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PROGRESS ACHIEVED BY THE NON-SELF-GOVERNING
TERRITORIES IN PURSUANCE OF CHAPTER XI OF
THE CHARTER

GENERAL ECONOMIC DEVELOPMENTS

Report prepared by the Secretariat

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NOTE: The following symbols are used;

Three dots (...)		data not available
Dash (-)		magnitude nil or negligible
Slash	1948/1949	crop or financial year
Hyphen	1948-1949	annual average

INTRODUCTION

1. Changes which may have occurred in economic conditions in the Non-Self-Governing Territories during the period under consideration can only be properly evaluated in the perspective of the general trends prevailing during that period in the world economy as a whole. After recovery from the aftermath of the Second World War, the world economy experienced a strong inflationary boom, due to the effects of the Korean War, followed by an equally sharp decline in demand and price level. Both these cyclical movements had a particularly strong impact on under-developed countries, exporters of primary products, a category to which nearly all Non-Self-Governing Territories belong. In the following few years no such violent fluctuations occurred and the general upward trend of world production and demand varied considerably, depending on the particular situation of different regions or concerning different products.
2. Furthermore most of the Non-Self-Governing Territories had just emerged from the war which, for some of them, particularly those in South East Asia and the Pacific, had resulted in wide-spread destruction. Even for most of those Territories not directly affected by military operations, the war had caused considerable economic dislocation and, for several years, replacement and maintenance of existing equipment, especially in the field of transport, were insufficient.
3. Under these circumstances reparation of the direct and indirect damage caused by the war and reconversion of the economy to peace-time conditions had to be one of the immediate objectives of the post-war period. Of far greater importance and of a more permanent character, however, were the policies initiated in most Territories to ensure a comprehensive development of their economy; these were implemented under the guidance and, frequently, the financial assistance of the Administering States.
4. The fundamental aim of economic policy in Non-Self-Governing Territories, bearing in mind the principles of the Charter, as described in Chapter XI and affirmed by the Committee on Information from Non-Self-Governing Territories,^{1/}

^{1/} United Nations: Official Records of the General Assembly, Ninth Session, Supplement No. 18 (A/2729), Part two, para. 17.

are the development of the Territories in the interest of all sectors of the population, raising the standard of living by increasing individual real purchasing power and by increasing the total wealth of each Territory in order to make possible a higher standard of social services and administration. The Committee has also pointed out that economic development can only be considered as truly satisfactory if it improves the standard of living and well-being of the indigenous population.

5. On many occasions government statements of the Administering Powers have defined, on similar lines, the principles of economic policy pursued by them. Thus the decree of 20 May 1955^{2/} on the implementation of the investment plan in the French Overseas Territories states that the basic objectives of the second four-year plan include raising the standards of living of the indigenous population, and development of human progress for the population as a whole. It is further stated that the plan aims first of all at furthering the development of rural economy and the improvement of living conditions of the indigenous populations.

6. For the United Kingdom Territories, the basic principle of the policy pursued in the Colonial Development and Welfare Acts was proclaimed at the outset to be the provision of assistance for any purpose likely to promote the development of the resources of the Territories or the welfare of their people. The Secretary of State for Colonies, in describing the purpose of the 1945 Act, stated that this Act would enable territorial governments to draw up development plans and achieve steady and sustained progress towards the great goals of raising the standards of living and well-being of their people.^{3/}

7. In the Belgian Congo, the aim of the Ten-Year Development Plan is increased production of goods, which either directly or through exchange should improve the standard of living of the population.^{4/}

^{2/} France: Journal Officiel de la République française, 21 May 1955.

^{3/} United Kingdom: Colonial Development and Welfare Dispatch, 12 November 1945, Cmd. 67113, p. 2.

^{4/} Belgium: Plan décennal pour le développement économique et social du Congo belge, Brussels 1949, tome 1, p. 17.

8. Apart from these objectives, another important motive for developing the economy of the Territories, which was emphasized in the earlier part of the period under review, is the desire to develop potential territorial resources, so as to strengthen the economic position of the sterling area^{5/} and of the French Union^{6/} by reducing their requirements for imports from hard currency areas, and by increasing their capacity for export production.

9. These efforts resulted in the development of production and export of primary products, for which there has been a generally expanding demand on the world market. In a number of Territories, diversification of the economy, through the development of agricultural production for the domestic market and a beginning of industrialization, has also been attempted. These policies have been generally pursued in the framework of comprehensive development programmes, which have been the major innovation of this period. The major objectives are to facilitate and accelerate the growth of the economy of the Territories as a whole, with a special emphasis, in some cases, on a balanced development and on the increased participation of the indigenous population and improvement in its standards of living.

10. The purpose of this paper is to attempt to assess the impact of these policies on the economy of the Non-Self-Governing Territories and on the well-being of their population in connexion with: development plans; changes in economic structure; national income and capital formation.

5/ United Kingdom: The Colonial Territories, 1948-1949 London, H.M.S.O., pp. 43-44.

6/ France: Journal officiel de la République française, 1 May 1946, pp. 3655-3656.

I. DEVELOPMENT PLANS

A. General principles and objectives

11. Establishment of economic development programmes in most Non-Self-Governing Territories since the end of the Second World War has been due to a great extent to the intention of the respective Administering Powers to promote the welfare of the inhabitants of the Territories in accordance with the obligation they have assumed under Chapter XI of the Charter.
12. It was generally recognized that reliance on private enterprise and investment, even supplemented with piecemeal projects of public works - which had been the policy generally applied prior to 1939 - could not achieve such a result. Comprehensive and relatively long-term development programmes, co-ordinating progress in all major fields, appeared essential.
13. These programmes were and still are limited to public investment from funds supplied by metropolitan as well as territorial sources. Private investments are generally not included in the development programmes, even though they have been considered essential to complement public investment. In the meantime, experience has demonstrated that the effectiveness of development programmes would be influenced to a great extent by the degree to which private capital would be attracted into productive investment based on the infrastructure established under the development programmes. Most of the development programmes cover social as well as economic aspects of development, both being closely interrelated.
14. It may be useful to recall briefly the basic objectives proclaimed at the initiation of the major development programmes.
15. In the Belgian Congo these objectives were twofold: (a) to decrease the vulnerability of the Congolese economy by creating an internal market; (b) to increase production and productivity by developing basic public services and by improving standards of life of the population.^{7/}

^{7/} Belgium: Plan décennal pour le développement économique et social du Congo belge, Brussels, 1949, Tome 1, p. XIII.

16. For the French Territories, the Law of 30 April 1946 laid down as the first priority objective of the plans for the overseas Territories the needs of the indigenous inhabitants and the provision of favourable conditions for their social progress. A second objective was declared to be the contribution toward the reconstruction and development of the economy of the French Union.^{8/}

17. For the United Kingdom Territories, the statement of policy on Colonial Development and Welfare made in 1940^{9/} proclaimed that "the primary aim of colonial policy is to protect and advance the interest of the colonies ... Much has already been accomplished but there is room for further active development of the natural resources of the various territories so as to provide their people with improved standards of living". In 1949, the broad pattern of economic development policy in United Kingdom Territories was summarized as embodying four objectives: (a) to restore and improve the capital equipment of the Territories, so as to provide a basis for future development; (b) to promote the types of economic activity, whether primary or industrial production, in which the Territories are best fitted to engage; (c) to maintain and then raise the living standards of the colonial peoples as rapidly as the level of their productivity permits, and (d) to secure the mutual advantages of the United Kingdom and the Territories, having regard to the finance, equipment and skill which the former may be able to provide.

18. No substantial changes have been made in these general principles and objectives of policy during the period under consideration. There have been, on the other hand, a great number of changes in the specific objectives of the programmes drawn up for the different Territories, as well as in their scope. These changes were determined in most cases by factors peculiar to the various Territories. However, three general trends have emerged in a great number of Territories.

19. The first is a general increase in the dimensions of the programme, reflected in the amount of planned expenditure. Thus, in the French Territories,

8/ France: Journal officiel de la République française, 1 May 1946, p. 3655.

9/ United Kingdom: Statement on Colonial Development and Welfare 1940, p. 5.

while under the initial draft of the Ten-Year Plan for the period 1947-1956 public investments had been scheduled at 190,710 million francs, the amount actually spent during that period has reached 533,000 million francs. Even taking into consideration the depreciation of the currency which occurred during the period, this increase reflects a substantial rise in expenditure in real terms. In the Belgian Congo, the initial cost estimate of the Ten-Year Plan made in 1948 amounted to 25,572 million Congolese francs, while under the revised estimate made in 1954 total expenditure is nearly double, reaching 48,114 million. For United Kingdom Territories no over-all estimates are available. While the total sum allocated for development programmes in operation in these Territories rose from £194,609,000 in 1949-1950 to £859,364,000 for 1956, this comparison should be qualified by the fact that at the earlier date no development programmes had as yet been put into effect in many Territories. Comparison of development plans applying to the same Territory provides a more valid picture. It may be noted, for example, that in Nigeria total expenditure under the development plan for the period 1951-1956 amounted to £34,156,000, while the total sum for development plans of the Federation and of the three regions for 1955-1960 amounts to £151,564,000.

20. A second major trend reflects the increased emphasis in more recent development programmes on projects calculated to bring about as rapidly as possible a direct increase in production and at least an indirect increase in taxable income. As a result, less emphasis is given to economic, social or administrative projects which not only do not increase revenue, but entail operational costs representing a considerable drain on the budget.

21. Finally there has been a trend towards a reduction in the duration of the plans, experience having demonstrated that long-term plans had to be revised to take into consideration changes in conditions, needs and resources. Thus, the ten-year period of planning adopted initially for the French as well as for some United Kingdom Territories has been split into four-year plans in the former and five-year plans in the latter. Moreover, in the French Territories the emphasis is now far greater on the yearly allocation of funds under the Fonds d'investissement pour le développement économique et social des territoires d'outre-mer (FIDES) than on the Four-Year Plan which provides only the general framework.

22. The development programmes adopted and implemented in most Non-Self-Governing Territories are generally of a comprehensive nature, reflecting an integrated approach to economic and social development, so that "the component parts complement and support each other" and "development in one sector affects and is in turn affected by development in others".^{10/} This approach is also reflected in the distribution of investment funds to different sectors, their relative share being determined primarily by the special circumstances of each Territory concerned. While expenditure for development is allocated on the basis of specific individual projects, these allocations are, at least for the major Territories, made within the framework of the general programmes and in accordance with their objectives. Thus in the case of Sierra Leone, the development programme for the period 1946-1955 had been directed mainly towards the improvement of transport and communications, considered essential for the increase of agricultural production of the Territory. This general objective has been reflected in the expenditures made during that period for specific schemes relating to the construction of a deep water quay, as well as of roads and bridges, and towards improvement of railway facilities, which together amounted to about 70 per cent of total development expenditure. In some smaller Territories however, such as the Solomon Islands and Guam, where limited population and resources did not present sufficient scope for integrated development, expenditure was made mainly for specific schemes relating to the most pressing needs.

23. An analysis of the major objectives pursued in the development programmes of a number of major Non-Self-Governing Territories since their introduction, including changes which have taken place in their orientation, is given below.

(1) Belgian Congo

24. In the Belgian Congo, private investment, already initiated on a large scale prior to the period under consideration, has been actively pursued and has resulted, in particular, in a considerable expansion of mining, including processing of metals, as well as in a gradually increasing development of secondary industry for the domestic market.

^{10/} International Bank for Reconstruction and Development: The Economic Development of Nigeria, Baltimore, 1955, p. 35.

25. Public investment therefore was mainly concentrated on economic infrastructure, in particular transport, to which 50.01 per cent of the resources made available in the original estimate of the Ten-Year Plan had been allocated. The greatest effort was expected to be made in the development of road transport, by building a large number of trunk-roads. Expenditure on road transport accounted for 23.91 per cent of the total plan. Development of water transport, in particular modernization of harbours, was second with 17.37 per cent, while the share of railroads and air transport was relatively smaller. In the revised plan the total share of transport has been reduced to 44.09 per cent. The share of road transport has been drastically cut to 13.59 per cent, experience having demonstrated that the trunk-roads were substantially more costly than expected, so that their construction appeared less economic. On the contrary, there is increased emphasis on railroads, whose share increased from 4.96 to 10.22 per cent. Their modernization and expansion, including the building of the Kamina-Kabalo junction linking the Compagnie des chemins de fer du Bas-Congo with the Compagnie des chemins de fer supérieurs des Grands lacs africains are considered as particularly useful for the establishment of an integrated transport system in the Territory.

26. Development of electric power is to a great extent being undertaken by private capital (the big mining companies) so that the share allocated to it in public investment could be relatively limited; 7.09 per cent of the revised plan.

27. Agriculture is the only major sector included in the development plan directly related to production activities. Its total share amounted to 5.69 per cent in the revised plan, including 2.54 per cent for indigenous agriculture and stock-breeding and 2.03 per cent for agricultural research.

28. A substantial share of public investment expenditure - 29.76 per cent in the initial estimate, 24.89 per cent in the revised plan - is being allocated to social services. Compared with the original estimate, allocations for health and medical installations and for education of the Congolese declined, respectively from 7.73 per cent to 6.01 per cent and from 7.20 to 4.54 per cent, while allocation for Congolese housing increased from 7.45 to 8.97 per cent and expenditure on town planning and civic buildings expanded from 4.70 to 16.67 per cent.

29. Further changes in the orientation of public investment were made in the allocation of authorized commitments for the last four-year period of the Plan, namely, 1956-1959. The share of transport was again reduced to 32 per cent, owing to the completion of most of the work schedule for railroads, whose share fell to 1.5 per cent, while allocations for road transport were increased to 21.5 per cent. Investment for social services has been expanded with allocations of 11.2 per cent for Congolese housing, 11.9 per cent for sanitation and medical facilities and 7.2 per cent for the education of Congolese. The emphasis on agricultural development was also increased to 9.5 per cent of total allocations.

(2) Territories under French administration

30. In the French Territories, private investment before the Second World War was relatively limited and was mainly concentrated on activities connected with foreign trade, especially exports. During the war, basic public equipment had been submitted to exceptionally heavy use and had been worked out to a far greater extent than usual. The basic objectives of the original Ten-Year Development Plan, adopted in 1946, had been to establish an adequate infrastructure of transport and communications and to concentrate on research, including geological exploration, so as to create the basic conditions required for an expansion of the production, expected to be achieved mainly by private initiative and private capital.

31. In order to reach this objective, transport has been allocated the major share in development expenditure, about 50 per cent of the total commitments made by FIDES and the Caisse centrale de la France d'outre-mer, between 1948 and the start of the second Four-Year Plan in 1953. Investment in activities directly related to production was smaller: only 18.3 per cent of allocations under the overseas sections of FIDES, 17.4 per cent being allocated to social expenditure.

32. Out of the total investment on transport, a sum of nearly 86,000 million francs, that is about 25 per cent of the total expenditure of the first Four-Year Plan, was spent on new roads. However, this expenditure did result in the construction of only 3,800 kilometres of permanent roads, including 2,100 kilometres for heavy lorries, whereas in 1947 the construction of 8,000 kilometres for heavy lorries had been planned. These large-scale investments had brought only minor improvements in conditions of production and, as a result of this heavy

expenditure, the Territories were burdened with substantial additional maintenance and operational costs which were not offset by a simultaneous expansion of the local economy and thus caused a worsening of their financial position.^{11/}

33. Even though expenditure on other sectors of transport, such as harbours, which accounted for 39,000 million francs (16.5 per cent of allocations under the overseas sections of FIDES), had brought far more satisfactory results and led to significant achievements, such as the opening to traffic of the new port of Abidjan, the over-all effect of this heavy concentration of investment on infrastructure did not achieve its hoped for objective. Production, especially in agriculture, significantly increased but this increase did not improve the fiscal revenue of the Territories, so as to enable them to increase their share in public investment, or even to compensate the rise in recurrent expenditure resulting from such investments. Private investment, apart from foreign trade and agriculture, also remained below expectations.

34. On the basis of this experience, the orientation of the second Four-Year Plan was significantly changed, so as to put the main emphasis on projects intended to result in direct increase of production. In particular, substantial grants and loans were expected to be made under the general section of FIDES and by the Caisse centrale de la France d'outre-mer for the establishment of large-scale mining and hydroelectric projects. The share of agriculture, as well as expenditure for research and exploration, were also to be expanded. As to transport, it was decided to retain infrastructural projects only to the extent that they had a direct bearing on production, increasing its volume, raising its value or reducing its costs. Investment in road transport, in particular, was to be limited to the improvement of road conditions, the establishment of feeder roads for existing rail or road communications and the opening of new routes to facilitate the marketing of produce from still isolated areas.

35. Accordingly, in the second Four-Year Plan the share of investment in production activities was increased to 52.9 per cent, including 6.9 per cent for

^{11/} France: Rapport général de la Commission d'études et de coordination des plans de modernisation et d'équipement des territoires d'outre-mer
Commissariat général du Plan, Paris, April 1954.

mining research and prospecting, 23 per cent for large-scale industrial, mining and hydroelectric projects, 4.6 per cent for loans to private undertakings and 17.9 per cent for rural economy: agriculture, stock-breeding and forestry. The share of transport and communications was reduced to 22.2 per cent, including 10.6 per cent for roads; investment in social services was increased to 21.4 per cent, including 6.8 per cent for health, 5.6 per cent for education and 8.3 per cent for town planning and housing. During the whole post-war period 1946-1957, total public investments financed by France amounted to 762,000 million francs distributed as follows:^{12/}

	<u>Thousand million francs</u>	<u>Per cent</u>
Studies, research and general expenditure	41	5.4
Agricultural production	148	19.4
Industrial production and trade	163	21.4
Transport and communications	271	35.5
Social equipment	127	16.7
Credit institutions (rural, handicraft and housing credits)	<u>12</u>	<u>1.6</u>
	762	100.0

36. The policy of allocating a large share of public investment for large-scale industrial, mining and hydroelectric projects in co-operation with private enterprise, which public investment is expected to attract and to assist, by financing in particular ancillary facilities, such as roads, etc., has not yet been reflected to a significant extent in actual production figures (with the major exceptions of a promising start of extraction of oil in Gabon, and bauxite in Guinea). However, a number of large-scale projects involving a total investment of 534,000 million francs are in process of finalization. Work has already started on the implementation of two alumina projects, Fria and Boka, both in Guinea, with a total expected production of 700,000 tons of alumina, as well as on the manganese projects in Franceville, Middle Congo, with an initial capacity of 700,000 tons,

^{12/} Including the Trust Territories of the Cameroons and Togoland, as well as overseas Territories other than those in Africa.

for which a railroad is already being built. Preparatory work is also being undertaken for the construction of a hydroelectric dam and power plant on the Konkuré River, which will enable the production of 150,000 tons of aluminium. Appropriations have been made for preparatory measures for an even larger dam and hydroelectric plant on the Kouilou, Middle Congo.

37. Apart from public investments made under the development plans, mention should be made of the investments in French West Africa of the Fonds d'équipement rural et de développement économique et social (FERDES) which was established in 1949 to finance small-scale projects of the community development type undertaken on the initiative of local authorities and designed to improve the living conditions of the populations concerned. The local authorities participate in financing the projects, contributing one third of their cost either in cash or in man-hours. The remainder is provided by FERDES, whose resources are derived half from the local budget of the Territory concerned and half from the budget of the Federation. By the end of 1956, the total investments in projects financed by FERDES amounted to about 3,800 million francs CFA.

(3) Territories under United Kingdom administration

Africa

38. There seems to be no general pattern in the orientation of development plans in the United Kingdom Territories where objectives of development plans are determined to a greater extent by the actual conditions of the Territories concerned than by recommendations based on general principles. One such recommendation, however, was made by the Secretary of State for Colonies when, notifying the Territories of their allocations under the 1955 Colonial Development and Welfare Act and inviting them to review their development plans accordingly, he emphasized the need to give a proper place in their programmes to basic services contributing directly to the development of resources and to avoid excessive expenditure on schemes involving heavy recurrent charges.

39. Although, in accordance with this recommendation, most development programmes in United Kingdom Territories give priority to economic projects, a more than proportional share of funds provided for the implementation of these programmes by

the United Kingdom under the Development and Welfare Acts is devoted to social services. This is due to the fact that some of the territorial Governments have tended to devote to social services, in particular health and education, the funds they received under the Colonial Development and Welfare Acts, while financing out of their own resources or loans funds projects of a revenue-earning nature.^{13/}

The total of functional commitments made under the Colonial Development and Welfare Acts from 1946 to 1957 amounted to £187,327,000 (see table 1); the share of social services in this total was 41.93 per cent, including 17.59 per cent for education, 10.25 per cent for medical and health services and 8.66 per cent for water supply and sanitation. Transport and communications absorbed 19.3 per cent of the funds allocated; by far the greatest part, 15.55 per cent, was spent on roads. Funds provided for economic services, i.e., those concerned directly or indirectly with production, amounted to 19.43 per cent of the total, nearly all of which (18.9 per cent) was spent for agriculture and connected activities, such as irrigation, soil conservation, forestry, etc. Finally a significant share of the total expenditure was spent for research and surveying, with 9.01 per cent for research proper and 5.56 per cent for physical planning and surveys.

40. A brief analysis of the orientation and objectives of development programmes in a number of Territories is given below.

41. In Nigeria comparison of the objectives of the development plan for 1951-1956 with those for the period 1955-1960 for the Federation and each of the three regions shows significant changes; in the earlier plan the main emphasis was on social services, which absorbed 40.6 per cent of the total allocations; economic services were the second most important sector with 31 per cent, including 25.8 per cent for agriculture and water supplies (mainly rural wells and irrigation), while 24.7 per cent was to be spent on transport and communications.

42. The new plans prepared under the new administrative organization, under which responsibility for economic development is shared by the Federation and the three regions, not only increased substantially the scope of expenditure but also changed its orientation. The share of social services has been reduced from 40.6 to 14.4 per cent, even though in absolute figures the amount appropriated has still increased by more than 60 per cent, from £13,860,000 to £21,831,000.

^{13/} United Kingdom: Colonial Development and Welfare Acts, Report on the Administration and use of the Funds provided under the Colonial Development and Welfare Acts, Cmd. 9375, London, January 1955.

Table 1

Financial assistance furnished by the United Kingdom under the
Colonial Development and Welfare Acts

Functional commitments from 1 April 1946 to 31 March 1957^{a/}

(thousand pounds sterling)

Class of scheme	Totals	Percentage
(1) Administration and organization	2,201	1.17
(2) Physical planning, surveys and census	10,409	5.56
(3) Communications:		
(a) Civil aviation	5,255	2.80
(b) Ports, harbours and water transport	1,288	0.68
(c) Railways	152	0.08
(d) Roads	29,123	15.55
(e) Telecommunications	347	0.19
(4) Economic:		
(a) Agriculture and veterinary	23,632	12.62
(b) Fisheries	881	0.47
(c) Forestry	3,029	1.62
(d) Irrigation and drainage	4,719	2.52
(e) Land settlement	1,074	0.57
(f) Soil conservation	2,063	1.10
(g) Electricity and power	396	0.21
(h) Industrial development	595	0.32
(5) Social:		
(a) Education:		
(i) Primary and secondary	14,481	7.73
(ii) Technical and vocational	6,740	3.60
(iii) Higher	11,728	6.26
(b) Medical and health services	19,208	10.25
(c) Housing and town development	6,143	3.28
(d) Nutrition	175	0.09
(e) Water supplies and sanitation	16,227	8.66
(f) Broadcasting, films and public information	2,054	1.10
(g) Welfare	1,792	0.96
(6) Training schemes for the overseas civil service	3,925	2.09
(7) Miscellaneous	2,816	1.50
(8) Research	16,874	9.01
	<u>TOTAL 187,327</u>	<u>100.00</u>

a/ Source: United Kingdom: Colonial Development and Welfare Acts,
London 1957, p. 4-5.

Expenditure for education in particular continued to increase - with a view to reaching the target of 22 per cent of literacy by 1960 - from £6,956,000 to £13,700,000, even though its share declined from 20.4 to 9 per cent. Medical and health investments have increased at a slower rate, from £6,090,000 to £7,245,000, and their share has declined from 17.8 to 4.9 per cent.

43. However, the main objectives of the new plans are the extension of the network of communications and the development of the natural resources of the Territories with the aim of increasing production and taxable income, in order to enable the financing from tax proceeds of the social services established since the war. The Federal Government having stated that the establishment of an extensive transport system should be the most effective way of achieving economic progress, investment in transport is the most important item in development expenditure: 56 per cent of the investment programme of the Federation and 40 per cent of total development expenditures, including those made by the Federation and the regions. The major part of the allocation for transport is to be spent on roads: £22,737,000 (15 per cent of the total), with the main objective of building and/or rebuilding 1,300 miles of trunk-roads. Ports and harbours are to absorb 8.5 per cent of total development expenditure, telecommunications a similar share and railroads 6.6 per cent.

44. The share of economic services has slightly declined, to 24.3 per cent, even though the actual amount to be spent has increased substantially, from £10,589,000 to £36,892,000. A particular emphasis is being put on increasing the rural water supply by the sinking of 6,000 wells (7.6 per cent of total expenditure), while 5.4 per cent is being spent on electric power supply. The allocation for agriculture, on the contrary, has declined, not only in percentage from 12.2 to 2.2 but also in absolute figures, from £4,156,000 to £3,316,000. Allocations for building and town planning have expanded from 2.1 to 3.2 per cent and from £720,000 to £4,890,000. An even greater increase, reflecting the expansion of local administrative services, can be noted in investment for administration and defence, from 1.6 to 6.9 per cent and from £534,000 to £10,524,000.

45. In the Gold Coast, the Ten-Year Development Plan put into force in 1951 was primarily a plan to improve and expand government services and public utilities into a nation-wide framework which was essential for the development of the economy. A major sector of expenditure was the social services with 33.7 per cent of total allocations, including 16 per cent for education, 8 per cent for housing and 6 per cent for health. Communications absorbed 34.5 per cent, including 21.8 per cent for railways and 10 per cent for roads. Investments for administrative and general services amounted to 14 per cent, while only 17 per cent remained available for economic and productive services, including agricultural and industrial development. Moreover, some of the expenditures made in this last sector did not pertain directly to the expansion of production but were intended to build up government services for the improvement of agricultural production.

46. Owing to the availability of sufficient resources, the 1951 programme was implemented in five years, instead of the ten initially scheduled, despite the lack of skilled personnel, delays in deliveries of imported equipment and the limited capacity of the construction industry. A second plan was prepared in 1955. The major difference between the two plans, apart from an increase in total expenditure, from about £75 million to £121 million (60 per cent), is a substantial reduction in investment in social services, from 33.7 to 21.7 per cent of total expenditure. On the other hand, investment in administrative and general services has been expanded from 14 to 24.8 per cent, the major increase being in local government capital works, from 2.3 per cent to 7.5 per cent, and in official buildings, from 5.8 to 7.4 per cent. The share of investment in transport and communications has remained constant, while its absolute amount has been increased from £25,885,000 to £43,291,000. The reduction in the share for railways has been compensated by an increased allocation for roads. The share of expenditure for economic and productive services has also remained relatively stable, with some increase mainly for electricity and water supplies. Expenditure for the Volta River project had not been included in the first plan; while the second plan allocated £750,000 for the Volta River Preparatory Commission. Expenditure for railway extension

and for the establishment of a new port in Tema; connected with the project, was however included in the investments made under the relevant items of the development plan and was expected to remedy the insufficient transport and particularly port capacity which had previously slowed down the rate of development.

47. In Sierra Leone the main emphasis of the economic development plan adopted in 1949 has been the establishment of an adequate system of transportation, including construction of a deep-water quay at Freetown, modernization of railways, construction of bridges and development of feeder roads. About 35 per cent of total expenditure under the plan had been allocated for transportation. In the new plan for the period 1956-1959, transportation remains the most important sector with 38 per cent of total expenditure, most of the balance being allocated for the development of social services.

48. In Kenya a major emphasis of investment in the first development plan for the period 1946-1953 had been on expansion of agricultural production and connected activities, such as irrigation, forestry, etc.; the total share of this sector in development expenditure amounted to 30.5 per cent; transport absorbed only 17.1 per cent, including 15.5 per cent for roads. Social services were the most important sector with 31.5 per cent of total investment expenditure; education absorbed 16.9 per cent, including 7.9 per cent for European education; 11 per cent was spent for housing and 3.6 for medical services. Investment on police and military buildings as well as prisons absorbed 4.2 per cent. Implementation of the plan had been affected to some extent by continuous revision of allocations caused by the rise of prices and, since 1949, by financial difficulties.

In the new programmes for the period 1954-1957, the emphasis on expansion of African agriculture in the fertile regions of the Territory has been strengthened; a considerable increase in production of cash crops by African farmers is the major objective of the plan. The share of agriculture in investment made under the general development plan has been reduced to 17.6 per cent, the share of European settlement having declined drastically from 6.1 to 1.5 per cent. However, an additional sum of £6 million, equivalent

to more than 20 per cent of the total amount of the development plan, has been allocated under a special plan (Swynnerton Plan) for the development and modernization of African agriculture. The share of social services has declined slightly, to 25.3 per cent, the main reduction being in European education, from 7.9 to 3.7 per cent. There has been an increase in investment for police and military buildings and prisons to 17.3 per cent of total investment. The share of transport and communications has remained at approximately the same level as in the first plan, i.e., 16.7 per cent.

49. In Uganda, estimates for the first development plan, for the period 1947-1956, covered total expenditure, including investment as recurrent charges. This plan was not fully integrated but consisted of a number of specific projects selected as pilot schemes to open the way for a broader development. The need for more comprehensive planning became apparent when the pace of development increased, the plan for the period 1955-1960 was thus drawn up to regulate the utilization of all resources likely to be available during this period. The main objective of the second development plan remains the expansion of African farming which, however, is expected to be achieved less by large-scale investment than by extension of agricultural training and research services, including new coffee, sugar and tobacco research stations. In terms of allocations of funds for investment, the major share accrues to urban services (including African housing and water supply) which receive 23 per cent; communications, particularly major roads and minor feeders roads, which absorb 20 per cent, and social services, in particular education, with 15 per cent.

50. In Northern Rhodesia, the main purpose of the development plan in operation is to establish the economic and social services needed by all sections of the community and to assist the development of African population. The substantial private investment which has taken place in the Territory has made it possible to restrict public investment in favour of production activities other than agriculture.

The development plan for the period 1947-1957 was revised in 1953, in order to bring the estimated cost up to date, some difficulties having resulted from lack of correct estimates, which caused a discrepancy between requirements and resources made available in the plan. The major emphasis in

the revised estimates was on public works, including African housing, which absorbed 48.1 per cent of the total investment. Allocations for loans to local authorities and co-operatives - intended mainly to assist the African population - amounted to 14.4 per cent and investment in roads and bridges to 8.1 per cent. A sum of £1,060,000 representing only 2.6 per cent of total investment was provided for African rural development; however, in 1955, this amount was increased by £1.5 million, with corresponding reductions in allocations for other projects under the development programme.

Caribbean region

51. In the Caribbean, there appears to be no uniform pattern of change in the allocation of investment in development plans. In several Territories, however, there has been a trend towards a reduction in social services and an increase in more direct income-producing investments.

52. In the Ten-Year Plan for Barbados for the period 1946-1956, social services absorbed 55.8 per cent of all investment, including 21.3 per cent for health, 15.6 per cent for housing and 13.1 per cent for education. Agriculture and irrigation absorbed 29.9 per cent and industrial development only 1.8 per cent. In the revised plan for the period 1952-1957, the share of social services declined slightly, to 47.4 per cent. The major part of this allocation (29.2 per cent) was set aside for housing and town planning, while the share of other social investment was substantially reduced: health to 6.5 per cent and education to 8.7; the share of agriculture and irrigation was also curtailed to 15.5 per cent. On the other hand, investment for industrial development and tourism increased to 6.4 per cent and the share of communications to 15.4 per cent. No official information is as yet available on the new Five-Year Plan for the period 1956-1960. Its major project would be the construction of a deep-water harbour in Bridgetown which will absorb nearly 40 per cent of the total investment, the remainder being allocated to agriculture, road transport and social services.

53. In British Guiana, in the Ten-Year Plan for the period 1947-1956, economic services absorbed 50.8 per cent of total allocations, including 39 per cent for drainage and irrigation. The share of social services, including town planning

and housing, was 31.9 per cent; that of transport and communications, 14.6 per cent. Distribution of funds in the supplementary programmes for the years 1950-1955 was somewhat different. The share of economic services declined to 26.8 per cent in the programme for 1950-1952, and to 28.4 per cent for the later years; the share of transport and communications declined to 45.2 per cent and 29.6 per cent, while the share of social services declined to 25.2 and 25.9 per cent.

54. In British Honduras, in the first part of the development plan for the period 1952-1956, development of internal communications, the major objective, absorbed 74 per cent of the total funds available, the remainder having been divided equally among productive activities, particularly agriculture, forestry and fisheries, and social services. In the second part of the same development plan the emphasis was shifted to productive services (50.1 per cent of total funds) out of which the most important were: agriculture, forestry and fisheries, 29.1 per cent, and electric power, 13.2 per cent; transport and communications absorbed 15.2 per cent and social services only 7.3 per cent. In the development plan for the period 1955-1960, productive services, including agriculture, remained the major sector of investment with 38.9 per cent, while 26 per cent was to be spent on transport and communications and 11.7 per cent on social services.

55. In Jamaica, in the Ten-Year Plan for the period 1946-1956, social services absorbed the greatest share (43.7 per cent) out of which public health accounted for 29 per cent. Productive services obtained 33.3 per cent of allocations, including 31.4 per cent for agriculture and only 1.9 per cent for industry, while the share of transport and communications amounted to 7.6 per cent. No official information is as yet available on the new Five-Year Plan, which is expected to follow the recommendations of the mission of the International Bank and to place the major emphasis on increased agricultural production.

56. In Trinidad, the major objectives of the development programme for the period 1951-1956 were to ensure a supply of water (37.9 per cent of total allocations) and electricity (15.4 per cent), and to improve roads (7.7 per cent) and health services (8.4 per cent).

South-east Asia

57. In the Federation of Malaya, a major objective of the development plan for the period 1951-1957, was to provide the necessary conditions for increased production. Public investment was therefore to assist agricultural producers, particularly small-holders, in replacing rubber trees and in developing rice production. It was also intended to expand the basic facilities, specially for power production, required to meet the demand of mining industries and to facilitate the establishment of manufacturing industries.

58. In accordance with these objectives, productive services, that is mainly agriculture absorbed 24.4 per cent of allocations and basic services 51.8 per cent, including 22.4 per cent for power, 8.7 per cent for roads, 7.7 per cent for telecommunications and 6.8 per cent for water supply; the share of social services amounted to 21.3 per cent. The recommendations of the mission of the International Bank, accepted in principle by the Government as directives for the plan for the next planning period, advise maintenance on the whole of a similar allocation of priorities, with a slight reduction in the share of basic services to 41.9 per cent and maintenance of social services at 21.4 per cent; agriculture is to receive 27.9 per cent, including 16.1 for rubber planting.

59. In Singapore, the development programmes are aiming at maintaining Singapore's position as a major port and international trading centre. Social services, which have to take care of the needs of a rapidly growing urban population, absorb by far the greatest part of allocations: 61.6 per cent in the plan for the period 1951-1957, including 19.5 per cent for housing, 13 per cent for health, 11.4 per cent for education. Economic services received 31.9 per cent, including 17.8 per cent for electric power, 8.8 per cent for civil aviation and 3.1 per cent for harbours. A similar pattern of expenditure is maintained in the recommendations of the mission of the International Bank, with a slight decrease in the share of social services, to 56.8 per cent.

60. In North Borneo, during the period 1951-1957, allocations under the plan were equally divided between agriculture and multipurpose projects, transport and communications and social services. In the plan for the period 1955-1960 a far greater emphasis is placed on transport and communications which absorbed 72 per cent of the total.

61. In Sarawak, the pattern of expenditure in the successive development plans is somewhat similar, the share of transport and communications increasing from 34 per cent in the plan for 1951-1957 to 54.5 per cent in the plan for 1955-1960, while the share of social services is being reduced during the same period from 51 per cent to 20 per cent.

B. Administrative structure and procedures

62. Methods of preparation and implementation of the development programmes, especially the extent of participation of the population of the Territories, vary according to the Administering Member concerned.

(1) Territories under United Kingdom administration

63. Local authorities are generally in charge of the preparation of development programmes. In most Territories there are development boards or committees which prepare the draft plan to be submitted to and discussed by the Legislative Assembly of the Territory concerned. The latter's approval is, however, subject to the limitation that the cost of projects to be financed by subsidies from the metropolitan country may not exceed the amount allocated to the Territory by the Secretary of State for the Colonies out of the grants authorized by the United Kingdom Parliament under the Colonial Development and Welfare Acts or, in some cases, other special acts. After approval by the local assembly, the plan is submitted to the Secretary of State for the Colonies and enters into force unless the latter raises objections.

64. Institutions established in some major Territories to deal with the preparation and execution of development plans, as well as with steps to associate the local populations with the plans, are described below.

65. In the Gold Coast, development programmes were drawn up by the Standing Development Committee of the Cabinet, under the chairmanship of the Prime Minister. There was also a Secretariat for Development attached to the office of the Prime Minister. Its functions were to supervise the implementation of the plan and its financing, and, under the direction of the Standing Committee, to integrate into the general plan projects submitted by the various ministerial departments and to determine the priority to be accorded to them. In addition,

regional development committees were recently established or were in the process of being established for each of the six administrative regions of the Territory. The purpose of these committees was to facilitate liaison between the central Government and the people in drawing up development plans, to give the Government a better idea of the needs of the various regions, and to enable it to explain to the regional authorities how the development projects of the various regions could be integrated into the general plan.

66. In Nigeria, as a result of the establishment of the federal system in 1954, the administrative organization of planning had to be revised.^{14/} Separate plans are now drawn up by the three regions and by the Federation. The federal plan deals with services affecting the whole Territory - such as the establishment of a national transport system, higher education, research, administration and financing of public corporations by loans - and also with projects concerning the Federal Territory of Lagos. In accordance with the recommendations of the mission of the International Bank,^{15/} an Economic Planning Commission was instructed to draw up the federal development programme for 1955-1960 and to consider and co-ordinate requests for funds from the various government departments and from public corporations financed by the Federal Government.

67. In the Western Region, a Planning Committee was set up for the purpose of combining the proposals of the various government departments in an over-all plan. There are also two public corporations concerned with development: the Western Region Finance Corporation and the Western Region Production Development Board. The functions of both have been revised in line with the recommendations of the mission of the International Bank. The Finance Corporation will henceforth confine itself to granting funds to private enterprise, and the Development Board to making investments designed to foster production. The Bank mission had also recommended that the powers exercised by the marketing boards in questions of development should be reduced. In the past, the boards themselves used to

^{14/} Nigeria: The Economic Programme of the Development of the Federation of Nigeria, 1955-1960, p. 3.

^{15/} International Bank for Reconstruction and Development: The Economic Development of Nigeria, Baltimore, 1955, p. 83.

determine what proportion of funds should be used for developing production or for research on products with which they were concerned. Henceforth, the contributions made by the boards will be incorporated in the funds allocated for financing the plan. For example, the Marketing Board of the Western Region must make an annual contribution of £750,000 towards the cost of research and extension services in connexion with cocoa being carried out by the Department of Agriculture. A similar administrative organization has been set up in the Eastern Region.

68. In addition to the regional planning bodies in Nigeria, local planning is carried out by the indigenous authorities, for example, in the Northern Region.^{16/} The plans of the indigenous authorities are financed to a large extent out of their own funds, supplemented by contributions from regional funds.

69. In the preparatory stage, co-ordination between federal and regional planning departments is achieved by consultations between regional and federal authorities and by periodic inter-governmental conferences. High-level co-ordination is a function of the National Economic Council, a body composed of sixteen members representing the regional councils and departments.

70. In Kenya, up to 1953, the Standing Planning Committee, established in 1950, was responsible for the preparation and review of development plans, while the execution of the plans and, in particular, the control and authorization of expenditures were the function of a special body, the Development and Reconstruction Authority. After that body was abolished in 1953, the Ministry of Finance became responsible for the control of expenditures and each government department became responsible for authorizing expenditures for the work coming within its jurisdiction. A Development Committee headed by the Minister of Finance and Development was also established in 1954 for the purpose of reviewing the development plans, establishing priorities for the various projects and ensuring co-ordination in the execution of the plan.^{17/}

71. In Uganda, a special planning body, the Development Council, was set up in 1954. The Council prepared the investment plan for 1955-1960, which was

^{16/} Nigeria, Northern Region: Statement of Policy on the Development Finance Programme 1955-1960, Kaduna, 1955, pp.30-31.

^{17/} Kenya: The Development Programme, 1954-1957, Sessional Paper No. 51 of 1955, Nairobi, 1955, pp. 6-10

subsequently approved by the Government of the Territory and the Legislative Council.

72. In Sierra Leone, the development plan emphasizes the need for active participation by the indigenous population in the preparation and implementation of the plans.^{18/} A Produce Marketing Board composed of representatives of producers and merchants has accordingly been established.

73. In the same Territory, decentralization of planning is accomplished through the five-year economic development plans prepared by the district councils, which also put the plans into effect with the technical advice of the Government. These plans are financed by a subsidy of £25,000 for each district and for the whole of the five-year period, by the indigenous authorities from their own funds, and by such subsidies as may be granted by the Marketing Board for specific projects. Even greater decentralization of planning in Sierra Leone has been achieved under the programme for rural community development, which provides for subsidies to finance small local projects for the benefit of the villages.

74. In Northern Rhodesia, there is a Development Authority which is responsible both for preparing the development programme and for carrying it out after it has been approved by the Legislative Council.

75. In the Caribbean region, development programmes are prepared and carried out separately for each Territory. However, two regional organizations assist the local authorities in questions of planning. The Development and Welfare Organization in the West Indies advises the local governments on the establishment of long-term programmes of economic development and social reform which are to be financed by subsidies from the United Kingdom under the Colonial Development and Welfare Acts. The Regional Committee for the West Indies, British Guiana and British Honduras is an advisory body composed of representatives of all the Governments concerned. Its function is to establish some measure of regional co-ordination between the development plans of the various Territories.

76. In Jamaica, the Industrial Development Corporation and the Agricultural Development Corporation are responsible for carrying out the development plans in their respective fields. In Barbados, a Development Board was set up in 1955 to

^{18/} Sierra Leone: A Plan for Economic Development for Sierra Leone, Freetown, 1949, pp. 1-2.

promote the expansion of existing industries and the establishment of new industries. In British Guiana, the British Guiana Credit Corporation grants loans to private undertakings out of the funds provided by the development plan.

77. In the Federation of Malaya, a Committee of the Executive Council was responsible for co-ordinating the various development projects and drawing up a new five-year plan for economic development. The Rural and Industrial Development Authority (RIDA) assisted the rural population, which consists mainly of farmers and fishermen, in modernizing their methods of production and improving their level of living. The activities of RIDA included technical and financial assistance (loans and grants), the introduction of modern farming and fishing implements, the modernization of the cottage industries, the establishment of industries for processing farm produce, the establishment of co-operatives, and community development. In North Borneo, the North Borneo Credit Corporation was set up in 1955 to facilitate the development of agricultural and industrial production and to stimulate the investment of private capital.

78. In Sarawak, a Development Board has existed since 1951 for the purpose of reviewing the progress of development plans and recommending the changes it considers necessary. It is composed of members appointed by the Government of the Territory and seven representatives of the district councils.

(2) Territories under French administration

79. The development programme for French Territories as a whole, including an analysis of general principles and directives, major projects to be undertaken, estimated cost and sources of financing, particularly grants from the metropolitan budget, is prepared by the Department of Economic Affairs and Planning of the Ministry of Overseas France after consultation with local authorities. It is approved by a vote of Parliament. The same procedure is applied each year to the annual grants made by the metropolitan country, where, however, the projects to be implemented and the funds to be appropriated are defined in more specific and precise terms.

80. Preparation of the part of the development programme to be financed by the general section of the Fonds d'investissement pour le développement économique et social des territoires d'outre-mer (FIDES) is entrusted to the Department of Economic Affairs and Planning of the Ministry for Overseas France; the draft plan is submitted to the Executive Committee of FIDES, whose approval puts it into force.
81. Preparation of the programmes of the overseas sections of FIDES has been decentralized under the provisions of a law passed in 1955. Each overseas section is prepared for the Territory by the head of the Territory, assisted by the Planning Board, within the limits of the over-all expenditure approved by the French Parliament, and submitted to the Territorial Assembly for its consideration. In the Federations of West Africa and Equatorial Africa, there are also federal sections comprising expenditure for the federation as a whole, such as expenditure for transport. The federal sections are drawn up by the head of each federation and considered by the Grant Conseil. Under the loi-cadre of 23 June 1956, which further decentralized the Territories, the functions of the services of the federation and, as a consequence, the scope of the federal sections of FIDES have been reduced.
82. The programmes of the overseas sections are then submitted to the Executive Committee of FIDES and, if approved by this body, are put into force by an order of the head of the federation or territory concerned after having been voted upon by the local assembly concerned. If the Executive Committee of FIDES does not approve the programme, it proposes amendments or deletions which must then be deliberated on by the competent local assembly. A programme cannot be given final approval without full agreement between the assembly and the Executive Committee of FIDES. The assembly's approval of the programme of the overseas section with which it is concerned implies the agreement to contribute its share of the cost of financing the programme.
83. The same procedure is applied to the annual appropriations made under the overseas sections of FIDES to the Territories concerned. The Four-Year Plan represents the general framework of development to be pursued during the period to which it applies and is therefore generally approved without modifications. This general plan is flexible, however, so that the annual appropriation, which

represents the sums to be spent for specific projects, may vary to some extent from the initial estimates of the plan.

84. Projects financed by loans from the Caisse centrale de la France d'outre-mer (CCFOM) do not require approval of the local authorities, even though they may originate in requests for financing made by them. Decisions on the grant of these loans are made by the Supervisory Council of CCFOM taking into consideration criteria of economic feasibility and effectiveness. However, they also have to be approved by the Executive Committee of FIDES, which co-ordinates all public investments made out of resources provided by the metropolitan country.

(3) Belgian Congo

85. The plan is prepared by an organ of the Administration, the Permanent Secretariat, which has a branch in the Department of Colonies at Brussels and another in the Congo. The Secretariat is headed by a planning Commissioner (Commissaire au Plan). It prepares the annual segments of the plan, supervises its execution and draws up an economic and financial balance sheet. Before the annual segments are submitted to the Belgian Parliament, they are considered by an advisory body, the Government Council (Conseil du gouvernement) of the Belgian Congo. The Belgian Parliament, although having already given general approval to the plan and to its financing under the Congo's extraordinary budget, must once again approve the periodic work programme and the corresponding requests for funds under the extraordinary budgets of the Belgian Congo.

II. CHANGES IN ECONOMIC STRUCTURE

86. An attempt has been made in the following pages to evaluate the importance of changes in economic structure in the Non-Self-Governing Territories by comparing the trends of several indicators which appear most relevant for this purpose and for which data are available.

A. Shift from subsistence agriculture to money economy

87. Subsistence agriculture being a sector of activity in which productivity and consequently income are particularly low, its displacement by production for sale may be considered as a reliable indicator of economic progress.

88. Information on this subject is very fragmentary. However, according to data available for a few African Territories and summarized in table 2 below, subsistence agriculture is still an important if gradually declining sector in the economic activities of the indigenous population of most Non-Self-Governing-Territories in Africa.

Table 2

Ratio of subsistence agriculture in selected African Territories

		Ratio to national income (per cent)	Ratio to income of indigenous population
Belgian Congo	1950	16.0	34.9
	1956	14.8	27.5
Kenya	1947	29.1	56.2
	1957	18.6	43.9
Uganda	1950	27.6	51.2 <u>a/</u>
	1957	24.2	40.0 <u>a/</u>
Ivory Coast	1953	38.1	44.9

a/ Ratio of African agricultural income.

B. Changes in the relative importance of export production

89. Reduction in the ratio of exports to national product, and thus in the degree of dependence of the economy on the world market, is also generally considered as an indication of progress towards a more balanced economy.

90. Available data do not, however, permit the conclusion that dependence of the economy of most Non-Self-Governing Territories on export of primary products has been reduced to a significant extent. For the seven Territories for which a comparison between national product and proceeds of exports has been possible (see table 3) the ratio has not changed considerably. It should, however, be pointed out that in nearly all cases the stability of the ratio was the result not of a stagnation of the economy but of the increase at a more or less similar rate of both national product and exports. As a general rule, the ratio of exports was highest in the years when proceeds of exports expanded substantially, while national product increased at a somewhat slower rate. This seems the natural consequence of the fact that export production, which is generally the most dynamic and efficient sector in primary producing countries, such as most Non-Self-Governing Territories, responds most quickly and strongly to any increase in world demand. The stimulating effect of the increase of exports is then gradually transmitted to the other sectors of the economy. On the other hand, in periods of declining of demand on the world market, exports usually fall sharply and their ratio to national product decreases, while the other sectors have a stabilizing effect. The continued dependence of the Non-Self-Governing Territories on exports of primary products remains a serious factor of fragility for their economy, and a cause of major difficulties in case of decline in value and volume of these exports.

91. It can be seen that in most Territories for which data are available, in particular the Belgian Congo, Kenya, Uganda and Malaya, the highest ratio of exports to national product was reached during the boom years 1950 and 1951, when both prices and volume of exports of most primary products were at a climax; that ratio declined during the period of falling prices which followed. In the Gold Coast, the ratio of exports reached its maximum in 1954, when cocoa prices as well as the volume of exports reached their highest level, and a similar situation prevailed in the French African Territories, whose main export products, coffee, cocoa and bananas had followed the same trend.

/...

92. The only Territory where changes in export ratio have been due to local conditions, rather than fluctuation in world prices and demand, is Jamaica where the gradual increase in the ratio appears to be due to development of new export activities (bauxite and alumina).

Table 3

Ratio of exports to national product in
 selected Non-Self-Governing Territories

	Base year	Ratio	Highest year	Ratio	Lowest year	Ratio	Latest year	Ratio
Belgian Congo (gross domestic product)	1950	37.9	1951	42.9	1954	35.3	1957	36.9
Kenya (net domestic product)	1947	18.1	1952	24.1	1949	15.4	1957	15.8
Uganda (net domestic product)	1950	40.3	1951	53.7	1953	35.3	1957	37.6
Gold Coast (gross domestic product)	1950	41.3	1954	43.7	1952	37.9	1955	38.1
French African Territories <u>a/</u> (gross national product)	1948	19.7	1954	19.6	1952	15.9	1955	17.6
Malaya, Federation of (gross national product)	1947	26.1	1950	58.0	1947	26.1	1953	30.2
Jamaica (gross domestic product)	1950	21.0	1954	25.0	1952	18.2	1955	24.1
Mauritius (gross national product)	1950	34.1	1951	46.3	1950	34.1	1956	42.3

a/ French West Africa and French Equatorial Africa, including the Trust Territories of the Cameroons and Togoland.

C. Diversification of economy

93. A reduction in the relative importance of primary productions such as agriculture and mining, and an increase in secondary and tertiary activities, e.g., manufacturing, trade and transport, are considered a favourable change in the structure of the economy. Such diversification reflects a higher degree of development and a trend towards a more balanced economy. As a general rule, productivity tends also to be higher in secondary than in primary production, particularly in agriculture. Information on the distribution of domestic product is available for only a few Territories, so that no general conclusions can be drawn from the data given in table 4 on the progress of diversification and the decline in the preponderance of primary production. A significant reduction in the share of primary production has occurred in only two Territories, Kenya and Jamaica: in Kenya, this change was due to a decline in African agriculture from 33.8 to 22.6 per cent while the share of non-African agriculture increased slightly from 13.6 to 15 per cent, and of manufacturing from 8.5 to 13.7 per cent; in Jamaica, there was a substantial shift from agriculture to manufacturing and mining, due to the expansion of new industries and to the start of extraction of bauxite and of production of alumina. In the Belgian Congo, the reduction in the share of agriculture was nearly compensated by an increase for mining.

Table 4

Changes in distribution of domestic product in selected
Non-Self-Governing Territories

		<u>Primary sector</u>		<u>Secondary sector</u>		<u>Tertiary sector</u>		
		<u>Agriculture</u>	<u>Mining</u>	<u>Manufac- turing</u>	<u>Construc- tion</u>	<u>Trade</u>	<u>Trans- port</u>	<u>Services</u>
Belgian Congo ^{a/}	1950	36.3	19.9	5.5	5.0	9.5	7.3	12.1
	1956	30.6	23.5	7.5	6.3	7.9	10.2	15.6
Kenya ^{b/}	1947	47.4	1.3	8.5	2.8	16.4	7.9	12.2
	1957	37.6	1.1	13.7	6.0	14.9	7.4	15.8
Mauritius ^{a/}	1950	31.1	-	22.9	4.1	10.1	11.0	10.4
	1956	30.3	-	23.0	4.3	9.2	13.0	10.6
Jamaica	1950	30.8	2.5 ^{c/}	11.3	7.5	15.2	7.1	18.5
	1955	18.9	4.8	13.8	9.5	17.2	6.5	20.4

^{a/} Gross domestic product.

^{b/} Net domestic product.

^{c/} 1953.

D. Changes in consumption patterns

94. Changes in consumption patterns concerning both the total volume and breakdown among different categories of products indicate, to some extent, the degree of progress achieved as to the standards of living of the consumer groups concerned. According to the information available such changes, particularly in relation to the indigenous population, appear to have been of a somewhat greater scope than changes in the relative importance of different sectors of production analysed above. Information also indicates that in general there has been a certain increase in the consumption of both domestic and imported foodstuffs and industrial goods, together with a gradual diversification of consumption and a shift to goods and services of higher quality and price.

95. Statistical data on the consumption of foodstuffs by the population of the Non-Self-Governing Territories are available in only a few isolated cases. Thus, the tax administration in Kenya and Uganda has compiled statistics on consumption of excisable commodities, which include sugar and beer. During the years 1946-1956, the consumption of sugar increased in Kenya from 1,991 tons to 2,743 tons and in Uganda from 1,095 tons to 4,516 tons; consumption of beer expanded in Kenya during the same period from 84,000 to 548,000 imperial gallons and in Uganda from 9,000 to 172,000 imperial gallons.

96. Data on production of major foodstuffs which are produced and consumed locally, as well as on livestock population,^{19/} provide, however, an approximate picture of the general trend, which indicates a gradual increase in most categories.

97. Direct data on consumption of industrial products by the indigenous population of the Non-Self-Governing Territories are also unavailable. Local production and net imports of products used exclusively or mainly by the indigenous population should, however, provide a reasonable indication of the magnitude of the consumption and of its general trend.

98. Local production of industrial consumer goods is in most Territories - with Hong Kong as the only significant exception - insufficient to cover consumption requirements in all major fields. Moreover, it is concentrated on low price and low

^{19/} See "Agriculture and live-stock" (A/4108), report prepared by the Food and Agriculture Organization of the United Nations.

quality products, the manufacture of which requires neither costly and complex equipment nor highly skilled labour. These products are marketed nearly exclusively to the indigenous population; higher quality and more expensive goods of the same categories, imported initially only for the consumption of the non-indigenous part of the population, are gradually expanding their sales to the indigenous sector. Industrial production in most Non-Self-Governing Territories is still in a very early stage of development and statistical data are therefore available for only a very short period and for a few products for mass consumption, such as cotton cloth, soap, beer and cigarettes. All available information, however, points to a very rapid and steady increase of output, which the domestic market absorbs without difficulty, while fluctuations in purchasing power are reflected in variations in imports of goods of the same categories.

99. Data on industrial production for local consumption, available for only a few products, reflect the general trend of rapid expansion. Thus, from 1952 to 1956, production of cement rose from 33,000 tons to 186,500 tons in Kenya; from 56,900 tons to 112,700 tons in Northern Rhodesia; from 17,200 tons (in 1953) to 59,900 in Uganda; and from 31,000 tons (in 1953) to 103,200 tons in Malaya. Production of bricks in Malaya increased from 77 million units in 1951 to 129 million units in 1956.

100. Production of cigarettes increased in Kenya from 30 million in 1951 to 150 million in 1956, in Nigeria from 901 million in 1950 to 2,650 million in 1956. Between 1952 and 1956 production of beer rose from 125 to 248 million hectolitres in Kenya; from 11 to 54.6 million hectolitres in Uganda; and from 37.9 to 101.5 million hectolitres in Nigeria.

101. Data on production and local consumption of a number of industrial consumer goods are available for French West Africa. Production of ground-nut oil, the major part of which is exported, but for which local consumption is steadily increasing, rose from 88,200 to 125,220 tons during the period 1952-1956 (42 per cent), while local consumption increased during that period from 9,500 to 16,000 tons. During the same period, production of beer increased from 88,000 hectolitres to 205,000 (133 per cent). Local consumption increased from 47 to 65 per cent. Production of footwear increased from 625,000 to 1,208,000 pairs (94 per cent) with a rise in local consumption from 26 to 37 per cent.

Production of cement increased from 80,000 tons to 145,500 (82 per cent); local consumption rose from 25.7 to 40.2 per cent. Production of cotton yarn and cloth increased from 480 to 2,313 tons (380 per cent) and production of cigarettes from 350 to 1,000 tons (186 per cent).

102. More comprehensive data on the production of industrial consumer goods available for the Belgian Congo are given in the table below:

Table 5

Belgian Congo: Industrial production, selected items

<u>Item</u>	<u>1949</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>
Cement (thousand metric tons)	144	248,300	345,500	405,000	459
Bricks and tiles (thousand units)	207	429,657	377,843	354,492	296
Cigarettes (millions)	1,005	2,701	2,434	2,925	3,232
Footwear (thousand pairs)	453	1,262	1,433	1,542	1,963
Blankets (thousand units)	800	1,157	1,480	1,692	2,072
Cotton cloth (million metres)	33.9	43.5	47.2	50.0	57.7
Soap (metric tons)	12,342	16,070	19,599	21,842	23,005
Beer (thousand hectolitres)	299	739	882	1,081	1,229
Bottles (thousand units)	--	12,000	14,000	11,000	16,750
Beds (units)	--	--	14,000	22,800	36,200

103. In the few Territories characterized by a wide range of manufacture a substantial industrial expansion has taken place since the end of the Second World War. In Hong Kong, activities before 1939 were mainly concentrated on heavy industry, shipbuilding and repairing and iron foundry; capacity in this field has been greatly increased and amounts to 80,000 gross tons for new building. The greatest increase since 1948 has, however, occurred in light industries, especially in textiles which have become the Territory's major industry, with 300,000 spindles. Production of enamel-ware, electric torches and batteries, rubber footwear, plastics, etc., has also rapidly expanded. In 1956, there were 3,319 registered factories in Hong Kong, apart from a great number of traditional handicraft enterprises. The total number of workers employed was estimated at 350,000. An indication of the magnitude of the Territory's industrial development can be obtained from figures on selected exports of manufactured goods. The total value of such exports amounted in 1956 to \$HK782,593,000.

Table 6

Hong Kong: Exports of selected manufactured goods
 (million Hong Kong dollars)

	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>
Cotton piece goods	213	207	246	173
Cotton yarn	114	103	114	98
Shirts and singlets	126	131	125	147
Enamel-ware	46	61	57	70
Electric torches	36	45	50	49
Rubber footwear and canvas shoes	35	43	62	77

104. In Jamaica, considerable progress has been made in industrial development to diversify the economy and to provide additional employment for the increasing percentage of the growing population that cannot be absorbed in the production of agricultural export crops. The more important investments have been made in bauxite extraction and alumina production; in 1955 exports reached 1.5 million tons of bauxite and 196,000 tons of alumina. A further expansion of capacity to 500,000 tons of alumina is being undertaken. A large number of light industries have been established in the Territory and have rapidly developed their production. Production of shoes increased from some 200,000 pairs in 1952 to 825,000 in 1956; and production of textiles from 4 million yards in 1954 to 6.5 million yards in 1956. Production of cement, which was started in 1952 with 70,000 tons, had reached 132,000 tons in 1956.

105. Available data on imports of industrial consumer goods are more comprehensive and provide a more accurate picture of development of consumption in Non-Self-Governing Territories. While a general upward trend has prevailed for most such imports in all Territories, there have been heavy fluctuations, generally reflecting variations in export receipts which largely determine the effective demand for imports. Speculative policies have frequently resulted in increasing the range of fluctuations; importers expanded their purchases when prices were rising, thus accumulating excessive stocks, and were therefore forced to cut down new imports when the trend had changed.

106. A very significant trend, apparent in most Territories, is the difference in rate of growth of imports, as between the most common and inexpensive products,

110. Analysis of different categories of consumer goods imports confirms the gradual shift in demand, as a result of increased purchasing power, from relatively low-grade and low-cost products to higher quality and more expensive ones. This trend is illustrated in particular by a comparison of imports of different categories of foodstuffs and industrial consumer goods into the major African Territories under French administration (French West Africa, Equatorial Africa, Madagascar) during the period 1949-1955. It is significant that imports of sugar more than doubled during that period; imports of non-printed cotton cloth, the cheapest category, scarcely increased, while imports of printed cotton cloth increased by 141 per cent; imports of cotton yarns rose by 133 per cent; imports of cotton blankets by 173 per cent and imports of artificial fabrics and yarns by 567 per cent.

Table 8

Index of imports of foodstuffs and industrial consumer goods:
in French Overseas Territories

(French West Africa, French Equatorial Africa and Madagascar)

(1949 = 100)

	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>
	(thousand tons)						
Sugar	32.9	124.6	164.7	158.7	207.9	249.8	336.2
Salt	20.4	80.4	62.7	70.6	89.7	108.3	126.0
Cotton yarn	0.9	133.0	177.8	144.4	311.1	277.8	233.3
Cotton cloth non-printed	15.2	110.7	132.7	101.3	108.7	138.0	102.0
Cotton cloth printed	2.9	137.9	193.1	151.7	148.3	275.9	241.4
Cotton blankets	1.1	154.5	263.6	200.0	245.0	418.2	272.7
Artificial fabrics and yarns	0.6	150.0	250.0	216.7	483.3	883.3	666.7
Clothing	1.8	88.9	127.8	127.8	183.3	205.6	244.4
Tools, hardware, etc.	15.3	91.5	161.4	115.7	85.0	137.9	138.6

111. A similar impression is derived from a comparison of imports of essential consumer goods and other consumer goods in the Belgian Congo. Goods for the latter category had been previously considered as mainly for consumption by the European

population, but African demand for them has been rapidly increasing. During the period 1948 to 1955, the quantum index for the former increased by less than 14 per cent, while that for the latter rose by 152 per cent.

Table 9

Belgian Congo: Imports of consumer goods a/

	<u>Essential consumer goods</u> <u>(mainly for African consumption)</u>		<u>Other consumer goods</u> <u>(mainly for European consumption)</u>	
	<u>Volume</u> <u>(thousand tons)</u>	<u>Quantum index</u> <u>1948-1949 = 100</u>	<u>Volume</u> <u>(thousand tons)</u>	<u>Quantum index</u> <u>1948-1949 = 100</u>
1948	71	96.4	42	91.5
1949	79	103.6	48	108.5
1950	84	68.8	57	117.0
1951	106	139.6	79	170.6
1952	116	143.2	88	181.5
1953	93	106.3	102	189.1
1954	111	133.0	120	242.6
1955	107	113.8	138	252.4

a/ Including the Trust Territory of Ruanda Urundi.

III. NATIONAL INCOME

112. Even though the monetary indicator showing changes in national income or product cannot possibly provide an accurate reflection of the rate of real progress in the economy and the standard of living, it provides in numerical terms an indication of the extent of progress achieved in economic development.

113. A study of trends of national income in the Non-Self-Governing Territories appears especially difficult as the data available are of fragmentary nature, and above all there are important differences in the cost of living, as well as in the patterns of expenditure in the various Territories.

114. Nevertheless, even with this qualification, it is worthwhile attempting a detailed analysis of data on national product and its distribution for each of the Territories for which such analysis is possible. Such data are available for only a limited number of Non-Self-Governing Territories; as they are, however, fairly representative of most major regions, they should provide reasonable indications of the general trends. As a general rule, there has been a considerable increase in national product at current prices; discounting the impact of the general rise in the price level and of variations of export prices, there was a far smaller but in most cases still substantial increase in national product at constant prices. Taking into account the general growth of population, the rise in real per capita product was noticeable in a number of Territories. Separate data on development of indigenous income are available for only a few African Territories; in some of them the share of national income of which the African population has been the direct recipient has increased, and the rise in the per capita income of the African population has been at a more rapid rate than that of other categories of income.^{20/}

115. Table 10 shows the figures of gross resident product at current prices in a number of Territories for which such data are available. Any comparisons between Territories might be misleading, mainly in view of the fact that changes in the price level have been far from identical; yet in all cases the figures given show an increase in product.

^{20/} To facilitate comparisons among the various Territories, all figures on national income have been converted into United States dollars at the official exchange rate.

116. An attempt has also been made in table 10 to assess the changes in real domestic product. Accurate data on changes in prices of all major components of national product, in particular of imported capital and consumer goods, are difficult to ascertain. It is possible, however, to give special consideration to exports, the proceeds of which provide in all Territories concerned, a major contribution to the domestic product. Moreover as exports are subject to frequent and violent price fluctuations, they are mainly responsible for short-term variations in the nominal domestic product. In order to eliminate the influence of such price changes, major exports of each Territory concerned, representing from 70 to 95 per cent of their total exports during the last year of the period under review, have been estimated at prices of the first year. The other major components of gross domestic product have been deflated by the respective retail price indexes. In view of the differences in the period for which data are available for the Territories, the annual rate has been calculated to facilitate comparison. For the Territories of French West Africa and French Equatorial Africa, for which gross national product estimates at constant prices are available, the only adjustment made has been re-evaluation of major exports at first year prices. For this reason and also owing to higher price levels prevailing in these Territories, figures relating to them may not be fully comparable with those for other Territories.

117. The table shows that there has been an increase in real gross domestic product in all Territories considered. However, the range of this increase has been variable. The particularly high rate of increase in Northern Rhodesia appears to be due mainly to the expansion of copper mining, the major industry of the Territory, during the period under review. In Jamaica also, diversification of the economy by the establishment of new industries and the development of mining has resulted in a rapid growth of domestic product.

118. Data on the part of national income obtained by the African population (see table 11) are of a particular interest for the evaluation of the progress made in the standards of living. They are available for four African Territories only. In all of them an increase in African income may be noted at current as well as constant prices. On the latter point, however, no information is available for Kenya. The share of African income in the total national income has increased in three Territories, Northern Rhodesia being the exception.

In that Territory the increase in African income, even in real terms, was spectacular; it was due mainly to a considerable increase in the numbers and wage level of Africans employed in the copper mines. The reduction in the share of African income is due entirely to the drastic decline in the share of subsistence income, estimated throughout the period at a constant figure, which was stated^{21/} to be unrealistic and to underestimate this income during the latter part of the period. The share of money income accruing to the African population has, on the contrary, increased.

119. Data on changes in per capita income, which appear to be the most important indicator of standards of living, after taking into account the increase in population, are given in table 12. For the Territories for which data on the income accruing directly to the African population are available, it has been possible to calculate per capita personal African income. For the other Territories, only per capita domestic product, applying to the population as a whole, could be obtained, using the same method of deflation and adjustment as has been described for the real domestic product in paragraph 116 above. In view of the difference in the nature of data available, figures obtained respectively for per capita personal income and for per capita domestic product for the different Territories are not comparable. Comparison of rates of growth would appear to be more significant.

120. Changes in the relative importance of the share of national income received by different groups of recipients reflected generally the growing share of profits of enterprise and wages at the expense of agriculture, even though the scale of this development has greatly varied in different Territories.

121. In the Belgian Congo the share of wages in national income increased from 40.7 to 54.6 per cent between 1950 and 1957; this increase is due almost entirely to the rise of African wage income, from 17.7 to 28.5 per cent of the national income. The per capita income of the African wage earners is far higher than that of the rest of the indigenous population, a major part of which draws its resources from subsistence agriculture. Thus, in 1957 the per capita income of the African wage earners and of their families amounted to 79.3 dollars while for the rest of the African population it was only 28.4 dollars; the wage earning population, whose share amounted to 27 per cent of the total African population, was the recipient of 50.7 per cent of the

^{21/} Northern Rhodesia: The National Income and Social Accounts of Northern Rhodesia, Salisbury, 1954, p.20.

total indigenous income. The share of income from enterprise declined from 34.8 to 32.5 per cent; its African component remained nearly stable, 27.7 per cent against 28.3 per cent, despite the fact that it included in both years income from subsistence agriculture. Income from property increased from 7.8 to 11.3 per cent, while savings of companies fell from 20.5 to 2.3 per cent; however, direct taxes paid by companies expanded to 6.9 per cent compared with 4.2 per cent, income due to the rest of the world increased from 5.1 to 7.8 per cent.

122. For the Territories under United Kingdom administration taken as a whole, estimates are available only for domestic product at current prices. From 1948 to 1957 gross domestic product rose by 111 per cent from 4,354 million dollars to 9,184 million dollars. There have been considerable differences in the rate of increase as between groups of Territories; thus, gross domestic product increased by 71 per cent in West Africa, 167 per cent in East Africa (including the Trust Territory of Tanganyika), 102 per cent in the Far Eastern Territories (including the Federation of Malaya), 184 per cent in the Caribbean Territories and 150 per cent in others. The per capita gross domestic product at current prices for the United Kingdom Territories as a whole increased from 1950 to 1956 from 72.8 to 117.6 dollars (61 per cent).

123. More detailed information is available for some of the United Kingdom Territories, such as Kenya, where the share of salaries and wages in domestic income - before deduction of income flowing abroad - increased from 34 per cent in 1947 to 43.7 per cent in 1957; African wage income for which separate data are available from 1951 increased from 12.1 to 19.7 per cent in 1957; on the other hand, the share of African agriculture has gradually declined: 33.8 per cent in 1947, 26.1 per cent in 1951 and 22.6 per cent in 1957, while the profits and earnings of the self-employed remained stable at 28.6 per cent in 1957 compared with 28.5 per cent in 1947.

124. In Uganda, full data on the distribution of domestic income, including income accruing to the African population, are available only for the period 1952-1957. During that period, total domestic income at current prices increased by only 13.9 per cent, owing mainly to the substantial fall in prices of the major crops, cotton and coffee, during the last two years of the period.

The increase in the categories of income accruing to the African population was substantially higher: 50.2 per cent for income from cash crops, which is the major factor, amounting in 1957 to more than half of the African income; 14.2 per cent for income from subsistence agriculture; and 95.4 per cent for wages paid to African workers. Profits from private business enterprise, however, have increased by only 10.1 per cent, while the profits of the statutory marketing boards, which reflect the variations in the prices of export products and thus protect the stability of income of agricultural producers, have declined by 63.6 per cent.

125. In the Gold Coast during the period 1950-1955 the greatest increase, out of all major categories of recipients of national income, occurred in wages and salaries, which nearly doubled, from 70 million to 138 million dollars, and whose share in the national income increased from 14.8 per cent in 1950 to 21.1 per cent in 1955. The income of cocoa farmers and brokers remained remarkably stable despite the heavy fluctuations in cocoa prices and exports during this period. The income ranged between a minimum of 82.8 million dollars in 1954 and a maximum of 95.3 million in 1952, and amounted in 1955 to 93.8 million dollars against 84.1 million in 1950; its share in the national income has, however, declined from 17.4 to 14.3 per cent. The full impact of fluctuations in cocoa prices and exports was reflected in the profits of boards and corporations which had declined by the end of the period from 61.1 million to 12.4 million dollars, i.e., from 12.8 to 1.9 per cent of the national income. Miscellaneous incomes, including, in particular, agricultural crops other than cocoa and subsistence agriculture, have risen from 209.2 to 282.1 million dollars, their share in national income remaining nearly constant at 43.1 per cent against 43.9 per cent.

126. In Northern Rhodesia, data on distribution of net domestic product are available for the period 1945-1953. The increase in income from wages amounted to 548 per cent, rising from 23.3 million to 127.7 million dollars, while the income of companies increased by 1,282 per cent and was equivalent in 1953 to 50 per cent of the net domestic product, compared with a share of 21.8 per cent in 1945. From 1945 to 1951, the net amount of remittances abroad of profits and dividends (after deduction of receipts) increased from 12.2 per cent to 31.5 per cent of the net domestic product. Owing to the /...

transfer of domicile to Northern Rhodesia of several large mining companies, these remittances subsequently were reduced and amounted in 1953 to 21.3 per cent of the net national product. Data are available for all categories of income accruing to indigenous households in the money economy, i.e., wages and income from unincorporated enterprise. However, the income of African subsistence economy has been estimated for each of the years under consideration at a constant amount of 14 million dollars. Total African income increased by 326 per cent; its share in net national income, however, declined from 44.6 to 30.5 per cent.

Table 10

Gross domestic product at constant prices in
selected Non-Self-Governing Territories

	<u>First year</u>	<u>Gross domestic product</u> (million dollars)	<u>Last year for which data are available</u>	<u>Gross domes- tic product at current prices</u> (million dollars)	<u>Changes in gross domestic product a/</u>		
					<u>At current prices</u>	<u>At constant prices</u> (per cent)	<u>Annual rate of change at constant prices</u>
Belgian Congo	1950	703.8	1957	1,280.4	81.5	60.2	7.0 <u>b/</u>
French West Africa <u>c/</u>	1948	998.6	1955	1,794.0	-	66.5	7.5 <u>d/</u>
French Equatorial Africa <u>c/</u>	1948	255.7	1955	478.3	-	80.7	8.8 <u>e/</u>
Kenya <u>f/</u>	1947	148.4	1957	475.7	221	-	-
Uganda <u>f/</u>	1951	268.5	1957	343.6	28	41.2	5.9 <u>g/</u>
Northern Rhodesia <u>f/</u>	1948	103.6	1953	315.6	205	72.1	11.5 <u>h/</u>
Gold Coast	1950	496.2	1955	658.3	32.7	6.1	1.2 <u>i/</u>
Mauritius	1950	93.0	1956	147.2	58.2	34.9	5.1 <u>j/</u>
Cyprus	1950	108.4	1956	223.3	106	43.8	6.2 <u>k/</u>
Jamaica	1950	196.4	1955	380.7	93.8	59.0	9.7 <u>l/</u>
Malaya, Federation of	1949	1,160.9	1953	1,890.0	62.8	29.7	6.7 <u>m/</u>

a/ Changes in real gross domestic product have been calculated by estimating the major exports of each Territory during the last year for which data were available at prices of base year and deflating all other components of domestic product by the respective retail price indexes. The footnotes below indicate the export products considered and the indexes used for each Territory.

b/ Export products considered: minerals, vegetal oils, coffee, cotton; deflated by average index of consumption and investment expenditure (1950 = 100).

c/ Gross national product.

d/ Export products: groundnuts and oil, coffee, cocoa; figures for both first and last year are given in francs of 1955 purchasing power and based in each case on an average of three years: 1947-49 and 1954-56 respectively.

(Footnotes continued on following page)

Table 10 (footnotes continued):

-
- e/ Export products: cotton, lumber; figures given for first and last years in the same way as in footnote 2 above.
- f/ Net domestic product.
- g/ Export products: cotton and coffee; deflated by index of retail prices in African markets. Kampala (1951 = 91, 1957 = 98).
- h/ Export product: copper; deflated by consumer prices index supplied in 73e information (1939 = 100, 1948 = 141, 1953 = 179).
- i/ Export product: cocoa; deflated by index of retail prices for Accra (June 1948 = 100, December 1950 = 132, December 1955 = 157).
- j/ Export product: sugar; deflated by retail prices index (1953 = 100, 1950 = 83, 1956 = 96).
- k/ Export products: metal ores and metal; deflated by retail price index (1950 = 100, 1956 = 145).
- l/ Export products: sugar bananas; deflated by cost-of-living index (1953 = 100, 1950 = 79, 1955 = 100).
- m/ Export products: rubber and tin; deflated by cost-of-living index used in Economic Survey of Asia and the Far East, 1955, p. 3 (1949 = 100, 1953 = 118).

Table 11

African income in selected Non-Self-Governing Territories

<u>Territory</u>	<u>First year</u>	<u>African income</u> (million dollars)	<u>Share in national income</u>	<u>Last year for which data are available</u>	<u>African income</u> (million dollars)	<u>Share in national income</u>	<u>Change in African income at current prices</u> (per cent)	<u>Change in African income at constant prices</u>
Belgian Congo	1950	269.8	46.0	1957	548.2	56.0	103.2	70.8 a/
Kenya	1951	110.0	38.2	1957	201.0	42.3	82.8	- b/
Uganda	1952	173.9	57.7	1957	243.3	70.8	40.0	30.0 c/
Northern Rhodesia	1948	29.1	40.8	1953	75.9	30.6	160.0	106.0 d/

a/ Deflated by the index of retail prices of goods purchased by the African population (1950 = 100, 1957 = 119).

b/ Impossible to calculate owing to lack of retail prices index applying to African population.

c/ Deflated by index of retail prices in African markets, Kampala (1957 = 100, 1952 = 91, 1957 = 98).

d/ Deflated by consumer price index (1939 = 100, 1948 = 141, 1953 = 179).

Table 12

African per capita income or product

<u>Territory</u>	<u>First year</u>	<u>Per capita income or product</u> (dollars)	<u>Last year for which data are available</u>	<u>Per capita income or product at current prices</u> (dollars)	<u>Change at current prices</u>	<u>Change at constant prices</u> (per cent)	<u>Annual rate of change at constant prices</u>
<u>A. Per capita personal income^{a/}</u>							
Belgian Congo	1950	23.4	1957	42.20	80.4	51.5	6.1
Kenya	1951	20.0	1957	33.55	66.7	-	-
Uganda	1952	33.4	1957	43.34	30.0	20.1	3.7
Northern Rhodesia	1948	16.9	1953	38.0	125	77.1	12.0
<u>B. Per capita domestic product</u>							
Gold Coast	1950	128	1955	157.1	22.7	- 1.8	-0.3
French West Africa	1948	62.8	1955	95.9		41.6	5.1
French Equatorial Africa	1948	60.8	1955	101.8		61.7	7.0
Mauritius	1950	192.1	1956	258.7	34.7	14.7	2.3
Cyprus	1950	222.1	1956	422.6	91.2	33.4	4.9
Jamaica	1950	138.6	1955	245.6	77.2	45.3	7.7
Malaya	1949	227.6	1953	331.6	45.7	16.1	3.8

^{a/} Per capita personal income at constant prices of the African population for the Territories for which data on income accruing directly to the Africans are available has been calculated by deflating per capita income at current prices by the respective African cost-of-living indexes. For other Territories, per capita domestic product at constant prices, applying to the population as a whole, has been obtained on the same basis as in table 10.

IV. CAPITAL FORMATION

127. Investment has been on a high level since the end of the Second World War in most Territories for which information is available. Investment policies pursued varied to a great extent according to the Territory and the Administering Power. However, the essential feature to be found nearly everywhere is the combination of long-term public investment programmes for the financing of development plans of the respective Territories out of resources provided from territorial, metropolitan and, in a few cases, international public funds, with investment by private capital, the sources of which are also varied.

128. In general, public investment was concentrated on economic and social infrastructure (mainly transport, power, health, education and housing) with investment for direct increase of production being in most cases limited to agriculture. Private investment, on the other hand, apart from indigenous subsistence agriculture, where it is substantial but escapes accurate measurement, has been distributed among all major sectors of the national product, with particular emphasis on primary export production (mining and plantation agriculture) and on secondary industries and tertiary activities (trade and services).

129. A policy aimed at attracting private investment capital, channelling it into activities considered essential for economic development and assisting the new enterprises during the initial period of operation, has been pursued in many Territories. This policy consists mainly in tax concessions granted particularly to new enterprises. Such tax relief is intended to affect either the costs of production or the net profit by reduction of, or exemption from income tax. It is also intended to facilitate reinvestment and to promote accelerated capital formation by allowing high rates of depreciation and permitting carrying over of losses. Major policies pursued in this connexion in the different Territories are summarized in the following paragraphs.

130. A liberal policy of depreciation allowance for tax purposes is common practice in a number of Territories such as Kenya, Uganda, Northern Rhodesia and the Gold Coast, where investment in industries is specially encouraged by an initial deduction of 40 per cent in the case of factories. In Jamaica also, depreciation allowances are a major part of the policies adopted since 1949 to attract "pioneer industries", which are authorized to write off in five years their investment in

buildings and equipment. Moreover, every enterprise making a new investment is entitled to an initial deduction of 20 per cent on the cost of its new installations in addition to the regular depreciation allowance.

131. Authorization to carry forward losses and to deduct them from profits of the following years is included in the tax legislation of several Territories. In the Belgian Congo, a deduction is allowed for the two years preceding the financial year for which complementary profit tax is to be prepaid;^{22/} in the Federation of Malaya, losses can be carried forward to be written off from taxable profits for a period of six years; in Cyprus and Nigeria, losses can be carried forward indefinitely until they can be written off from taxable income.

132. Partial or even total exemption from taxes on new investments during an initial period of variable duration, as well as on reinvestment of profits is applied in many Territories; it sometimes applies to taxes levied in the metropolita country. Thus in the Belgian Congo companies with their head office in Belgium are exempt from a trading tax on excess profits reinvested in the Territory within five years.^{23/} In France, profits made on the sale of enterprises are exempt from tax under the provisions of the decree of 20 May 1955, provided they are reinvested by French companies in overseas Territories.

133. Exemption from taxes levied in the Territories themselves is widely applied, specially in most Territories under United Kingdom administration, where it is a major provision for assistance to pioneer industries. In Nigeria, enterprises recognized as pioneer industries are exempted from payment of income tax for a period of two to five years; this exemption also extends to dividends distributed during the period. Similar income tax exemptions are granted to pioneer industries in the Gold Coast and in North Borneo, while in Fiji new companies considered to make a useful contribution to the economy of the Territory are exempted from company tax on the first £5,000 of profits for five years. In Jamaica, under the Industrial Incentives Law of 1956, intended to encourage investment in industry, new enterprise are exempted from all taxation for a period of seven years from the date on which production starts. They may opt instead to defer this exemption for three years and then receive the full benefits for four years, with an exemption of two-thirds and one-third respectively for the two following years.

^{22/} Belgian Congo: Bulletin officiel, First Part, 1951, p. 1556.

^{23/} Ibid. First Part, 1927, p. 927.

134. In French Territories, provisions on tax exemptions are more specific. In French West Africa, new industrial enterprises are exempt from licence fees for a period of five years and new buildings from land tax for the same period, while profits from the sale of assets used for the development of productive capacities are exempted from profit tax. In French Equatorial Africa, remission of tax from income on new investments and taxes on profits from new enterprises may be granted up to 70 per cent of the amount due. A similar reduction may be granted on profits reinvested in the business. In Madagascar, reinvestment of profits is encouraged by offering a reduction of 50 per cent of the tax due.

135. There are also tax exemption measures for small enterprises. In Hong Kong, unincorporated businesses are exempted from income tax when their profit does not exceed 7,000 Hong Kong dollars.

136. Guaranteeing to new enterprises the stability of the tax burden they will have to carry is the major method applied in French territories for attracting new capital investments. Under the provisions of a 1956 decree,^{24/} "approved enterprises" considered useful for the implementation of the development programme of the Territories are protected from any increase in their fiscal burden for a period of up to twenty-five years. Companies established for the purpose of financing economic development in the Territories, apart from the tax exemption mentioned above, may also obtain a minimum dividend guaranteed by the French Government.

137. Apart from the provisions described above to encourage private investment special measures have been taken in a number of Territories to attract foreign capital by a liberal attitude towards foreign investment. The general attitude of the Governments concerned with regard to private foreign investments has been defined as follows by the Organization for European Economic Co-operation:

"The Territories are counting on an increase in the volume of private investment. It is hoped that foreign private capital will contribute to this increase, and for this reason the Territories generally apply the same regulations as are applied to national capital. Such equality of treatment should encourage foreign investors".^{25/}

138. In French Territories, foreign investments are authorized by the exchange control office of the Territories concerned, or, in the case of large-scale

^{24/} France: Journal officiel de la République française, 14 November 1956, p. 10,915.

^{25/} Organization for European Economic Co-operation: Investments in Overseas Territories in Africa South of the Sahara, Paris, 1951, p. 73.

investment by the Ministry for Overseas France and the Caisse centrale de la France d'outre-mer; direct investments are authorized if they are in accordance with the development programme of the Territory and are not expected to have a bad effect on its balance of payments; for authorized investments, transfer of profits, dividends and interests is not restricted, while repatriation of capital is also authorized for all new investments in hard currency made since 31 August 1949. Repatriation is not restricted to the amount of the initial investment, but extends to the total product of liquidation.

139. In the Belgian Congo, direct investments of foreign or metropolitan origin are authorized by the Central Bank of the Belgian Congo if they are considered to be to the economic advantage of the Territory and are sufficiently stable. Transfer of income is authorized on presentation of proof that it is justified. No formal guarantee is given that the capital may be repatriated, and repatriation is not normally permitted for a fairly long period. However, there is no record of any refusal of repatriation. The same system applies to both Congolese and foreign companies.

140. In Netherlands New Guinea, there are no discriminatory measures affecting foreign investment, although foreign investors must obtain a licence from the Netherlands Bank. Transfer of capital earnings resulting from sound business operation are not restricted and capital may be repatriated under the same conditions as in the Netherlands.

141. In the Territories administered by the United Kingdom the general policy of the Bank of England to encourage foreign investment in the sterling area is usually followed and the same general criteria as for foreign investment in the United Kingdom are applied. In order to be approved, projects must be economically advantageous to the Territory concerned or to the sterling area as a whole, either by bringing in or saving hard currency or by increasing the output of the Territory. Transfer of current dividends and earnings from foreign investment is authorized, provided the authenticity of the profits can be proved, and capital invested later than January 1950 may be freely transferred, including capital gains.

142. Existing data on capital formation and investment, public as well as private, in major Non-Self-Governing Territories is analysed below:

/...

A. Territories under United Kingdom administration

143. The United Kingdom Government began its assistance to the development of the Territories under its administration as early as 1912. The scope of operations and the financial resources allocated for this purpose were substantially extended by the Colonial Development and Welfare Acts in 1940 and 1945. The latter, in particular, allocated over the ten-year period 1946-1956 a total of £120 million, including £20 million carried forward under the 1940 Act. In 1950, the provision for the 1946-1956 period was increased to £140 million, and, finally, the Colonial Development and Welfare Act, 1955, extended assistance on economic development until 1960 and added a new allotment of £80 million. The upper limit of annual expenditure was gradually increased up to £30 million, including £3 million which could be spent for research.

144. The total amount of grant assistance by the United Kingdom Government authorized since 1945 amounts to £220 million.^{26/} At 31 March 1957, the total commitments made from 1 April 1946 were £187,327,000 including £16,874,000 for research.

145. The allocations under the Colonial Development and Welfare Acts are generally made for the financing of the development plans of the overseas Territories. This assistance is, however, also granted to certain Territories, such as Hong Kong, which have no integrated development plans. The proportion of development expenditure financed through the Colonial Development and Welfare Funds varies mainly in accordance with the resources available in the Territories concerned and the degree of progress they have been achieving in financing their development plans from their own resources. While in certain Territories with ample financial resources aid from the metropolitan country is of a marginal nature (less than 5 per cent of total development expenditure), in a great number of poorer Territories funds provided under the Colonial Development and Welfare Acts supply the major part of the funds required for development. As a general principle, assistance from the United Kingdom was intended to enable Territories to make use of their own resources and to help them to become as far as possible independent of outside assistance.

^{26/} A new Development and Welfare Act of 26 March 1959 allocated an additional amount of £95 million for the period 1959-1964. Including the carry-over of £44 million from allocations under the 1945 Act, the total of Colonial Development and Welfare Funds available for this period will amount to £139 million.

146. On the whole, while the amount of grants made annually under the Colonial Development and Welfare Acts is gradually increasing, it represents a steadily declining share of total development expenditure. Thus, in the planned development expenditures for programmes in operation in 1956 (see table 13) most of which are to be concluded in 1960, out of a total expenditure of £859,364.00 only £61,031,000, i.e., about 7 per cent, represented grants under the Colonial Development and Welfare Acts. The remaining 93 per cent is covered by the territorial resources, including, however, loans which to a great extent are floated in the London market and guaranteed by the United Kingdom Government.

147. During the financial year 1956-1957, grants made by the United Kingdom Government under the Colonial Development and Welfare Acts reached the record figure of £26 million, while actual disbursements amounted to £18.8 million, including £1.5 million for research.

148. To the contributions made to the financing of development programmes under the Colonial Development and Welfare Acts must be added the investments made by the Colonial Development Corporation which obtains its resources from loans it is authorized to raise in the United Kingdom to the amount of £150 million, of which £130 million may be borrowed from the Exchequer.^{27/} This Corporation operates as a commercial undertaking and, as a general rule, only makes investments which seem likely to become financially self-supporting, preference being given to projects most beneficial to the local inhabitants. By 31 December 1957, the total capital provided for projects under the Colonial Development Corporation since its establishment in 1948 was £80,468,000. The amount of capital actually deployed was £51,877,000.

^{27/} Under the Overseas Resources Development Act 1958, the Corporation has been authorized to continue existing projects in newly independent Commonwealth countries and provide additional capital for them in agreement with the Secretary of State for Colonies (Colonial Development Corporation, Report and Accounts for 1957, London, H.M.S.O.).

Table 13

UNITED KINGDOM TERRITORIES:
Development Plans in Operation in 1956

Territory	Planning period	Total (thousand pounds)	Sources from which financed		
			CD and W funds (thousand pounds) ^{a/}	Loan funds (thousand pounds)	Local resources (thousand pounds)
Gambia	1955-1960	975	859	-	116
Gold Coast	1951-1957	120,386	3,000	29,386	88,000
Nigeria:					
Federal	1955-1960	91,336	4,150	51,300	36,300
Northern Region ^{b/}	1955-1960	89,220	6,646	14,000	68,574
Eastern Region ^{b/}	1955-1960	5,200	3,450	500	1,250
Western Region ^{b/}	1955-1960	104,860	700	24,860 ^{c/}	79,300
Sierra Leone	1956-1959	10,500	2,481	4,958	3,061 ^{f/}
Kenya	1954-1957	27,595 ^{d/}	5,775 ^{e/}	11,350	10,471 ^{f/}
Uganda ^{g/}	1955-1960	34,000	800	15,500	19,500
Zanzibar	1955-1959	1,380	473	-	907
Aden Colony	1955-1960	7,681	314	3,489	3,878
Aden Protectorate	1955-1960	1,742	892	-	850
Northern Rhodesia	1954-1959	28,500 ^{h/}	1,410	11,150	14,746
Nyasaland	1955-1960	9,430	2,170	5,860	1,400
Somaliland Protectorate	1956-1960	1,250	1,250	-	-
Mauritius	1955-1960	9,780	1,100	5,380	3,300
Seychelles	1955-1960	313	202	-	111
St. Helena	1955-1960	163	148	-	15
Fiji	1949-1960	12,541	1,929	6,584	4,031
Gilbert and Ellice Islands *	1955-1960	350	240	-	150
British Solomon Island Protectorate*	1955-1960	1,200	580	80	540
Cyprus	-	38,000	-	-	-
Gibraltar	1955-1960	3,000	500	1,520	980
Malta	1955-1960	631	580	-	51
Falkland Islands	1955-1960	215	50	-	165
Barbados	1955-1960	10,421	724	6,061	3,636
British Guiana	1956-1960	19,000	4,375	12,125	2,500
British Honduras	1955-1960	3,405	3,010	280	115
Jamaica * xx	-	-	-	-	-

Table 13 (cont'd)

UNITED KINGDOM TERRITORIES:

Development Plans in Operation 1956

Territory	Planning period	Total (thousand pounds)	Sources from which financed		
			CD and W funds (thousand pounds) a/	Loan funds (thousand pounds)	Local resources (thousand pounds)
Leeward Islands:					
Antigua	1955-1960	1,111	796	167	148
Montserrat	1955-1960	254	234	20	-
Mt. Christopher Nevis* xx	1955-1960	-	-	-	-
Virgin Islands	1955-1960	159	127	32	-
Trinidad and Tobago*xx	-	-	-	-	-
Windward Islands:					
Dominica	1955-1960	1,109	909 ^{i/}	200	-
Grenada	1955-1960	687	687 ^{i/}	-	-
St. Lucia	1955-1960	1,280	1,280	-	-
St. Vincent	1955-1960	954	594	360 x	-
Malaya, Federation of	1956-1960	130,200	4,400	- xx	- xx
North Borneo	1955-1960	5,495	1,400	2,625	1,470
Sarawak	1951-1960	19,400	2,198	3,587	13,615
Singapore	1955-1960	65,600	601	41,783	23,216
TOTAL		859,364	61,031	283,056	382,396

* Plans being revised. x Provisional. xx Detailed information not available.

- a/ The figures in this column for the most part show the amount of Colonial Development and Welfare Funds allocated to the individual territories, but in some cases the plans also include the territories' share of other allocations such as the "central" sums set aside for specific services (e.g. research).
- b/ Includes all recurrent plus capital expenditure planned for the period 1955-1960.
- c/ Includes £18.8 million from marketing boards loans and grants.
- d/ In addition about £10 million is expected to be spent during this period on development outside the plan.
- e/ Includes £500,000 free grant, which is not CD and W, towards the Swynnerton Plan to intensify the development of African agriculture.
- f/ Includes grants by the United States International Cooperation Administration towards the Swynnerton Plan.

(footnotes continued on following page)

Table 13 (cont'd)

UNITED KINGDOM TERRITORIES:
Development Plans in Operation 1956

Footnotes (cont'd)

- g/ Total capital resources amount to £1.8 million over the Plan value. This margin will be used if necessary to finance new projects of high priority.
- h/ Includes anticipated expenditure for which the source of finance is not yet known.
- i/ Includes £312,500 for hurricane rehabilitation and reconstruction.

149. The Territories under United Kingdom administration have also used on a considerable scale the facility to raise loans on the London market for the financing of their development plans. Since 1948, when the first of such loans after the end of the Second World War were issued, and up to the end of 1956, their total amount has been £142,484,000.^{28/}

150. The use of loans for the financing of development reached a peak in 1951 with nearly £30 million outstanding. Since then, floatation of loans on the capital markets has met an increasing share of the requirements of the Territories for loan capital. The amount of the loans issued on the local markets and which to a great extent have been absorbed by public institutions, such as marketing boards and currency boards, were equal to only 2 per cent of the loans floated in London in 1950, the year when local borrowing started. By 1956, the floatations on the local markets were on a scale of more than double the loans issued in London: £14.7 million compared with £7.04 million. The loans issued on the local markets of the Territories up to the end of 1956 amounted to £57,450,000.

151. Loans from the International Bank are another, though as yet minor, source of funds for the financing of the development plans of the Territories. Up to the end of 1956, only two such loans for a total of £33,600,000 had been granted.

152. The increased capacity of several Territories to finance their development programmes out of their own resources, already apparent in the increasing amounts of loans issued on the local markets, has been shown even more clearly in the magnitude of resources they have been able to provide out of their current revenue or accumulated reserves.

153. An important share of these local resources have been provided by the funds accumulated by the marketing boards established in several Territories for their major export products or by the proceeds of export taxes levelled on these products. Thus, in the Gold Coast, out of a total amount of local resources of £112,781,000 provided for development expenditure for the period 1951-1955, £91,464,000 have been obtained from cocoa.

^{28/} Under the 1959 Colonial Development and Welfare Act, the Exchequer is authorized to provide loans towards the cost of approved development programmes of the Territories up to an annual ceiling of £25 million and an over-all ceiling of £100 million for the five-year period 1959-1964.

154. Comprehensive data on public investment financed out of local resources in all Territories under United Kingdom administration are not available. Table 14 summarizes these investments for several Territories representing over 98 per cent of development expenditure and for which it was possible to collect such data.

155. The breakdown of total public development expenditure since the end of the Second World War can be summarized as follows:

	<u>(thousand pounds)</u>
United Kingdom grants (Colonial Development and Welfare)	187,327
Investments of the Colonial Development Corporation	74,000
Loans floated in London	142,484
Local resources	427,037
Loans issued in the local financial markets	57,450
Loans of the International Bank	33,600
	<hr/>
TOTAL	921,898
	<hr/>

156. It may be noted that more than half - 52.55 per cent - of total public development expenditure during the period under review was raised in the Territories out of budgetary and other resources, as well as by loans.

Table 14

United Kingdom Territories

Local resources^{a/} utilized for financing of development programmes in selected United Kingdom Territories since the end of the Second World War, and including programmes in operation in 1957
(thousand pounds)

	Plans already completed		Plans in operation		Total	
	Period	Amount	Period	Amount	Period	Amount
Gold Coast	1951-1955	114,400	-	-	1951-1955	114,400
Nigeria	1946-1956	11,923	1955-1960	46,619	1946-1960	58,542
Sierra Leone	1946-1955	3,751	1956-1959	1,499	1946-1959	5,250
Kenya	1945-1955	27,004	1955-1957	859	1945-1957	27,945
Uganda	1947-1956	57,367	1955-1960	18,000	1947-1960	75,367
Northern Rhodesia	1947-1956	30,194	-	-	1947-1956	30,194
Nyasaland	1946-1956	6,900	1955-1960	1,400	1946-1960	8,300
Mauritius	1946-1955	17,965	1955-1960	3,300	1946-1960	21,265
Cyprus	1946-1956	8,087	-	-	1946-1956	8,087
Jamaica	1946-1955	8,462	1955-1960	...	1946-1955	8,462
Trinidad	1951-1955	1,834	1955-1960	...	1951-1955	1,834
Barbados	1946-1956	1,600	1956-1960	2,754	1946-1960	4,354
Malaya, Federation of	1951-1957	8,700	-	-	1951-1957	8,700
Singapore	1955-1960	23,216	1955-1960	23,216
Hong Kong	1951-1957	8,774	-	-	1951-1957	8,774
Sarawak	1947-1955	7,614	1956-1960	5,259	1947-1960	12,873
Fiji	1949-1956	3,064	1956-1960	...	1949-1956	3,064
North Borneo	1951-1957	4,940	1955-1960	1,470	1951-1960	6,410
TOTAL						<u>427,037</u>

^{a/} Local resources, e.g., revenue from the local budget, interests returned on loans, revenue accrued from operating schemes, etc. Loans (external and internal) are excluded.

SOURCES: Gold Coast: Economic Survey, 1955, p. 72.

Nigeria: Revised Plan of Development and Welfare 1951-1956, p. 16.

United Kingdom: The Colonial Office List, 1953, p. 137;
ibid.: 1954, p. 148; Revised Plan of Development and Welfare 1951-1956.

Nigeria: Overseas Economic Surveys, London, 1957, pp. 22-28;
The Economic Programme of the Government of the Federation of Nigeria 1955-1960 (Sessional Paper No. 2 of 1956); Development of the Western Region of Nigeria, 1955-1960 (Sessional Paper No. 4 of 1955); Outline of Development Plan (of the

SOURCES (cont'd)

- Nigeria (cont'd): Eastern Region of Nigeria), 1955-1960 (Sessional Paper No. 4 of 1955); A Statement of Policy on the Development Finance Programme (of the Northern Region of Nigeria), 1955-1960. The Development revenue for the Northern Region cannot be estimated as there is no distinction between the capital budget and the ordinary budget. Three million pounds is probably only part of the revenue available for capital development.
- Sierra Leone: United Kingdom: The Colonial Territories 1949-1950, p. 152; ibid.: 1951-1952, p. 125; ibid.: 1955-1956, p. 163.
- Kenya: Annual Report of the Development and Reconstruction Authority, 1950, Nairobi, p. 7; Financial Reports and Statements 1951, p. 221; ibid.: 1952, p. 222, ibid.: 1953, p. 268; Development Estimates, Year 1956-1957, p. 2, (excluding Swynnerton Plan); Development Estimates for the year 1956-1957, Nairobi, 1956, p. 119.
- Uganda: A Development Plan for Uganda by E.B. Worthington and the 1948 Revision of the Plan, Entebbe, 1949, pp. 4, 8. United Kingdom: The Colonial Office List, 1957, London, p. 215. Report on the Accounts for the Year 1954-1955; ibid.: 1955-1956.
- Northern Rhodesia: Report of the Development Authority for the Year 1952, Lusaka, 1953, p. 36; United Kingdom: Report on Northern Rhodesia for the Year 1956, Lusaka, p. 107; United Kingdom: Report on Northern Rhodesia for the Year 1956, Lusaka, p. 8;
- Nyasaland: United Kingdom: Colonial Office List, 1954, p. 165.
- Mauritius: United Kingdom: Annual Report on Mauritius for 1955, London, p. 143.
- Cyprus: Estimates of Revenue and Expenditure, 1957, Nicosia, 1957, p. 6. The Cyprus Financial Report, 1956, Nicosia, p. 66.
- Jamaica: Report on the Revision of the Ten-Year Plan of Development of Jamaica, 73 (e) information, 1952, 1953, 1954, Estimates, 1949-1957 (Details not available for all years).
- Trinidad: United Kingdom: The Colonial Office List, 1957, p. 209; Trinidad and Tobago: Accounts, Estimates (1949-1956)
- Barbados: A Ten-Year Development Plan for Barbados 1946-1956, p. 19; Five-Year Plan of Development and Taxation pp. 12-15; Estimates, 1953-1954; Ibid.: 1955-1956.

SOURCES (cont'd)

- Federation of
Malaya: The Colombo Plan, (Cmd. 8080), p. 37.
- Singapore: Development Estimates for the Year 1955;
The Colombo Plan (Cmd. 8080), p. 37.
- Hong Kong: United Kingdom: The Colonial Office List, 1957, p. 101;
Accountants General Reports 1951-1957.
- Sarawak: Colony of Sarawak: Estimates of Revenue and Expenditure,
1956, Kuching, p. 97; Ibid.: 1957, p. 75.
Report on Development, 1956, Kuching, 1956, p. 2.
- Fiji: United Kingdom: The Colonial Office List, 1957, p. 89
and Fiji: Journal of the Legislative Council, Sessions of
1955, Council Paper No. 38; Ibid.: Sessions of 1956, Council
Paper No. 37; Report on the Accounts and Finance 1956,
Council Paper No. 14, 1957.
- North Borneo: United Kingdom: The Colonial Office List, 1956, London,
pp. 158-159.

157. Data on private investments in the Territories under United Kingdom administration as a whole are available only for the years 1954 to 1957 and apply solely to private capital flowing to the Territories. The amount of such exterior private investment was £65 million in 1954, £45 million in 1955, £85 million in 1956 and £95 million in 1957.^{29/}

158. Estimates of gross fixed capital formation in the United Kingdom Territories as a whole are given in table 15 A. During the years 1948-1957, total capital formation increased from £170 million to £470 million (175 per cent). There have been important differences in the increase in capital formation in the various groups of Territories. The highest increases were achieved in the Caribbean Territories (320 per cent), and West Africa (280 per cent); capital formation in East Africa increased by 120 per cent and in the Far Eastern Territories by 110 per cent.

159. Table 15 B illustrates changes in the rate of gross capital formation in the money economy in the United Kingdom Territories during the period 1948-1957. For the United Kingdom Territories as a whole, there has been since 1950 a gradual but steady increase in the rate of capital formation from 10.0 to 14.3 per cent. The greatest increase occurred in West Africa, where the rate of capital formation, which started at a very low level, more than doubled, owing mainly to the considerable acceleration of public investment programmes. In East Africa, the initial high rate of capital formation was maintained on the whole until 1957 when there was a decline. In the Far Eastern Territories, capital formation remained at the relatively low level of less than 10 per cent, because the entrepôt activities in Hong Kong and Singapore do not involve a great deal of fixed capital, while investment in the Rubber industry in Malaya has been limited to some replanting. In the Caribbean Territories the already high rate of capital formation has risen by nearly 50 per cent, reflecting an increase in public as well as private investments in several major Territories of the region.

^{29/} United Kingdom: The Colonial Territories 1956-1957, p. 79; ibid., 1957-1958, p. 72.

Table 15

United Kingdom Territories

A - Gross fixed capital formation^{a/}
(million pounds)

Years	West Africa ^{b/}	East Africa ^{c/}	Far East ^{d/}	Caribbean ^{e/}	Others ^{f/}	Totals
1948	25	45	55	25	20	170
1949	30	60	50	30	20	190
1950	40	65	50	30	25	210
1951	40	75	70	45	30	260
1952	60	90	90	50	40	330
1953	55	90	85	50	55	335
1954	65	90	85	55	55	350
1955	85	115	85	65	45	395
1956	95	105	105	90	50	445
1957	95	100	115	105	55	470

B - Rate of gross capital formation in the money economy^{a/}
(per cent)

Years	West Africa ^{b/}	East Africa ^{c/}	Far East ^{d/}	Caribbean ^{e/}	Others ^{f/}	Totals
1948	5.0	23.1	9.2	16.1	18.2	10.9
1949	5.7	25.0	8.1	17.1	16.0	11.2
1950	7.1	23.2	5.6	14.6	16.1	10.0
1951	6.6	20.8	6.0	18.4	17.6	10.2
1952	9.3	22.8	8.9	18.2	20.5	13.1
1953	8.3	23.4	9.0	16.7	25.0	13.3
1954	9.0	20.9	8.6	16.9	24.4	13.0
1955	11.5	24.0	7.5	18.1	18.8	13.4
1956	11.9	21.4	8.9	23.1	18.9	14.3
1957	11.2	19.2	9.6	23.9	20.0	14.3

a/ Not including capital formation taking place in the indigenous subsistence production.

b/ Federation of Nigeria, Sierra Leone, Gambia.

c/ Kenya, Uganda, Trust Territory of Tanganyika, Somaliland Protectorate, Zanzibar.

d/ Federation of Malaya and Singapore, North Borneo, Sarawak, Brunei, Hong Kong.

e/ Including Bahamas, Bermuda, British Guiana and British Honduras.

f/ Excluding Northern Rhodesia and Nyasaland.

SOURCE: United Kingdom: Digest of Colonial Statistics (October-December 1958), pp. 69-70.

160. More detailed information on capital formation is available for a few British Territories. In the Gold Coast,^{30/} between 1950 and 1955 gross domestic capital formation increased from £21,222,000 to £40,111,000, representing respectively 11.98 and 17.6 per cent of the gross domestic product. The average gross investment ratio for the period was 12.44 per cent. While the increase in this ratio was gradual but regular, the increase in gross domestic product at constant prices, which averaged 2.58 per cent, varied greatly owing to the overwhelming impact of cocoa export prices and proceeds on the national product. This increase, which amounted to 1.01 per cent in 1951, 1.39 in 1952 and 1.87 in 1953, soared to 14.74 in 1954, while in 1955, when cocoa prices declined drastically, gross domestic product actually declined by 6.4 per cent.

161. In Northern Rhodesia^{31/} data on capital formation are available for the period 1945-1953. The ratio of gross investment to gross domestic product, which was extremely low at the beginning of the period (4 per cent in 1945 and as little as 1.93 per cent in 1947), gradually increased to 8.63 per cent in 1953. Measured at constant prices, gross investment increased by 427 per cent from 1949 to 1953. The expansion of capital formation was initiated by private investment which owing to the stimulant given to the development of copper production by high prices, rose from £2,146,000 in 1950 to £13,290,000 in 1951. After being maintained at the same level during 1952, private investment declined in 1953 by nearly 60 per cent to £5,261,000. This decline, which directly reflected the variations in the business cycle, was more than compensated by an increase in public investment out of proceeds of taxation made possible by the reserve accumulated during the boom. Public investment rose by over 50 per cent from 1951 to 1952 and more than doubled from 1952 to 1953, reaching £21,964,000. In 1951, private investment was about double that of public investment: £13,290,000 against £6,654,000; in 1953, however, public investment was four times higher than private investment expenditure: £21,964,000 compared with £5,261,000. The rate of

^{30/} Gold Coast: Economic Survey, 1955.

^{31/} Northern Rhodesia: The National Income and Social Accounts of Northern Rhodesia, Salisbury, December 1954.

increase in domestic product at constant prices for the years 1949 to 1953 was influenced mainly by variations in copper prices and after having reached a maximum of 36.9 per cent in 1951, during the post-Korean boom on metals, declined to 3.9 per cent in 1952.

162. In Uganda,^{32/} during the years 1950 to 1956, gross capital formation, excluding agriculture, increased from £9.9 million to £21.6 million, representing respectively 13.8 and 18.7 per cent of domestic income; the average rate for the period was 17.0 per cent. While both government and private investment expenditure increased, the share of the public sector in total investment was slightly higher, rising from 39.4 to 41.6 per cent.

163. In Nigeria,^{33/} total gross investment expenditure increased regularly between 1951 and 1956 from £36 million to £89 million. Out of a partial breakdown of these totals for the years 1950 to 1955, it may be noted that the share of investment in transport and communications declined from 14.6 per cent in 1950 to 12.6 per cent in 1955 and the share of investment in agriculture likewise declined from 5.4 to 4.9 per cent, while investment in the manufacturing industry increased slightly, from 2.6 to 2.9 per cent. Investment in social and administrative services increased from 14.3 to 19.4 per cent. The rate of gross investment can be calculated for the years 1950 to 1951 (5.9 per cent) and 1952 to 1953 (8 per cent) based on estimates of national income.

164. In Jamaica,^{34/} net capital formation at constant prices increased from £3,980,000 in 1950 to £11,863,000 in 1955, or from 6.01 to 11.88 per cent. The average rate for the period amounted to 9.53 per cent. The yearly increase in national income rose even more steeply, from 2.48 per cent in 1951 to 14.36 in 1954, and 11.04 in 1955, the average for the period being 8.63.

165. The considerable increase in capital formation due to the establishment of a number of new industries attracted to the Territory by fiscal privileges under the Pioneer Industries Act, as well as substantial investment in the bauxite and Alumina industry, appears to have resulted in an immediate impact on the acceleration of growth of national income.

^{32/} Uganda: Uganda Protectorate 1957 Statistical Abstract.

^{33/} Nigeria: Digest of Statistics, No. 4, 1957.

^{34/} Jamaica: Preliminary Report on National Income of Jamaica, Kingston.

B. Belgian Congo

166. Comprehensive information on capital formation and investment in the Belgian Congo is available for the period 1950-1957.

167. Public investment on a large scale was initiated in the Territory for the implementation of the Ten-Year Plan 1950-1959. The total amount of public investment under this plan, initially estimated at 25,512 million Belgian Congo francs, was revised in 1954 and raised to 48,114 million francs, not including a contribution of 1,410 million francs from the Fonds du bien-être indigène (FBEI). By the end of 1957, the total amount of payments approved under the plan was 42,424 million francs, or 83.3 per cent of total estimated expenditure; commitments equaled 39,046.6 million francs, or 76.7 per cent; and total payments amounted to 34,302.4 million francs, or 69.3 per cent.

168. The financing of investment under the development plan is arranged without grant or subsidy from the metropolitan country. The capital is raised chiefly by means of loans floated in Belgium or the Belgian Congo and on foreign money markets. The loans are guaranteed by Belgium, however, this being the only form of direct assistance by the Belgium Government to the financing of the plan.

169. The loans obtained abroad were as follows: 3,500 million francs (\$70 million) from the International Bank for Reconstruction and Development; 865 million francs from the United States Economic Co-operation Administration; and three loans totalling 2,058 million francs floated in Switzerland.

170. All the other loans were floated on the capital markets in Belgium and in the Congo. Loans raised on the latter assumed an increasing importance; by the end of 1957, out of the total outstanding funded debt of the Territory amounting to 27,647.9 million francs, 10,404.6 million francs (37.63 per cent) had been issued in the Territory.

171. An additional contribution to the financing of the plan are investments self-financed by public undertakings such as REGIDESO (Water and Electricity Supply Board). The contribution made by the Indigenous Welfare Fund, even though not included in the total investment under the plan, has also to be considered as part of the public development expenditure. By 31 December 1957, the amount of commitments earmarked against this contribution amounted to 1,120 million francs

and the amount of effective expenditure was 1,052 million. Finally, under the 1954 budget act, surpluses of the ordinary budget can be transferred to the extraordinary budget and hence used for financing of the Development Plan.^{35/}

172. During the period under review, the level of private investment was substantially higher than that of public investment. However, since 1953, when implementation of the Ten-Year Development Plan was accelerated, the share of public investment compared has substantially increased.

173. Public investment expanded from 2,250 million francs in 1950 to 7,190 million in 1957, representing respectively 29 and 38 per cent of the total investment. It reached its maximum in 1954 at 7,280 million francs, representing 45 per cent of the total investment.

174. Private investment, starting with 5,460 million francs in 1950, reached a level of 11,480 million in 1952 and, after a decline during the next few years, reached a new level of 11,730 million francs in 1957.

175. No accurate data are available on the substantial investment being made in indigenous agriculture, estimates of which are, however, included in the general investment figure, or on investment by private individuals or firms. More precise information is available on capital investments made by companies, which amounted to the equivalent of 32,350 million francs, or slightly over 40 per cent of the total private investment.

176. Out of the total investment made by companies, some 10,700 million francs has been invested in commerce, banking and insurance; 2,700 million francs in agriculture, mainly plantations; about 8,500 million francs in mining; and approximately 6,000 million francs in manufacturing industry. It may be noted that, while banking and insurance were responsible for more than half of the capital invested by the companies during the early years of the period under review, their share shrunk in the years 1955 and 1956 to less than a third; however, the share of manufacturing industry increased from 10 per cent in 1950 to about 30 per cent in 1956.

177. An increasing share of the new capital investment has been financed out of the accumulated reserves of the companies, that is by self-financing. This share of self-financing in the total of capital increases made by existing companies exceeded 50 per cent during the whole period, 60 per cent in some years,

^{35/} Belgium: Bulletin officiel du Congo belge, First Part (Vol. 48, No. 7, 1 April 1955, p. 661).

particularly 1955 and 1956, and over 75 per cent in 1957. Another aspect of the same trend is the fact that a gradually increasing part of the capital issued by new companies and even more of capital increases by existing companies is being taken up in the Territory itself. The importance of Belgian capital investment, while still considerable, seems to be declining compared with the increasing share of local capital. The capital market of the Territory was able to contribute about two-thirds of the resources required for capital increase during most of the period under review and, since 1952, substantially more than half of the capital for newly established companies.

178. An equally significant development is the fact that the capital market of the Territory has even started to absorb a substantial part of the bonds issued by companies (up to 37 per cent in 1955), which previously had been subscribed in their entirety in Belgium.

179. The direct participation of foreign (non-Belgian) capital has been small; in only one year, 1954, did it reach 10 per cent of capital subscriptions to new companies, while during the rest of the period it did not exceed 5 per cent; its share was even smaller for capital increases. However, this ratio, which applies only to public capital issues, may not reflect fully the actual position of capital holdings which might have resulted from sales of shares after they were issued.

180. Total gross investment (public as well as private) increased from 10,760 million francs in 1950 to 15,060 million in 1956, but declined to 11,690 million in 1957. The ratio of gross investment to gross national product gradually declined, from 32 to 25 per cent in 1956 and 19 per cent in 1957. The increase in the amount of net investment has been far less than that for gross investment, in view of the rising share of depreciation for a rapidly increasing capital stock. Total net investment increased from 8,070 million francs in 1950 to a maximum of 13,200 million in 1951, and after, remaining at a level of over 9,000 million between 1952 to 1956, fell in 1957 to 5,590 million francs. Its ratio to net national income declined from 35 per cent in 1951 to 11 per cent in 1957. The average rate of net investment for the period as a whole was about 27 per cent.

181. A tentative estimate of the productivity of capital investment can be made by comparison of this average investment ratio with the rate of increase in national income during the period under review. The average rate of growth of real national income for the period, measured at constant prices, was about 6 per cent. The product capital ratio can thus be estimated at about 0.20 to 0.25.

C. Territories Under French Administration

182. In the Territories under French administration, a policy of large-scale public investment for the implementation of economic development plans, financed mainly by grants by the French Treasury, was inaugurated in 1946.

183. The Act of 30 April 1946, which was the charter of the Overseas Territories Equipment Plans, established the Fonds d'investissement pour le développement économique et social des territoires d'outre-mer (FIDES) as the major financing instrument for the plans.

184. The resources at the disposal of FIDES consisted of: (a) grants from the metropolitan country, the amount of which was determined each year under the budget; (b) contributions from the overseas Territories consisting either of regular or extraordinary allocations set aside out of local rates and taxes, reserve funds or other sources of revenue, or long-term loans which could be requested by the Territories from the Caisse centrale de la France d'outre-mer to the extent required for the execution of the programme approved.

185. The programmes financed by FIDES were divided into two groups. The first was the general section, which included expenditure on all projects which by their nature or their subsequent development concerned both the metropolitan country and the overseas Territories as a whole, and could not be identified with a single Territory or group of Territories; they included expenditure on scientific research and participation in public or semi-public enterprises; all such expenditures were financed fully by grants from the metropolitan budgets to FIDES. The second comprised the overseas sections which provided the funds for financing the development programme for each Territory; the cost of the latter programmes was shared by the metropolitan budget and the Territory concerned. Initially it was considered that the territorial budget could absorb 45 per cent of the total

cost of the overseas sections. Subsequently, however, it was found that the territorial budgets, which had to bear the growing burden of recurrent expenditure arising from the implementation of development plans, were unable to assume the additional burden of meeting a significant part of the cost of such plans. Therefore, the Territories' share in the expenditure under the overseas sections of FIDES was gradually reduced to 25 per cent in 1953 and 10 per cent in 1955. This, however, was only an average, since the metropolitan budget assumed the whole burden of social projects and of expenditure aimed directly at increasing production. On the other hand, the Territories were expected to pay 25 per cent of the cost of infrastructure.

186. However, even with these limitations, the Territories were unable to bear their share and to cover most of it by borrowing from the Caisse centrale de la France d'outre-mer (CCFCM), which was authorized to make them long-term advances at very low rates. At 31 December 1956, the actual contribution of the overseas Territories to the financing of development programmes included in the respective overseas sections of FIDES reached only 11,580 million metropolitan francs,^{36/} which represents payments made out of the local resources of the Territories including reimbursement of loans of the CCFCM.^{37/}

187. Apart from grants made by the metropolitan budget through FIDES within the framework of the development programmes, substantial investments, financed by the French Treasury, were made in public service financed directly out of the metropolitan budget, e.g., civil airports and mineral research, in particular research for oil by the Bureau de recherche de pétrole. In 1956, the total of such investments amounted to 7,100 million metropolitan francs; in 1957, it reached 11,500 million metropolitan francs.

^{36/} France: Bulletin mensuel de statistique d'outre-mer, May-June 1957.

^{37/} In some Territories with relatively ample financial resources, there was a trend towards increasing public investment financed by local funds. Thus the Territorial Assembly of the Ivory Coast approved a draft of the Third Development Plan (1958-1961) in which the subsidies obtained from FIDES were to be matched by a similar amount of local funds. The Government of the Territory was to be authorized to issue loans to obtain the resources thus pledged.

188. Another major source of public investment from metropolitan resources was the CCFOM. This establishment, apart from being a transfer agent for payments of funds allocated under the FIDES programme from the metropolitan budget, and advancing to the Territories the funds they needed to cover their contribution to this programme, also made direct loans and investments from its own resources. The loans of the CCFOM were granted to Territories, towns, public institutions, semi-public or even private undertakings. These loans met other needs than those covered by FIDES. While the latter were mainly devoted to projects which, while useful from a general point of view for economic and social development, might only indirectly contribute to the increase in production, the CCFOM loans were mainly directed towards assisting private or public schemes having a direct impact on production and which therefore could be expected to be self-supporting, at least in the long run.

189. Thus the CCFOM was to play a major part in the implementation of the programme of installation of an aluminium industry in French West Africa. Under the budget for 1958,^{38/} the CCFOM was to grant a loan of 12,000 million metropolitan francs to the Société hydroélectrique du Konkouré, to build a hydroelectric plant to provide power for aluminium refining. The CCFOM was also to grant several loans totalling 7,500 million metropolitan francs for the construction of the aluminium plants, and of transport and housing facilities required for the project.

190. The total amount of public investment in French Territories financed from metropolitan resources, made under development programmes since 1947 - when the implementation of these programmes had started - until 31 December 1956, was distributed as follows:

Authorized expenditure in thousand million metropolitan francs ^{39/}	
General section of FIDES ^{a/}	89.1
Overseas sections of FIDES	326.6
Loans and Investments of the CCFOM ^{a/} (out of its own resources)	117.3
	<hr/>
TOTAL	533.0

^{a/} Including the Trust Territories of the Cameroons and Togoland.

^{38/} France: Loi des finances pour 1958 (No. 6107).

^{39/} France: Pulletin mensuel de statistique d'outre-mer, May-June 1957.

191. According to more comprehensive data, including all investment financed from metropolitan resources from 1946 to the end of 1957, the total of such investment amounted to 762,000 million metropolitan francs.^{40/}

192. For French West Africa,^{41/} investments from metropolitan resources made through FIDES and the CCFOM were converted in francs of 1956 purchasing power. The total of these investments was equivalent to 211,700 million 1956 metropolitan francs, compared with 193,100 million in current metropolitan francs. The average annual rate of these investments was increased from 4,300 million 1956 metropolitan francs for the years 1947 and 1948 to 25,400 million for the period 1949-1956. The maximum was reached in 1952 with 34,400 million francs. In 1956, these investments amounted to 28,400 million.

193. Comprehensive data on public investment financed from the Territories' own resources during the post-war period are not available. However, for the period 1950-1955, these investments amounted to 136,300 million metropolitan francs.^{42/} Out of this total, only 2,500 million francs represented the Territories' contribution to the cost of FIDES, while the rest were investments made outside of the general development programme, mainly under the capital investment budgets of the Territories. Local investment represented 26.3 per cent of all public investment made during this period.

194. More comprehensive data for public investment financed by local resources are available for French West Africa for the whole period 1947-1956^{43/} during which they amounted to 44,300 million francs CFA, equivalent to 28.5 per cent of total public investment.

195. The greatest part of local public investment, 32,400 million francs CFA, was financed out of budgetary resources; 3,800 million francs CFA from the (Fonds d'équipement rural et de développement économique et social (FERDES)^{44/} and

^{40/} Including the Trust Territories of the Cameroons and Togoland, as well as overseas Territories other than those in Africa.

^{41/} France: AOF Tableaux économiques, Haut-Commissariat de la République en Afrique occidentale française.

^{42/} Including the Trust Territories of the Cameroons and Togoland, as well as overseas Territories other than those in Africa. France: Inventaire social et économique de la France d'outre-mer, p. 454.

^{43/} France: AOF Tableaux économiques, Haut-Commissariat de la République française en Afrique occidentale française, p. 337.

^{44/} For a description of the functions and structure of FERDES, see paragraph 37.

8,100 million francs from other sources, including the Territories' contribution to the cost of the overseas sections programme of FIDES.

196. Direct data on private investment in the French Territories are of a fragmentary nature and apply to capital issues of public companies. They therefore exclude not only the investments of subsistence agriculture but also the investments in African-owned cash crops, particularly coffee, cocoa and bananas, which had expanded on a considerable scale.

197. In French West Africa,^{45/} capital issues by public companies, through the establishment of new companies and increase in capital of existing ones, increased gradually from 1,121 million francs CFA in 1947 to 3,477 million in 1952, and after a small decline in the following two years, reached a new high of 3,817 million francs CFA in 1955. In 1956, they nearly doubled, reaching 6,877 million francs CFA.

198. In French Equatorial Africa,^{46/} capital issues of companies increased from 1,214 million francs CFA in 1951 to 2,620 million in 1956; in 1957, they more than trebled and amounted to 8,282 million francs CFA. This considerable expansion was entirely due to an increase of capital by 6,000 million francs CFA of the Compagnie des pétroles d'AEF, which had started oil production in the Gabon in 1957.

199. Estimates of total investment, public as well as private, including investment in indigenous subsistence agriculture, are available only for French West Africa, French Equatorial Africa and the Trust Territory of French Cameroons taken as a whole for the period 1947-1955 (see table 16). Measured in francs CFA of 1955 purchasing power, the total of these investments increased constantly from 55,000 million in 1947 to 94,700 million in 1953. In 1955, it amounted to 94,600 million francs CFA.

200. It may be noted that this increase is almost entirely due to the expansion of construction and public works, by 248 per cent (from 12,700 to 44,200 million francs CFA), and of mechanical equipment, by 425 per cent (from 5,200 to 27,300 million francs CFA). It thus reflects the considerable investment effort

^{45/} France: AOF Tableaux économiques, Haut-Commissariat de la République française en Afrique occidentale française, p. 366.

^{46/} French Equatorial Africa: Bulletin mensuel de statistique de l'Afrique Equatoriale Française, September 1958.

made in the public sector as well as in the modern private sector. On the other hand, "traditional investments", i.e., investments in agriculture, including subsistence but also cash crops, remained relatively stable. Between 1947 and 1953 they reached their maximum (16,100 to 24,800 million francs CFA) an increase of only 52 per cent. In 1955 they amounted to 20,100 million francs. The share of "traditional investmens" in total investment therefore declined from 46 per cent in 1947 to 21.2 per cent in 1955.

Table 16

Total public and private investment in French West
 Africa, French Equatorial Africa and the Trust
 Territory of French Cameroons
 (thousand million francs CFA)
1955 purchasing power

	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>
Construction and public works	12.7	19.3	27.6	38.5	45.9	47.6	44.4	42.8	44.2
Mechanical equipment	5.2	9.8	14.3	19.2	22.6	22.9	22.5	22.9	27.3
Studies and research	1.0	1.0	1.0	2.0	2.0	2.0	3.0	3.0	3.0
Investment in traditional economy (African agricultural economy)	16.1	17.5	20.2	22.3	14.3	18.9	24.8	19.7	20.1
TOTAL	35.0	47.6	63.1	82.0	84.8	91.4	94.7	88.4	94.6

201. Comparison of total investment with gross national product for the same group of Territories can be made for the years 1948 and 1955, for which estimates of national product are available. On this basis, the gross rate of investment appears very stable, as it was 18.4 per cent in 1948 and 20.5 per cent in 1955.

202. The increase in gross national product from 1948 to 1955 amounted to 80 per cent and the average annual rate of increase for the period was about 8.5 per cent. The product capital ratio for the period would thus appear to have been about 0.45.

203. An estimate by sources of funds of gross investment in the French Territories, including the Trust Territories of the Cameroons and Togoland, has been made for the years 1954 to 1957.

Table 17

(thousand millions metropolitan francs)

	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
Total gross investment	211	227	264	329
Financed out of:				
Local public and semi-public resources	31.5	33.6	27	36.6
Public metropolitan funds out of which:	68	72.3	80.3	101.7
Direct expenditure ^{a/}	11.5	7.4	11.5	20.7
Subsidies	34.7	40.2	50.2	53.2
Loans and advances	21.8	24.7	18.6	27.8
Loans of the International Bank	0.2	1.4	0.9	-
Other resources ^{b/}	111.3	119.7	155.8	190.7

Source: France: La zone franc en 1957, cinquième rapport annuel du Comité monétaire de la zone franc, Paris, 1958.

- a/ Investment expenditure of the different public agencies such as the Bureau of Petroleum Research, Telecommunications Budget, funds for scientific research, etc.
- b/ Other resources are mainly private investments. It has been estimated that about 40 per cent of these investments were being made by the African population, while the rest represented capital invested from outside the Territories or reinvestment of profits made by non-African companies or private individuals.

D. Other Territories

204. Only fragmentary information on investment is available for a few other Territories.

205. In Netherlands New Guinea, information is available only on public investment made under the budget of the Territory. The total amount of this investment for the years 1951 to 1956 amounted to 128,637,000 florins, all of which was financed out of contributions made annually to the budget of the Territory by the Netherlands Government. The amount of these contributions were substantially higher than total public investments.

206. In Papua, total public expenditure on capital works during the years 1949-1950 to 1956-1957 was 7,310,000 Australian pounds, which was paid for out of grants made to the Territory by the Government of Australia.

207. In Guam, a fund of \$9 million was established under Public Law 31 and placed at the disposal of the Guam Finance and Development Administration to finance loans to promote economic development.

V. CONCLUDING NOTE

208. The post-war period has been one of significant progress for the Non-Self-Governing Territories, as well as for the world economy in general. This is evidenced by such indicators as production, consumption and per capita income. This progress appears, however, to have been achieved without major changes in the basic structure of the economy of the Territories which has remained, in general, at a low stage of development and is still confined mainly to subsistence agriculture and the production of a few primary products for export.

209. According to the information available, some progress has been made in the shift towards money economy with a concomitant decline in the share of subsistence production. But the share of exports of primary agricultural or mining products in the national product of most of the Territories has not declined, and, in fact, these activities have on the whole remained the dominating and most dynamic sector of the economy. The dependence of the Territories on the world market has therefore remained unchanged, nor has much progress been made in the diversification of agricultural production. While the share of the processing industry for export and for the domestic market has somewhat increased, with a few and partial exceptions, it is not a major factor in the economic life of the Territories. The only real exceptions to this trend - Hong Kong and to a lesser extent Singapore - confirm this rule, because of the urban character of these Territories. In no Territory has local industrial production met the requirements of the domestic market for the major categories of consumer goods, while production of capital goods is still in its infancy, with some exceptions in the case of cement. No Territory has as yet a balanced, diversified economy.

210. Improvement in the living standards of the population is evidenced by the increased local consumption of both domestic and imported consumer goods, with a trend towards consumption of higher quality and more expensive products.

211. Data on national accounts in all Territories for which such information is available show an increase in gross national product at current prices. Even measured at constant prices (after taking into account the rise in prices), this increase remains substantial. The real per capita income has shown an increase in the few Territories for which relevant separate data on the African population

are available. In some cases the increase is higher than that of the national income of the Territory as a whole.

212. Capital formation has been at a high level in most Territories for which information is available. Legislation intended to stimulate private investment and in particular to attract foreign investment capital has been adopted in many Territories, apparently with some success, e.g. in Jamaica.

213. Apart from private investment made in the rural indigenous economy, which is a significant part of the total capital formation in most Territories but escapes accurate measurement, there has been an important flow of private capital investment into a number of Territories such as the Belgian Congo, Northern Rhodesia, Jamaica and Kenya. This investment, which is reflected in the establishment of new companies and the increase in the capital of existing industries, has been financed by resources within the Territories, mainly through reinvestment of profits.

214. Although the contribution of private investment to capital formation has varied according to Territories, public investment has been pursued on a large scale in all of them and has been in many cases not only the major, but also the decisive contribution which has conditioned the whole process of development.

215. In the Territories under United Kingdom administration, total public development expenditure since the end of the Second World War has reached £992 million, out of which £187 million has been provided by United Kingdom Government grants under the Colonial Development and Welfare Acts. Almost £485 million, equivalent to 52.5 per cent of the total public investment, could be raised in the Territories from the budgetary revenues, the reserves accumulated by public bodies such as marketing boards, as well as by loans. In the French Territories, total public investment financed out of metropolitan resources has amounted to 762,000 million metropolitan francs. The share of local financial resources in public investment, which initially, in 1946, had been expected to amount to 45 per cent, was reduced to 10 per cent in the projects included in the overseas sections of FIDES. In the Belgian Congo, the total cost of the Ten-Year Development Plan, amounting to over 48,000 million Belgian Congo francs, has been financed by loans raised mainly in Belgium but to an increasing extent also in the Territory itself.

216. The rate of capital formation can be calculated for only a few Territories. In some of them, the Belgian Congo, French West Africa as well as the British Territories taken as a whole, the rate of investment to national income has been high, especially if it is noted that in all Non-Self-Governing Territories per capita incomes are very low, at or near the subsistence level, and that at such income levels the ratio of domestic savings and investment to national income is also generally low.

217. Formulation and implementation of comprehensive development plans have been a major characteristic feature of the period. These plans were intended to promote the economic and social development of the Territories, with particular emphasis on the improvement of the welfare of their inhabitants. The Administering Members have, in most cases, supplied a major part of the financial resources required. The scope of the development plans, as well as the resources available for their implementation, are gradually increasing. The concrete aims and objectives pursued in the plans vary according to the needs and potentialities of the different Territories. As a general rule, however, they are intended to establish an economic, social and administrative infrastructure, essential to achieve a balanced economy. In the latter part of the period, especially in the French Territories, the plans placed a greater emphasis on projects furthering development of production. Expansion of research is stressed in all major development plans. Some progress towards decentralization of planning has occurred in the French Territories where the prerogatives of the local authorities in the preparation, and of the territorial assemblies in the approval, of development plans have been strengthened. In a number of Territories under United Kingdom administration, where local authorities already had the major responsibility for development planning, establishment of new public bodies, such as development boards or corporations, has resulted in increasing participation of the indigenous population in the implementation of plans.
