400 mil. francs.

It is probable that Katanga had also a surplus in its trade with the provinces of Equator and Oriental to which it sold manufactured goods in exchange for primarily products. The value of trade with these two provinces was, however, on a comparatively small scale. On the other hand, there is no evidence that Katanga had a surplus with the province of Leopoldville, which supplied the former with a substantial value of commercial, transport and financial services. It is in fact more likely that Katanga would be in deficit if the receipts of Otraco — a para-state transport organisation, which operated from Leopoldville, — were credited to the latter.

The important point to be noted in connection with the trade of Katanga with the rest of the country is, however, that the value of its exports to the other provinces, although very important for its manufacturing industry, was rather small in relation to its mineral exports abroad; it could not have amounted to more than 15 per cent of the latter. In view of this fact and the fact that the sales of Katanga to the other provinces were, as noted above, largely offset by its purchases from them, it can be concluded that its net balance of payments on current account with the rest of the country was of a relatively small order of magnitude and can safely be ignored in this study.

As regards Katanga's foreign commerce, it is possible to make a rough estimate of its merchandise balance of trade. No major difficulty is encountered here in computing the value of its exports abroad, which consisted primarily of identifiable mineral products. The estimates of the retained imports of the province are, however, less reliable, and should be interpreted with caution and reserve. They have been made by allocating to Katanga a share of the total imports of the Congo, computed on the basis of a rough estimate of Katanga's importance as an end-user of the different categories of imports; the methods used in making this allocation are explained in Table 9. Owing to a large number of gaps in the available published information on the nature of some of the invisible payments, it has been decided not to make a detailed quantitative estimate of the liability of Katanga in respect of them.

It can be seen from Table 9 that during the years 1956-1959 the receipts from Katanga's exports amounted to almost half of the Congo's total export receipts. The share of Katanga in the export proceeds of the country was subject to a considerable short-term variation, owing to violent fluctuations in world demand for the mineral exports of that province; the ratio of its exports to total exports of the country was over 55 per cent in 1956, it declined to 40 per cent in 1958, and in the following year recovered to about 45 per cent. Imports of Katanga, however, were relatively more stable in value, and the rough estimates shown in the table indicate that they amounted to about 40 per cent of the total imports of the Congo.

The share of Katanga in the country's exports and imports, mentioned above, resulted in a substantial surplus on its merchandise trade account. The value of this surplus, on an average, amounted to about $ 130 mil. per annum, during the period 1956-1959; it was as high as $ 190 mil. in 1956, and as low as $ 80 mil. in 1958, (see table 9).

It would, however, be wholly erroneous to consider the above figures of surplus on the merchandise trade account as being in any way indicative of the magnitude of Katanga's net contribution to the Congo's earnings of foreign exchange, defined as the surplus on its balance of payments on current account. No allowance is made in the merchandise trade account for payments made abroad by Katanga in respect of transport and insurance, dividends, tourism, migrants' transfers and other invisibles. The total value of these payments was very large in the Congo in relation to the value of its merchandise trade. It can be seen from Table 9 that the payments made by the country in respect of the invisibles absorbed about 60 per cent of its export proceeds during the period 1956-1959, and were almost equal to the total value of the merchandise imported during those years, computed on an f.o.b. basis.

There appears to be no important reason to expect that the value of the invisible payments made by Katanga in relation to its foreign trade was significantly lower than it was for the country as a whole. In view of this fact, it can safely be concluded that the net contribution of Katanga, to the country's foreign exchange earnings was on a considerably lower scale than that indicated by its merchandise trade balance. On the basis of a rough estimate made for the purpose, it would appear that in 1956 the contribution in question was close to one-third of the merchandise trade balance, namely, about $ 60 mil. During 1957 and 1958, when the credit balance on the merchandise trade account declined considerably, most if not all of that balance was probably offset by invisible payments; it is not even excluded that the province had a deficit on its current balance of payments account. In the following year, however, Katanga again had probably a surplus on that account, but this must have been considerably lower than in 1956; it amounted probably to about one-fourth to one-third of the latter.(26)

It can be seen that above estimates of Katanga's net contribution to the foreign exchange earnings are considerably lower than some of the figures quoted on the subject. This is not very surprising, since it would appear that many of the figures quoted have been based on the merchandise trade balance of the province, with little or no regard to the invisible payments discussed above. The important point to be emphasized in this connection, however, is that no matter how low Katanga's net contribution was, the province was in a position to finance the import of a significant amount of capital goods, to pay all its invisible liabilities, including large sums of dividends, migrants' transfers and tourist expenses, without incurring a deficit on its current balance of payments account. There are, in fact, strong indications that, on an average, between the relatively favourable and unfavourable trading years, it still had a surplus on this account.

(26) An important factor in reducing Katanga's surplus on its current balance of payments accounts in 1959 was a large scale flight of capital, in the form of unusually big transfer abroad made by expatriates, due to political disturbances early in that year. For the country as a whole the amount of this capital flight is estimated at about $ 40 mil. This figure, which strictly should be excluded from the "current" balance of payments account, was in addition to the large scale capital transfers made by business enterprises; the latter, which are estimated at about $ 100 mil. are included in the balance of payments on "capital" account and do not appear in the table.

(27) For the country as a whole, export duties accounted for over 50 per cent and import duties for over 30 per cent of the total indirect taxes during 1957.

Contribution to the public revenue:

It has been shown earlier in this paper that Katanga accounted for about one-third of the Congo's domestic production and income and that the value of its foreign trade amounted to about 40 to 50 per cent of the total trade of the country during the period preceding the independence. In view of these facts it is natural to expect that the contribution of that province to the public revenue, in the form of direct and indirect taxes,(27) would be on a comparably high scale. In fact, the proportion of direct taxes collected in Katanga was even higher than its share in the domestic income. The reason for this is that the ratio of the European income, which bore the brunt of direct taxes, to total income was considerably larger in that province that in the rest of the country. (see Table 8 above).

According to the available information the share of Katanga in public expenditure, both on current and capital account, was appreciably lower than its share of contribution to the public revenue. As noted earlier, the province accounted for only about 12 per cent of the total population and for less than 20 per cent of the population living outside the traditional tribal areas, (see Table 1 above). This was, no doubt, an important factor in determining the scale of the public expenditure in Katanga, especially in respect of the provincial wages and salaries and of transfer payments to households, which together accounted for about 60 per cent of the government expenditure on current account. In Addition, the need for the government expenditure in Katanga was reduced owing to the fact that Union Minière undertook there part of the construction activities and of the expenses ,on health, education and housing, which in the other provinces were the responsibility of the public authorities.

Table 10 shows estimates of the public revenue and expenditure on current account, as defined for national accounts purposes, for the Congo and for Katanga, The figures for the Congo are obtained from the national accounts publications of the country. The share of Katanga, however, under the various revenue and expenditure headings, is estimated by the author in the manner specified in the table, except for items 1 and 4 which are obtained from the above publications.

With the exception of item 7 — "other government transactions" — discussed below, the methods used for estimating the share of Katanga, as explained in the table, are relatively simple and do not call for additional explanation. There is, however, some reason to believe that the weights given to Katanga under some headings would produce a somewhat conservative estimate of the contribution of that province to the exchequer. This is, partly, on account of the expenditure incurred by Union Minière, mentioned earlier, of which no account has

Table 9

Current Balance of Payments Account of the Congo, and Estimates of Merchandise Trade Account of Katanga, 1956-1959

(In million U.S. dollars)

The Congo	Annual Average 1956-1959	1956	1957	1958	1959
Merchandise Trade:					
1. Receipts[a]	567	612	565	512	580
2. Payments[b]	— 350	— 372	— 397	— 331	— 298
3. Balance (1+2)	218	240	168	181	282
4. *Invisible payments*[c]	— 323	— 317	— 324	— 292	— 358
a) Transport and insurance	— 123	— 128	— 137	— 109	— 119
b) Investment income	— 77	— 88	— 71	— 70	— 80
c) Tourism	— 32	— 28	— 31	— 36	— 35
d) Migrants' transfers	— 36	— 20	— 27	— 28	— 70[d]
e) Other[e]	— 54	— 53	— 58	— 50	— 54
5. *Balance on current account* (3+4)	— 105	— 77	— 157	— 111	— 76
Katanga[f]					
Merchandise Trade:					
6. Receipts	270	340	260	210	260
7. Payments[b]	— 140	— 150	— 160	— 130	— 110
8. Balance (6+7)	130	190	100	80	150

Source: See Table 2. For Katanga, "receipts" consist almost exclusively of the export proceeds of identified mineral products; "payments" are estimated by apportioning the value of imports of the four major categories of goods specified below between Katanga and the rest of the country as follows:

i) *African consumer goods,* on the basis of the share of Katanga in total salaries paid to Africans in 1957.

ii) *European consumer goods,* on the basis of the ratio of the European population living in Katanga to total European population of the Congo at the end of each year.

iii) *Raw materials and fuels,* in accordance with the weight of manufacturing production in Katanga during 1957.

iv) *Capital goods,* in accordance with the combined weight of Katanga in the production of mining and metallurgy, manufacturing, transport and construction during 1957.

[a] Incudes non-monetary gold.

[b] Computed on f.o.b. basis.

[c] Payments less receipts.

[d] Pronounced rise in this item in 1959 is explained by the flight of capital.

[e] Consists largely of payments abroad on account of government operations and of business administrative expenses.

[f] Figures for Katanga are rounded to the nearest zero.

Note: Details do not necessarily add up to totals because of rounding of figures.

been taken in the table. On the revenue side, owing to the relatively high rates of profits earned in the mining industry of Katanga and the existence of a progressive system of profit taxation in the country, the share of corporate taxes received from Katanga was probably higher than its share in the European business profits used in the table as a basis for apportioning this revenue.

Regarding item 7, it will be observed that the property income received by the central government is deducted from its two major outlays which cannot be easily allocated between the provinces; the net figure of expenditure is then apportioned between Katanga and the rest of the country. About two-thirds of the property income consisted of the government portfolio income most of which came from Katanga enterprises.(28)

The geographic location of enterprises in which the government was financially interested was, of course, important from the point of view of the external balance of payments account of the individual provinces. The income received by the central government on its securities in the various enterprises

(28) Particularly important was the income received from Union Minière through the intermediary of Comité Spécial du Katanga in which the government had a two-thirds interest. The value of dividends received by the government was equal to about one-sixth of the Union Minière dividend payments;they amounted in 1957 — based on the 1956 balance sheet — to about 400 mil. francs.

represented a liability, or an invisible payment, in the external account of the provinces in which those enterprises were located. From the point of view of the contribution to the public revenue, however, the location of enterprises cannot be considered as an appropriate basis for apportioning the portfolio income between the provinces. The portfolio was, and continues to be, a property of the central government, which was at liberty to change its composition by selling the old securities and buying new ones in other enterprises located inside or outside the country. Since it is rather difficult to find a logical basis for apportioning an item of the exchequer revenue earned on the assets owned by the central government, it is considered reasonable to have it offset against the unallocated outlays of the central government. In this method the central government income on its portfolio assets, estimated at over 1.2 bil. francs in 1957, is in effect utilised to cancel out interest payment on its liabilities, which appears to be a logical procedure. It will be observed that the basis used for apportioning the net government expenditure under item 7 results in allocation to Katanga of about one-third of it.

It can be seen from table 10 that in 1957 Katanga accounted for about 40 per cent of the public revenue and for about 20 per cent of the public expenditure on current account. The net savings of the province on that account amount to about 3 bil. francs, ($ 60 mil.). This is broadly equal to the total public savings for the country during that year, which would imply that, for the rest of the country, the level of the public revenue was roughly equal to the public expenditure on current account.

The preceding discussion has excluded expenditure incurred on the public investment projects which, for the country as a whole, amounted to 5.3 mil. francs net of depreciation in 1957.(29) As a result the aggregate public revenue and expenditure account — current and investment accounts combined — showed a deficit in excess of 2 bil. francs ($ 40 mil.) for the country during that year. On the assumption that about one-fifth of the government investment expenditure was incurred in Katanga,(30) the net savings of that province, on current and investment accounts combined, would still amount to 1.5 to 2 bil. francs, ($ 30 to $ 40 mil.). This figure represents a conservative estimates of the order of magnitude of the net contribution of Katanga to the exchequer of the Congo in 1957.

The contribution of Katanga to the public exchequer, like its contribution to the foreign earnings of the country, was subject to a considerable year to year variation. This is, largely, because of

(29) Gross public investment amounted to 5.8 bil. francs and depreciation on government property, for which provision was made in the current account, to 540 mil. francs.

(30) In view of the outlays of Union Minière, mentioned above, the ratio of one-fifth probably over-estimates the share of Katanga in the total public investment expenditure.

Table 10

Estimates of the Public Revenue and Expenditure on Current Account in the Congo and in Katanga, 1957

(bil. of francs)

	Congo	Katanga
Revenue		
1. Indirect taxes	5.4	2.3
2. Direct taxes	6.6	2.6
a) Corporate taxes	3.4	1.7
b) European social security	1.2	0.4
c) European personal taxes	0.9	0.3
d) African personal taxes	1.1[a]	0.2
3. *Total Revenue* (1+2)	12.1	4.9
Expenditure:		
4. Wages and salaries — provinces[b]	4.7	0.9
5. Purchases of goods and other services	1.8	0.3
6. Transfers to households[c]	0.8	0.2
a) European	0.7	0.2
b) African	0.1	—
7. Other government transactions — net.	1.6	0.5
a) Wages and salaries[d]	2.4	...
b) Interest on public debt	1.1	...
c) *Less:* Property income[e]	— 2.0	...
8. *Total Expenditure* (4+5+6+7)	9.0	2.0
9. Savings (3 — 8)	3.1	2.9
10. *Expenditure plus savings*	12.1	4.9

Source: For the Congo, see Table 2; for Katanga, the items specified in lines 1 and 4 are obtained from the original source — the old Central Bank bulletin, December, 1958. For the other items, the share of Katanga is assumed to be equal to its weight in the following variables during 1957:

Line 2(a), European business profits,
" 2(b), European population,
" 2(c), European salaries,
" 2(d), African income,
" 5 , as line 4, mentioned above,
" 6(a), as line 2(b),
" 6(b), African working population,
" 7 , Gross domestic product, private sector, at factor cost.

[a] Includes 300 million francs paid in social security charges.

[b] Represents the part of the government wage and salary bill which could directly be allocated to the provinces; as noted above, the estimate for Katanga is obtained from the original source. The remainder of wages and salaries appears under item 7(a).

[c] Consists largerly of social security payments.

[d] Includes depreciation on government property, estimated at 540 mil. francs.

[e] Consists largely of the central government portfolio income.

Note: Details do not necessarily add up to totals because of rounding of figures.

the short-term fluctuations in the value of its exports noted earlier, which had a significant effect on both the value of export duties collected and on the profit and dividend taxes received from Union Minière. The fluctuations in export prices affected, to some extent, the portfolio income of the central government through their influence on corporate profits and dividends.

It was primarily because of the fall in the value of foreign trade after 1956, discussed earlier, that the revenue received from indirect taxes suffered a severe set-back in the years 1957-1959, in particular in 1958 and 1959.(31) Moreover, in the latter two years, there was also an appreciable fall in the receipts from corporate taxes and from portfolio income, as these were based on the relatively low profits earned in 1957 and 1958.(32) As a result average public revenue in the years 1958 and 1959 was considerably lower than in 1957.

The fall in the government revenue during 1958-1959, was accompanied by a rise in its expenditure, due to an appreciable increase in its current outlays,(33) Consequently, the public deficit on current and investment account rose from a figure of slightly over 2 bil. francs in 1957 to over 5 bil. francs ($ 100 mil.), per annum, in 1958-1959.

It is reasonable to conclude that the above developments in the government revenue and expenditure resulted in a sharp curtailment of the net contribution of Katanga to the exchequer in 1958 and 1959. Rough estimates made for these two years indicate that the value of this contribution, on the average, amounted to about one-third to one-half of its level in 1957; the latter, as noted above, is estimated at about $ 30 to $ 40 million on a conservative basis. The extent of Katanga's net contribution to the exchequer in these two years is not, however, very significant in this discussion. The important point to be emphasized here is that, even in the years of economic recession,(34) when the Congo exchequer was incurring a large deficit of over $ 100 million per year, Katanga had a surplus, no matter how small, on its current and investment accounts combined.

The general conclusion which emerges from this section of the article is that the pattern of economic development of the Congo since the turn of this century was such that foreign capital and skill gravitated towards the rich and profitable mining regions of Katanga, which was thus enabled to atain a high level of producion in relation to its population and labour force, as compared with the rest of the country. Outside the tradiional tribal areas the value of production per worker in that province was, in fact, on a level comparable to that reached in the industrial countries of western Europe in the mid- 1950's. Since, at the same time, its level of consumption was on a considerably lower scale than that of industrial countries,(35) it was able to set aside a relatively large volume of its annual production in the form of domestic savings.(36) Katanga was thus in a position to pay abroad large sums in the form of dividends and other invisibles and to finance a substantial volume of investment without incurring a deficit on its current balance of payments accounts. In addiion, the revenue collected on its income and trade was more than adequate to cover the direct public outlays in the province together with a big share of the central government expenditure. The surpluses on the balance of payments and on the budget accounts were utilised to finance part of the imports and of the public expenditure in the rest of the country.

Significant though has been the loss of the net contributions of Katanga to the foreign exchange earnings and to the public revenue of the country, it constitutes no more than a small fraction of the heavy economic penalty imposed on the Congo by the interruption of the political and economic relations between that province ond the rest of the country since the early days of the independence. Equally important has been the economic damage inflicted on the country by the obstruction of the traditional channels of trade for the flow of goods and services between the provinces. By far the greatest single economic loss, in terms of production and income, suffered by the new republic has, however, ensued from the violent social disturbances in the country and from the general atmosphere of uncertainty and lack of security accompanying them. The economic and political posture adopted by Katanga since the proclamation of independence by its government in July 1960 cannot escape a large share of responsibility for exacerbating the social and political hostilities which have produced these disturbances. Though not of direct concern to this article, the above facts ar noted here with a view to presenting a balanced picture of the economic implications of the "Katanga problem" for the Republic of the Congo.

(31) It can be seen from Table 9 above that, despite the steep fall in exports in 1957, the value of imports in that year was higher than in 1956.

(32) The income from these two sources of revenue in 1957 was based on the relatively high profits earned in the preceding year.

(33) The rise in the current outlays more than offset a fall in public investment expenditure during those two years.

(34) Although there was a moderate recovery in production during 1959, the impact of the 1957/58 recession on the public revenue was, as shown above, felt largely in 1958 and in 1959.

(35) This was because of the lower wage rates paid in Katanga by comparison with industrial countries. It is estimated that production per worker outside the traditional areas in Katanga was in 1957 equal to that of the United Kingdom in 1954. Average wage paid to Africans, however, was about one-third and to Africans and Europeans combined about two-thirds of the average wage in the United Kingdom.

(36) The term "domestic", as distinct from "national", savings is used here to signify domestic production less domestic consumption.