

Holbik, Karel

Article — Digitized Version

## Economic and social reforms

Intereconomics

*Suggested Citation:* Holbik, Karel (1969) : Economic and social reforms, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 04, Iss. 5, pp. 159-166, <https://doi.org/10.1007/BF02930118>

This Version is available at:

<https://hdl.handle.net/10419/138188>

### Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

### Terms of use:

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*

# Economic and Social Reforms

by Professor Karel Holbik, Boston/Mass.

---

Officially, Angola is an Overseas Province of Portugal and hence politically integrated with metropolitan Portugal, but many colonial patterns still exist in political, social and economic institutions and relations with the mother country. Although some economic reforms have been instituted since the Angolan rebellion in 1961, seven years later Lisbon still tightly controls the daily affairs of this potentially very rich territory. Continuing guerrilla warfare has to a great extent obscured the economic situation and it is impossible to accurately assess the short- and medium-term possibilities for economic advance.

Compared to Portugal, Angola is roughly 14 times the size of the metropole, and is Africa's sixth largest country. Most of it lies on the central African Plateau and has a cross section of African soil and vegetation. As the population is only five million including about 300,000 whites, densities are quite low. Urbanization has increased around Luanda but not as rapidly as elsewhere on the continent. There are very good possibilities for development in agriculture, mining, oil extraction and hydroelectricity.

## Angola's Economic Awakening

The years 1961-63 proved to be an economic turning point in Angola. The sudden terroristic rebellion focused Portugal's attention on the economic resources and potential riches of the territory. For many years Portugal's policy aimed to make Angola pay for itself, to yield a profit on such investments as were made, and furnish raw materials as well as markets for metropolitan industries. Competition with the motherland was prohibited, and partly to protect the authority of Lisbon, investment was restricted primarily to Portuguese interests. In 1961, when it appeared that the rebellion might succeed, the overall economic picture was not entirely favorable, and Angola was in an economic recession. Yet viewed over the long haul from the 1930's, the economic outlook had never been better. In the agricultural sector Angola was experiencing a coffee boom which had started to build up soon after World War II. It is hard to tell whether the prosperity in the coffee industry would have

spread to other economic sectors had it not been for the rebellion.

At the time of the rebellion Angola was in the fourth year of a six-year overseas economic development plan. However, the development plan was generally ill-conceived and proceeding slowly because of lack of capital. The allocation of funds for Angola was small and earmarked chiefly for projects which would benefit but a small sector of the economy. The territory's share of the entire overseas development expenditure was only \$40 mn. However, the uprising radically changed the scope and pace of the plan in the case of Angola. Investment there was increased to \$164 mn, of which \$78 mn was spent in a crash program for roads, airports and communications to provide for mobility of the armed forces. Interestingly enough, \$10 mn was spent on geological and scientific surveys to determine Angola's raw material potential<sup>1</sup>.

As the guerilla war dragged on, war costs increased to the extent that Portugal was threatened with economic disaster. The country was backward and poor and could not for any length of time support a colonial war 5,000 miles away. On the other hand, Portugal desperately needed to hold on to Angola for its own economic survival. Caught on the horns of a dilemma, the Portuguese resolved to go for high stakes and hasten the development of Angola while continuing to restrict the rebels to areas of economically unimportant northern Angola. In this the Portuguese have been successful thus far.

## Bases of Angolan Economy and Development

The Angolan economy depends heavily on extractive activities of which agriculture presently is dominant. Possibilities for agricultural development are enormous. It has been estimated that less than 2 p.c. of the country is planted, while at least 50 p.c. could be used. Such development and expansion are susceptible to differing economies and crop emphases<sup>2</sup>.

<sup>1</sup> Economic Outlook in Portuguese Africa Brightens, *The New York Times*, January 20, 1964, p. 82.

<sup>2</sup> William A. Hance, *The Geography of Modern Africa*, New York: Columbia University Press, 1964, pp. 487, 492. Hereafter referred to as Hance, *Geography*.

About 80 p.c. of the coffee is grown on European plantations employing about 123,000 Africans. Another 60,000 Africans grow coffee on their own account. Despite the fact that international coffee quotas have restricted a further increase in production, Portugal has been successful in establishing a new market in South Africa. Nevertheless, to hedge against hazardous dependence on one exportable agricultural product, government authorities have strongly urged crop diversification.

Several other agricultural crops make up another 21 p.c. of the total exports. While the sisal industry ranks after coffee as an agricultural export item with \$ 27 mn investment, the current best gains are in the tobacco industry in west central Angola. Other large-scale agricultural production comes from palm products and sugar. All these crops are grown on European farms and plantations which employ about 25,000 Africans. Most of the traditional food crops produced by Africans account for exportable surpluses in corn, manioc, beans, peas, peanuts as well as cotton.

In Angola the Portuguese have had to grapple with the problem of transforming a rural society in harmony with raising productivity in the economy as a whole. This appears to be one of the principal problems in Africa today, where there is a widespread notion among black leaders that the dynamic cities will carry rural societies along to prosperity<sup>3</sup>.

The leaders of Salazar's *Novo Estado* recognized this emerging problem as early as the 1930's. Under the prime minister's guidance, plans were made then for the ultimate social transformation of Angola. The intent of the government was to avoid the single step from rural tribal life to a modern industrialized society<sup>4</sup>. Accordingly, the long view of the Salazar regime was to create a modern conservative agrarian society to be achieved through the settlement of Portuguese and Africans in government colonization projects.

Some effort had been initiated in 1953 for the development of resettlement schemes in western Angola. The program was carried over and intensified after the rebellion. Today at least seven separate settlement projects have been established, two of which mix the races almost equally and five of which are principally for Africans<sup>5</sup>. In the African settlements Europeans teach modern agronomic methods, handle most of the ground preparation, terrace against soil erosion, cultivate and direct the planting program. The crops vary with geographic location, and the planners strive to meet subsistence requirements as well as to

contribute to the economy as a whole. Crops grown include rice, coffee, wheat, peanuts, corn, potatoes, fruits, vegetables and tobacco. Although it is too early to assess the value of these settlements, it should be observed that the Portuguese have recognized the realities of rural African societies and are spending huge sums to harmonize those societies with approaching industrialization<sup>6</sup>.

Angola occupies a geographically strategic position in Africa vis-à-vis other African countries which accounts for income from transportation, especially since the territory has an unusual number of natural harbors. Lobito, the Atlantic terminus of the Benguela Railway, running across the continent, now ranks as the leading port in tonnage handled because of the transit shipments of copper and manganese ore from Katanga and copper from Zambia. Luanda ranks not much lower with a higher volume of general cargo. Mocamedes, owing to the increasing output of iron ore at Cassinga, may well surpass both the other ports. To the north, a new port is being developed in Cabinda to handle large oil tankers.

### Economic Diversification

Portugal's geological surveys have revealed significant iron ore deposits and the presence of other important minerals which can be profitably exploited. In 1967, the Gulf Oil Corporation announced a rich offshore oil strike in the Portuguese enclave of Cabinda, just across the mouth of the Congo River from Angola.

Though the most important Angolan exports still are coffee, diamonds and sisal, the Portuguese have made a special effort to shift the economic emphasis to diversified mineral extraction<sup>7</sup>. The principal basis for future economic advances appears to lie in increased production of petroleum and iron ore. Since its inception in 1956 small-scale iron ore extraction has fluctuated from year to year but has increased from an annual output of 350,000 tons in 1956 to 880,000 in 1966. The increase has been due for the most part to the extraction of ore from the massive new deposit discovered at Cassinga, about 400 miles inland from the port of Mocamedes. The deposit reputedly "holds 123 mn tons of high-grade ore and billions of tons of medium-grade ore"<sup>8</sup>.

Expectations are that by 1969 2.5 mn tons will be exported, and in the not too distant future yearly exports probably will reach 5-7 mn tons.

<sup>3</sup> The Economist Intelligence Unit, Portugal and Overseas Provinces, Annual Supplement 1967, p. 12.

<sup>7</sup> United Nations, General Assembly, Official Records: Report of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, 20th session, v. I, app. I, A/6000/rev. 1, New York 1967, par. 50. Hereafter referred to as UN GAOR A/6000/rev. 1.

<sup>8</sup> Hance, Three Economies, p. 26.

<sup>3</sup> William H. Lewis, ed., Emerging Africa, Washington: Public Affairs Press, 1963, pp. 100-101.

<sup>4</sup> James Duffy, Portugal in Africa, Cambridge: Harvard University Press, 1962, p. 169.

<sup>5</sup> Hance, Geography, pp. 491-492.

Although the Cassinga mines are currently the center of iron ore expansion, other deposits are known and are being worked. One anticipates that iron exports will eventually replace diamonds as the second most important export item.

### **Leading Role of Mining**

Economists knowledgeable of the Angolan economy predict that petroleum is probably the greatest potential for economic exploitation. In time, it will doubtless replace coffee among Angolan exportables. Since 1964 the Portuguese Government has signed agreements with several foreign oil firms for exploratory operations on the Luanda Plain.

The Gulf Oil Cabinda subsidiary has announced that production from its offshore field which started producing in 1968 at a rate of 1.5 mn tons yearly, will increase to 5 mn tons by the end of 1969. When this output level is reached it is likely to supply more than enough to meet the entire Portuguese escudo area's requirements, with some to spare. South Africa which requires about 5 mn tons yearly has shown great interest in Angola's increased petroleum production.

The reserves in Cabinda and the Luanda Plain oil fields are estimated to be about 300 mn tons. Prospects for increased oil production have

prompted the Portuguese to consider a new 2 mn tons refinery at Luanda. The increasing ability of Angola to supply mineral fuel is reflected in import figures which show that fuel imports decreased annually from 68,000 tons in 1962 to 31,000 tons in 1965<sup>9</sup>.

Foreign interests have put considerable capital into development of extractive activities. Only recently the Portuguese government underwrote foreign loans of about \$ 100 mn for further expansion of the Cassinga iron ore project, and the Gulf Oil Cabinda subsidiary has indicated it will spend about \$ 125 mn<sup>10</sup>. Portugal has generally insisted on maintaining control or considerable interest in developments which have attracted foreign capital. In the case of Gulf Oil, the Portuguese government holds a 20 p.c. interest and will share proceeds on a 50-50 basis.

Even though iron ore and petroleum are the current focus of expansion plans, Angola also produces several other minerals such as potash, asphalt rock, salt, manganese as well as some copper, nickel and platinum. Soon after the rich oil discovery in Cabinda, a boom developed that will include exploitation of a large phosphate deposit in the enclave. As the geological surveys con-

<sup>9</sup> Portugal and Overseas Provinces, EIU, Annual Supplement, p. 18.

<sup>10</sup> Portugal and Overseas Provinces, EIU, Quarterly Economic Review, February 1967, p. 11.

## **PUBLICATIONS FROM THE HAMBURG INSTITUTE FOR INTERNATIONAL ECONOMICS**

# **THE UNITED STATES, THE SOVIET UNION AND THE THIRD WORLD**

by Karel Holbik

American and Soviet development aid gives decisive impulses to the policies of the remaining industrialised nations towards the developing countries. The author of this publication compares the economic foreign aid policy of the USA and the USSR, and makes the surprising assertion that the economic aid of the two great powers is approaching in many fields.

110 pages, 1968, paperbound, price DM 28,—

**V E R L A G   W E L T A R C H I V   G M B H   -   H A M B U R G**

tinue to make new finds, it is probable that mining will assume the leading role in the Angolan economy. For the long-term, exploitation of minerals will constitute an important base for economic development; for the short-term, mineral exports will help to ease the worsening balance of payments.

**Table 1**  
**Angolan Selected Mineral Production**

Item	1961	1962	1963	1964	1965	1966
Diamonds ('000 carats)	1,147	1,081	1,084	1,149	1,156	1,268
Asphalt ('000 tons)	22.8	35.9	42.4	44.3	22.9	29.9
Crude petroleum ('000 tons)	104.4	471.2	799.7	904.8	655.3	631.3
Iron ore ('000 tons)	812.1	751.9	673.6	899.4	815.2	790.5

Source: Portugal and Overseas Provinces, EIU, Annual Supplement 1967, p. 10, and 1968, p. 18.

In spite of the unstable situation created by the war which ranged from 1961-64, there was a marked expansion in foreign trade<sup>11</sup>. Although its volume was to some extent stimulated by the war-connected economic activity, a basis for trade had already been gradually developed. In the post-World War II years Angola's commercial relations grew and their share in world imports and exports gained about 31 p.c. from 1938 to 1961. For 1965 Angola showed a record trade balance with a rise of 10 p.c. in both exports and imports. Exports totalled \$ 277.5 mn and imports were estimated at \$ 182 mn.

### Factors Fostering Economic Development

Unquestionably, Angola has most of the basic resources for economic growth. Development prior to 1961 had been arrested because of Angola's mercantile relationship to the mother country. The revolt of 1961 overturned in effect these conditions and stimulated attention to economic reforms and development. The presence of about 50,000 troops in Angola pumped new money into the local economy, and infrastructural improvements, which had languished for decades, were undertaken with extraordinary speed under the prodding of military authorities. Funds otherwise earmarked for the Overseas Six-Year Development Plan (1958-1964) plus extraordinary funding were quickly put into infrastructure. On roads, airports, and communications alone \$ 78 mn were spent.

Under the subsequent interim development plan (1965-1967), about \$ 40.8 mn was allocated to infrastructure such as transport and communications. Approximately 90 p.c. of this amount was expended on road building, which was expected to add about 2,000 miles of improved roads to the existing network of generally poor roads. 99 p.c. of the interim infrastructure invest-

ment program was accomplished. Although there has been criticism that too much emphasis has been placed on infrastructure and that too much of it is for support of the war effort, viewed over the long-term, these investments will benefit succeeding programs for industrial expansion.

**Table 2**  
**Significant Expenditure Targets 1965-1967**  
(in \$ mn)

Industry	763.1
Transport	714.8
Energy	31.5
Education, health, etc.	30.3
Agriculture	23.3
Fishing	13.3
Total	1,576.9

Source: Portugal and Overseas Provinces, EIU, Annual Supplement 1967, p. 20.

Hope for a continuing growth of industry is based in part on hydroelectric developments. Numerous small thermo- and hydroelectric plants were built in the post-World War II period. Since the rebellion, several large hydroelectric installations have been constructed to serve the main centers of population and areas of anticipated industrialization. Total production of electricity has increased rapidly from 22.5 mn kwh in 1947 to 142.6 mn in 1960 and 335 mn in 1966<sup>12</sup>. The largest power and irrigation project in Angola is that based on the Cambambe Dam, which opened in 1963 and will eventually produce 3,500 mn kwh annually, more than 20 times the present total Angolan power production. This project can be further expanded by the construction of additional dams upstream which would greatly increase power output. Although there are no large-scale consumers at the present time, Angola's consumption power increased over two and one-half times in the period 1963-1965. The available power has led to future plans for the construction of an aluminum refinery and a nitrogen fertilizer plant. The situation looks so promising that plans are afoot to import bauxite from France to feed a 25,000-ton smelter<sup>13</sup>.

### Cooperation with South Africa

Another factor which has added impetus to the economic development of Angola has been the very close and remarkably successful economic cooperation with South Africa. The possibilities of trade between Angola and South Africa are great. South Africa needs power, water, oil and other raw materials that are known to exist in Angola. Angola lacks three things that South Africa can provide: capital, know-how, and organization<sup>14</sup>. Portugal and South Africa have concluded several economic agreements for mutual benefit. In 1964 eight separate agreements were

<sup>11</sup> Marvin Howe, Effects of Sanctions on Rhodesia Cut Revenues of Mozambique, The New York Times, January 31, 1966, p. 67:2.

<sup>12</sup> Portugal and Overseas Provinces, EIU, Annual Supplement 1968, p. 19.

<sup>13</sup> Hance, Three Economies, p. 27.

<sup>14</sup> UN, GAOR A/6000/rev. 1., par. 69.

consummated. Additional economic agreements were concluded in 1965 to increase trade between Angola and South Africa. In general, the terms called for South Africa's continued use of Portuguese transportation and ports, imports of raw materials, and purchases of power and water. In turn, Portugal agreed to continue construction of power and irrigation projects financed by South Africa. It appears that both sides are mutually satisfied as South Africa becomes less dependent on less certain foreign sources, and Portugal obtains capital to fight the war and continue Angola's development<sup>15</sup>.

Despite its own inability to provide development capital in adequate amount, prior to 1961 Portugal had been very reluctant to accept outside aid or investment in Africa, partly out of fear of reducing its own authority in the overseas territories, and partly to prevent flight of capital. Up to 1959 development funds for Angola were sparse and not conceived for broad base development. 40 p.c. of the development funds were spent to improve facilities that helped vested interests and maintained the aura of Portuguese presence. Total investment in the second development plan (1954-64) for all overseas territories was only about \$ 330 mn. After the decision had been made in Lisbon that Angola must be held, an ambitious interim economic plan for the territory was developed. Under this plan about \$ 267 mn was allocated to economic development. By the end of 1967 it was estimated that the target expenditure would be short by about two-thirds of the requirement. However, this was due mainly to unrealistic investment planning rather than lack of purpose and goodwill. Less than 20 p.c. of planned industrial development was carried out; agriculture was within 70 p.c. of the goal, and infrastructural targets were fulfilled almost completely<sup>16</sup>.

In place of a third six-year plan Portugal has elected to continue overseas economic development under another three-year plan (1968-70). Under this plan \$ 259 mn has been allocated to Angola with 40 p.c. to be spent on infrastructure and about 30 p.c. devoted to the lagging industrial investment which by the end of 1966 showed signs of renewed vitality.

#### **Efforts to Attract Foreign Capital**

Portugal has attempted to finance Angolan development expenditures from internal sources with only limited external borrowing. Slightly over one-half of the expenditure in Angola has been contributed by metropolitan Portugal, the remainder having been financed by the Angolan provincial government and private sources. The principal non-governmental source of finance has

been the Credit Bank of Angola, created by the Lisbon government.

Although the financial policy of Angola is cautious, the provincial government expenditures for development have risen rapidly since 1961 and have kept pace with the rise in ordinary revenue. For example, 25 p.c. of the 1961 ordinary revenue (of \$ 75.4 mn) and 59 p.c. of the 1965 ordinary revenue (of \$ 158.4 mn) was devoted to economic development.

Thus most investment in Angola continues to be Portuguese or to contain heavy Portuguese involvement. In any case, all foreign capital for overseas investment goes to Lisbon where it is doled out. Some foreign investment that may have occurred has been thwarted by a great deal of red tape, bureaucratic procrastination and government intervention in certain industries<sup>17</sup>. Foreign exchange controls have slowed down economic development.

Nonetheless, since 1962 Portugal has made positive, if not entirely successful, efforts to attract foreign capital. It has instituted economic reforms and striven to cut red tape and make it easier and more attractive for foreign investors to invest in Angola. Further, in 1965 a new foreign investment law was enacted which provided for broad guarantees and simplification of investment procedures. This law, coupled with stabilization of the guerrilla war, brought some outside capital. Alfried Krupp of West Germany signed an agreement for \$ 65 mn to help develop the Cassinga iron ore works, and the related extensive port at Lobito. Belgium and Portugal signed a \$ 44 mn agreement for oil exploration and development over a five-year period. Other foreign interests, too, have gained rights to explore for oil. In March of 1965 a group of United States companies invested \$ 6 mn in the Portuguese national airline operating between Angola and Mozambique. Earlier in January the government had lent Portugal \$ 20 mn for development. And also in 1965 the International American Trust Company loaned Portugal \$ 500 mn for development in Africa<sup>18</sup>.

#### **Obstacles to Economic Development**

The most serious obstacle to Angola's economic development is the large outlay of capital being spent on waging war against the guerrillas. Between 1961 and 1966 the costs of the war doubled. Total military extraordinary expenditures for the period was about \$ 1,000 mn while both the extraordinary and ordinary budget, including the Ministries of Public Works and Economy and Communications, totalled \$ 899 mn. Moreover, 60 p.c. of Portugal's ordinary and extraordinary 1965 budget went to national defense—\$ 140 mn

<sup>15</sup> Ibid., pars. 66-68.

<sup>16</sup> Portugal and Overseas Provinces, EIU, Quarterly Economic Review, February 1967, p. 8.

<sup>17</sup> Hance, *Three Economies*, p. 24.

<sup>18</sup> UN, GAOR A/6000/rev. 1., pars. 230, 231.

*Continued on page 166*

being allocated to overseas defense. 38 p.c. (\$275.5 mn) of Portugal's 1967 ordinary budget alone went to defense, an increase of 25 p.c. over 1966<sup>19</sup>. Therefore, it can be readily seen that support of military forces prevents investments of a more productive nature.

The future of Angola's incipient economic boom is uncertain, in part because of the worsening balance of payments position. Commencing in the mid-1940's its exports became increasingly oriented to non-escudo markets and therefore turned out to be important earners of dollars. Unfortunately Angola has no invisible earnings as does Mozambique that come from transportation, tourism, etc. However, Portuguese officials feel confident that the rising oil exports will redress the balance by 1969<sup>20</sup>.

**Table 3**  
**Trends in Foreign Trade**  
(In \$ mn)

	1961	1962	1963	1964	1965	1966
Exports fob	143.1	157.9	175.2	217.3	212.9	223.1
Imports cif	121.0	144.3	156.0	174.6	207.0	208.8
Balance	22.1	13.6	19.2	32.7	15.9	14.3

Source: Portugal and Overseas Provinces, EIU, Annual Supplement 1967, p. 10, and 1968, p. 24.

Tariffs still play an important role in trade between metropolitan Portugal and Angola. Custom duties are preferential (for Portuguese goods) and general. On imported goods from foreign countries there is a 20 p.c. tariff reduction, except for a list of goods that Angola must import from Portugal such as olive oil, all fruits, and cotton goods. This system will be reinforced by a gradual planned establishment of an Escudo Area Common Market which is expected to be in effect by 1971.

Another difficult obstacle to economic development in Angola is the shortage of skilled labor. Metropolitan Portugal is plagued with labor problems because of mass emigration of workers to other European countries rather than to overseas territories. In 1965 alone 100,000 Portuguese emigrated to West Germany and France while less than 10,000 went to Angola<sup>21</sup>. Many of these emigrants are illiterate peasant farmers without the needed skills, and very few possess any managerial talent<sup>22</sup>.

Many observers who have acknowledged the remarkable economic development of Angola have also criticized Portuguese policies for excessive emphasis on European enterprises. African farmers in particular have received little in the way

of extension services and have not shared in the commercial product to any great degree. In this respect it should be noted that "Angola... (is) in the company of a half-dozen or more independent states in tropical Africa whose economic dependence on non-Africans has increased in the past decade"<sup>23</sup>. Similarly, criticism has been levelled at Portugal for the vast sums spent in support of the military forces rather than on more productive or socially desirable projects. On the other hand, large military forces must be retained in the country if there is to be stability, and the presence of the troops has greatly stimulated attention to economic and social reforms and development.

Under the circumstances, the Portuguese have pumped large sums of money into Angola for reform projects. In the field of primary education alone, which has increased by 113 p.c. since 1961, massive amounts of capital are being spent for facilities and teachers. The 1966 allocation of the budget to support the mammoth growth of all education in Angola was about \$9.7 mn, or 7.4 p.c. of the total ordinary budget<sup>24</sup>.

### The Balance Sheet

Angola cannot rightly be considered as an emerging state nor can its economic development be accurately described in the context of the classic concepts associated with the usual determinants of economic development. For the unique relationships that exist between Angola and the motherland fundamentally affect the vital elements of capital inputs, trade, labor, industry, sociological changes, etc. The politico-socio-economic situation that exists is complex and the struggle for African independence obscures the progress and final outcome in Angola.

Despite continued criticism and a tight balance-of-payments situation, Angola has seen positive advances in the development of its economic infrastructure and in the output of goods and services. The coffee boom continues in spite of international quota restrictions, and Angola's share of world imports and exports has steadily increased. Since 1965 it has witnessed strides in diversification of mining with very good prospects for future large-scale expansion. The industrial build-up, although short of goals, has shown signs of increasing. Not the least has been the development of transport which has enabled the Portuguese to bring previously untouched areas into the economy. The hydroelectric and irrigation projects should be stressed for they constitute a real basis for the support of the sociological experiment on which the Portuguese stake the future of Angola.

<sup>19</sup> Portugal's Budget Gives 25 % Increase to Defense, The New York Times, December 29, 1966, p. 12:1.

<sup>20</sup> Hance, Three Economies, p. 24.

<sup>21</sup> Howe, op. cit.

<sup>22</sup> Douglas Wheeler, Reflections on Angola, Africa Report, November 1967, p. 60.

<sup>23</sup> Hance, Three Economies, p. 24.

<sup>24</sup> Michael Samuels, The 'New Look' in Angolan Education, Africa Report, November 1967, p. 64.