

Apeadu, K. K.

Article — Digitized Version

Co-operation for economic development

Intereconomics

Suggested Citation: Apeadu, K. K. (1973) : Co-operation for economic development, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 08, Iss. 2, pp. 38-41,
<https://doi.org/10.1007/BF02927532>

This Version is available at:

<https://hdl.handle.net/10419/138778>

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.

Development Prospects in Africa

In order to achieve a more rapid economic development, there have been an increasing number of cooperation efforts between the African nations. Whether these efforts and the EEC-Association Policy have had a positive influence upon African development, is analysed in the following articles.

Co-operation for Economic Development

by K. K. Apeadu, Addis Ababa *

Studies carried out within the UN System and other organization indicate that, with the exception of South Africa, the countries within the African continent could all be categorized among the least developed. A typology study of African economies by the ECA¹ covering 43 countries has arrived at the conclusion that in 1969 only two countries had a per capita income in excess of US \$ 300. A full two-thirds had income per head of US \$ 150 or less. The impression of small market size and weak purchasing power conveyed by these indicators is underscored further by the fact that the 18 countries in the lowest income group (below US \$ 100 per head) accounted for 34.8 and 56.7 p. c. of gross

product and population respectively; ten in the US \$ 101—\$ 150 classification for between 13 and 14 p. c. of gross product and population.

Unfavourable Development Prospects

The study draws the further conclusion that development prospects for those countries with a population of less than 2 mn were very unfavorable, and only somewhat less so for those with between 2 and 10 mn. To be precise, only 10 countries in Africa with a population of over 10 mn could be said to be facing favourable development prospects.

The study also noted a close correlation between a low level of per capita income and the predominance of agricultural activity. For instance, of the 18 countries with a per capita in-

come of US \$ 100 or less, 14 showed an agricultural weight of more than 50 p. c. in their GDP, whereas in 12 of the 25 countries in the higher income groups, the ratio of agricultural to total activities was below 30 p. c. The lowest income group, described as the agriculturally-biased economies were also characterized by low school enrolment ratios: only one attained a primary enrolment ratio of over 50 p. c., while only two had a secondary ratio of between 5 and 10 p. c.

The conclusions of the ECA typology study have been broadly upheld by the UN Committee for Development Planning, which on the basis of observed correlation between low per capita income (US \$ 150 and below), percentage of literates in the age group of 15 years and over (20 p. c. or less) and the contribution of manufacturing to

* Chief, Centre for Economic Co-operation, United Nations Economic Commission for Africa.

¹ A Survey of Economic Conditions in Africa, 1980, E/CN.14/480/Rev.1, Part II — Typology of African Economies.

GDP (10 p. c. or less), has identified 25 "hard-core" least developed developing countries throughout the world² (LDDCs). Of these 16 are found in Africa alone.

Rationale for Economic Co-operation

In spite of the inadequacy of the statistical data used, the classification convincingly sums up the main development problems of the LDDCs. The problems in turn provide the rationale for economic co-operation. The small national markets, viewed from the standpoint of small populations, low per capita income, and predominance of primary activities, mainly agricultural, provide an extremely weak base for industrialization. It has already become apparent that their restricted production structures render the African countries incapable of reaping significant benefits from internationally adopted trade measures, such as the General Scheme of Preferences, unless at the same time measures are adopted to stimulate diversification, including industrial production. The tiny economies are also incapable of maintaining the research services that provide the necessary support for industry and agricultural modernization.

Besides the structural limitations to growth, the LDDCs are characterized by acute manpower shortages, which contribute to their currently weak overall administrative and governmental organization and consequent inability to utilize external assistance satisfactorily. A sustained attack on this problem could succeed best only through imaginative educational and training programmes, especially at the higher levels. Cost considerations alone suggest that

co-operative action by the countries is a necessity in this area.

Thirteen of the 18 land-locked countries can be found in Africa and of these, eight are also LDDCs. For these, the inadequacies of communications, harbours and roads, energy supplies and water works give rise to high costs which result not only in the fragmentation of national economies but also in some cases in greater isolation of the countries concerned. The solutions envisaged by the United Nations System include facilitation of free access to the sea and priority attention to their financial and technical assistance needs in all fields, including special measures to finance transport links. These are only a few of the special measures required to overcome the handicaps of the LDDCs as a whole. In all cases, however, the preferential treatment that the LDDCs should receive could be best offered in economic co-operation groupings, where partner States at a higher level of development could more readily make the required concessions³.

Patterns of Co-operation Efforts

Co-operative partnerships among States in the African region have followed a flexible pattern, thus reflecting a determination to resort to whichever institutional forms prove suitable for the selected objectives. The conventional free trade areas, customs unions, common markets and economic communities are very few in the region, though there are many types of groupings that aspire to the scope of such conventional associations. The main kinds of the other groupings are:

☐ water resources development authorities, e.g., Niger River Commission, Organization for

the Development of the Senegal River, Lake Chad Basin Commission;

☐ primary commodity production and marketing groupings, e.g., West African Rice Development Association, Inter-African Coffee Organization, Cocoa Producers' Alliance; Cattle and Meat Community of the Council of the Entente States;

☐ associations for joint industrial research and harmonized industrial development, e.g., the Centre for Industrial Studies of the Maghreb, the African Society for the Development of the Millet and Sorghum-based Food Industry;

☐ organizations for financial and monetary co-operation, e.g., Association of African Central Banks, West African Monetary Union, African Development Bank, East African Development Bank;

☐ transport and communications associations, e.g., Trans-Sahara and Trans-African Highways, Association of African Airlines, Air Afrique, Tazama Pipeline Ltd., African Television and Broadcasting Union;

☐ common institutions for education, training and research, e.g., the Inter-States School for Rural Engineering, the Institute for Economic Development and Planning.

The foregoing groupings clearly illustrate the multiplicity of organizations and the diversity of their objectives. These developments reflect the important strategy changes over the years. For instance, there was an early shift in emphasis on objectives from co-operation in trade to co-operation in commodity production and in economic and social infrastructure to back up the former. This shift should, in time, make it possible to broad-

² Committee for Development Planning — Report of the Seventh Session (22 March — 1 April 1971), E/4990.

³ Co-operation for Economic Development of Eastern Africa, Report of the Eastern African Team, ST/ECA/140.

en the basis of commercial co-operation itself through co-ordinated agricultural and industrial development aimed at producing those goods that could enter into intra-regional commerce.

The second strategy change stems from a recognition that no hard and fast rules as to institutional forms could meet the African situation, and that single-purpose schemes had as much a place in the drive towards more effective co-operation as the multi-purpose ones such as economic communities. Indeed, many of the simpler forms of co-operation have demonstrated their capacity for expansion into more ambitious schemes by laying firm foundations for mutual confidence among the partner States. An example is the Lake Chad Basin Commission whose activities, earlier connected with water resources development, now extend to roads and telecommunications. Another aspect of this strategy is the readiness to construct bilateral, multinational and regional structures to serve a variety of purposes. On the whole, such pragmatism has contributed considerably to the underlying strength of the African movement.

The East African Community

The East African Community and the Central African Customs and Economic Union (UDEAC) constitute the most advanced forms of co-operative partnership in the region today. Both have the advantage of long association among their respective partner States under former colonial administrations, and their operations are further facilitated by common commercial, legal and administrative traditions and a common working language. The East African Community, through its Treaty for East African Co-operation (signed in 1967), is served by common in-

stitutions including a Legislative Assembly, the Authority (made up of the Heads of State), a Court of Appeal, a Common Market Tribunal, a Development Bank, Ministerial Councils in charge of groups of subjects and numerous common services, including joint research institutions and corporations charged with the administration of posts and telecommunications, harbours, airways and customs. A secretariat organized on functional lines exists to serve all the Community institutions.

While the Community has been plagued by such internal problems as the polarization of development, leading to discontent on the part of the disadvantaged partners, and ideological and political differences, it cannot be denied that it represents the most ambitious endeavour in economic co-operation in the region today. Its success has attracted a number of applicants (including Zambia, Ethiopia, Somalia, Rwanda, Burundi), seeking various forms of participation in its activities.

Central African Customs and Economic Union

UDEAC (established in 1964) has a smaller range of institutions, consisting of a Council of Heads of State, a Ministerial Management Committee and a Secretariat. UDEAC has found the problem of gains and costs more difficult, and its "taxe unique", which seeks to credit development gains to the partners according to their contributions to such gains, has proved inadequate for the purpose. In consequence, Chad and the Central African Republic withdrew from membership in 1968, but the latter rejoined shortly after. The land-locked and least developed partners also see a regime of industrial harmonization as the main answer to their comparatively low rates and levels of development, but this

is a problem that does not lend itself to an easy solution.

Economic communities on the same pattern as the East African Community and UDEAC have been the aim of the three Maghreb countries. In East and West Africa, attempts to form larger communities have made little progress. In West Africa, besides the larger community of 14 countries for which foundations were laid in Accra (1967) and Monrovia, the French-speaking countries have launched a separate community (CEAO), which represents a reorganization of the former West African Customs Union. This new grouping has run into difficulties because it ignores the natural complementarities between coastal English-speaking and land-locked French-speaking countries, and has also failed to introduce the required measures for ensuring a rapid development of the LDDCs.

The demerits of organizing economic co-operation on purely linguistic, cultural or historical bases has been recognized in the West African sub-region, where attempts to forge close economic links between the French-speaking Entente countries and Ghana, and between Nigeria and its closest neighbours, namely Cameroon, Chad, Dahomey, Togo and Niger, have gained momentum in recent years. Indeed recent initiatives by Nigeria and Togo have tried to keep the idea of a large community of 14 countries alive.

Problems and Prospects

In nearly all the types of inter-governmental groupings mentioned above, there is an admixture of LDDCs and countries that are not so disadvantaged. While the needs of the LDDCs call for special measures of assistance, experience has shown that economic co-operation among them alone offers little scope for growth. Often the

problems of the LDDCs are so similar that, by themselves these countries could offer little immediate direct assistance to one another. It is true that, where some of them are land-locked and, as sometimes happens in some parts of the Africa region, are also geographical neighbours (e.g. Mali, Niger, Upper Volta), their transport problems could constitute a common area for joint planning and the implementation of joint development projects. However, in such related matters as transit trade and unimpeded access to, and the use of ports, their best partners are coastal countries which do not always happen to be LDDCs themselves. Again, whereas a permanent solution to manpower shortages, a problem common to the LDDCs, lies in the joint ownership and operation of common training and high-level educational institutions, a short-term solution could be provided by the more advanced countries — mainly through the supply of technical assistance personnel.

This leads to the perennial problem of the distribution of costs and benefits of integration schemes among the partner states. Some groupings have attempted to establish a sharing formula. None of these, however, in the various combinations in which they have been tried, seem to offer fully satisfactory solutions; in consequence, the problem of costs and benefits remains one of the most intractable confronting integration movements today.

This problem is further complicated by differences in the individual countries' evaluation of gains and losses associated with economic co-operation. And from the experience of the most successful economic groupings in the region, it could be inferred that different monetary regimes and the inconvertibility of currencies also constitute

major obstacles to multinational co-operation.

External factors have also exerted various kinds of influence on the course of intra-African co-operation. For instance, as recently recognized in UNCTAD forums, ultimately the full exploitation of the potential of mutual help endeavours among the developing countries through co-operation would depend on support from the developed countries, since financial and technical capacity are seldom found together in the low-income countries. By providing the missing element, developed countries could make an invaluable contribution to such efforts.

The problem of market access for manufactures and semi-manufactures from the developing countries is also of special relevance for African multinational co-operation, since the numerous obstacles to intra-African trade suggest that their removal will be a protracted operation. In consequence, the multinational enterprises that result from economic co-operation in the region will continue to rely on extra-continental market outlets for an extended period.

Support action from the developed countries would also be required on a large scale to assist in the adoption of new monetary arrangements and backing up the payments arrangements concluded among developing countries, which have been handicapped by the inconvertibility of currencies and scarcities of foreign exchange. In addition, by directing more external technical assistance resources into the preparation of programmes and project formulation as a basis for inter-governmental decision, the African groupings could demonstrate, in more concrete terms, to their own members as well as outsiders the advantages of such group decision and action.

In this respect, the global bodies of the United Nations System and the Economic Commission for Africa have made a significant contribution towards the promotion of economic co-operation in the region.

Conclusion

No observer of the African economic scene could fail to be struck by the multiplicity of economic co-operation groupings. While these represent simple institutional structures that are within the administrative capacity of the African States and offer useful training for more sophisticated endeavours, they are more expensive to maintain than large multi-purpose inter-governmental organizations. While it would be unrealistic to attempt such a creation on a continental scale now, larger groupings each consisting of all the countries in each of the four sub-regions (East, West, North and Central) would nevertheless represent a significant advance. In certain cases, this stage could be reached by the admission of new members and diversification of objectives. Such larger multipurpose groupings could at once command greater attention from the international community and prove more economical to run. Besides, they could set the countries of the region more firmly on the path to a continental economic community. This calls for more determined efforts on the part of the African countries to overcome the difficulties that have stood in the way of trade expansion and economic co-operation, and energetic endeavours to design, negotiate and implement long-term meaningful commitments among themselves. At the same time international support would be required; action likely to be prejudiced to African efforts of co-operation should be discouraged, and positive policies and measures to facilitate such co-operation should be adopted.