1972 three estimation methods were compared: 1. so called naive method (unchanged technical coefficients), 2. price indexes correction method, 3. RAS method. Suitability of each method was measured on the basis of the frequency distribution of absolute value differencies between real and estimated technical coefficients, the mean average percentage error (MAPE) and the distribution of differencies between real and allowed deviations was calculated for every row and column of the table. Taking into account the analytical properties of matrix multipliers they were compared too.

The above calculations show that using estimation methods even on the regional level of the Slovenian economy, which is not big, one can obtain satisfactory estimates of technical coefficients. The best results were obtained by RAS method. The estimated technical coefficients can be used in input-output analysis without any risk to make significant mistakes. For the years when input-output tables are not constructed on survey basis, the tables can be estimated using the above mentioned methods. In such a way economic analysis and planning would be based on up-date information. This could stimulate the interest and broaden the application of input-output analysis.

THE CONCEPT AND STRATEGIES OF ECONOMIC INDEPENDENCE

INTRODUCTION

Although the term »economic independence« has acquired increasing currency in the political and economic vocabularies of developing countries, it still remains inaccurate and ambiguous. Persons of all political persuasions, from right-wing reactionaries to leftist extremists, have advocated economic independence to advance their own particular visions of an ideal society and economy. Few scholars, however, have felt sufficiently interested to attempt a systematic analysis of the subject. The essay presented in this paper attempts to explore the various facets of economic independence, drawing upon and relating them to the African situation. Part One deals with an analysis of the economic dependence of developing countries, while Part Two considers the different strategies and the consequences of different alternatives used in the pursuit of economic independence in Africa.

The relations of dependence are rooted in the system of imperialism. They were established, or became general, on the basis of the early conquests and were built into a system in which, during the last quarter of the 19th century, classical capitalism turned into monopoly capitalism and the finance capital of the advanced capitalist countries divided the whole world into spheres of interest. One-sided dependence displayed its most extreme form in the colonial system, which meant complete administrative, military, legal, economic and political dependence.

The collapse of the colonial system brought about the disappearance of the most extreme form of dependence; legally independent and sovereign countries have now emerged in the territories liberated from the colonial yoke. But this in itself has not yet put an end to the relations of dependence. On the one hand, the economic and social structure itself, transformed according to the above-mentioned functions, to a certain extent now provides the basis for and the possibilities of maintaining these relations of dependence and functions, and even produces objectively new ties of dependence. On the other hand, the imperialist countries, the monopolies, are taking advantage of these possibilities and introducing new forms and methods of reorganizing and strengthening the relations of dependence (neo-colonialism).

In dealing with the problems of economic independence, there are several questions to be answered:

Does economic independence mean that all the assets in a country should be owned by nationals and therefore all domestic income accrued to nationals, irrespective of the mode of production and pattern of wealth and income distribution? Or does economic independence imply state ownership of all productive assets? Furthermore, in relation to external economic relations, is economic independence compatible with international trade, the receipt of foreign private investment and development assistance? What are its implications in terms of the structures of the economy? Are there any costs associated with the attainment of economic independence in any of its versions and, if so, how are they distributed among different economic groups in a country? Does the desire for economic independence conflict with the need for economic co-operation among developing countries?

It is clear that there are no simple answers to these questions which touch the very fundamentals of the organization of the society and the economy. Yet it is important to raise these issues in any discussion of economic independence for they help to clarify the diverse meanings attached to this concept by different individuals and also to spell out the implications of different strategies for attaining economic independence.

ANALYSIS OF ECONOMIC DEPENDENCE

There are few objectives considered more compelling by the developing countries than the need to attain economic independence. From Bolivia to Burma, few themes arouse such mass enthusiasm as the clarion call to economic independence. However, despite the potency of the idea of economic independence in shaping the goals and policies of numerous developing countries, very little intellectual effort has been expended in analysing the concept and exploring its ramifications in the realms of politics, economics or sociology[1].

Different national parties and leaders have attached various meanings to economic independence, according to the circumstances of the country and the ideological disposition of the ruling groups. The policies charted by them have also been correspondingly diverse. When politicians and economists speak of the economic dependence of developing countries, they may be referring to some or all of the following features of their economies:[2]

1. structural characteristics of production and trade;
2. foreign aid and private capital flows form a high proportion of both public and total investment in the country;
3. the share of foreigners in both the stock of capital in the modern sector and of skilled manpower is high; as a consequence of this, the foreign share in gross domestic income is high.

The analysis of the present state — economic dependence — of the developing countries must, however, be both historically and logically initiated with an examination and evaluation of colonialism or, more precisely, the capitalist world economy and the international division of labour. As far as colonialism is concerned, its evaluation can and must be effected from the viewpoint of general human ethics, i.e., of humanism on the one hand and, on the other, from the aspect of objective historical development, the latter being obviously closer to our subject. As to the former, it is evident and unambiguous that only the most severe judgment can be passed on colonialism in view of the immense and almost inconceivable suffering and humiliation it brought upon the subjugated peoples. The indigenous population of America was almost completely wiped out, about 100 million Africans were either dragged away or killed in the slave trade[3]) and all this was only the beginning. And where are the thousands who suffered and and fell victims to wars, prisons, concentration camps and racial discrimination? To refresh our memories, we can note that, more often than not, the settlements of the Belgians in the Congo, the French in Algeria, the Portuguese in Angola and Mozambique, the Dutch and the British in South Africa and of the British in Rhodesia and Kenya were born in bloodshed and consolidated by imperial military might.

Colonialism as a product of capitalism

The above approach alone would not enable us to discover the real processes which determined or influenced the state and development of backward countries. Colonialism was not simply the conflict of races of peoples and nations but rather the product of the emergence and world-wide development of a certain socio-economic system. It follows from this that we must take colonialism for what it is: the objective product of capitalism developed at a certain stage of the historical development of human society. It can be assessed as the promoting and accelerating instrument of capitalism and as the materialization of a peculiar international division of labour. Colonialism is therefore primarily and basically an economic phenomenon, an economic cause and effect.

The colonial system established in the last quarter of the 19th and the beginning of the 20th century was the specific manifestation of the global expansion of the already-developed capitalist mode of production which had outgrown its national limits. Rapid industrial development, inadequate agricultural and mineral raw materials for more industrial production, higher unemployment and shortage in foodstuffs, and limited national markets together with all their concomitants (e.g., the underutilization of production capacities, the downward trend of rate of profit, the accumulation of unsold stocks of goods, etc.) were some of the driving forces in the search for new markets and sources providing foodstuffs and raw materials. This was the genesis of the foundation of the British East India Company, the Dutch East Indies Companies, the French Compagnie Française de l'Afrique Occidentale and the British East African Company as the forerunners of the subsequent plantations, mines and banks, and the establishment of imperial authority. Hence, the first seeds of capitalism in many developing countries were sown by these enterprises.

The increasingly-powerful monopolies and military-strengthened metropolitan states succeeded in satisfying their imperative needs by rivalry, bargaining, cruel wars, fragmentation of the subjugated territories, etc. The satisfaction of these needs determined the economic functions of the subjugated territories. Thus, the colonies, apart from having a strategic role, became:

— the suppliers of mineral and raw materials to the metropolitan countries;
— the markets for higher industrial products;
— the territories of their capital drain investment activities and thereby their regular source of income.

This division of labour and these functions caused the economies of the colonial countries to become distorted and dependent on the metropolitan countries.

Economic disintegration and economic dependence

In the colonial system of the international division of labour, political power was concentrated in the colonial representations of the metropolitan countries. In this way, the direction of the economic development of the colonial countries, their social and institutional systems, their cultural development, and even the question of language, etc., could be controlled and influenced directly by the foreign powers. This situation enabled them to develop or suppress certain economic sectors in their own interests, i.e., determine the economic structure and, by fixing the boundaries of the country, they could even lay down the framework in which, after independence, the development of national economy and internal economic processes, could start. In consequence, they could even determine the magnitude of the national economy.

Foreign private capital, flowing into the secured territories and supported by a purposeful economic policy, used given production and market conditions for developing the leading export sectors of the colonial countries: the agricultural one-crop economy and mineral raw materials production. The limited capacity of the local market, coupled with the then very strong demand for induction to the world market, justified from the outset the export orientation of the economy. Thus, foreign capital not only distorted the economic structure of the colonial countries with its investments, but within the boundary of its operation it simultaneously built into it, the elements of the capitalist mode of production. It suppressed or at least limited the rise and development of local, national capital to certain fields and occupied the leading sectors of the economy and its most essential potential sources. At the same time, it put these sources into the service of its activity and utilized them for profit-making.

In this way, foreign capital conformed to the activity of political power and created the foundations and mechanisms of direct economic dependence and income drain. It also became responsible for socio-economic disintegration as well as the sectoral distortions of the economic structure.

Foreign capital, while turning the character of a part of the economy and society into a capitalist one, especially where it developed capitalist commodity production in the agricultural plantations, farms, mines, etc., and introduced the new strata of wage workers and paid employees, succeeded in leaving intact and even preserved the remnants of the old mode of production and the traditional society. It permitted them to remain unchanged insofar as the survival of these remnants did not clash with its own interests, did not disturb its own activity, and, such, could be exploited for its own purposes. However, very often and in many places the interest in defending foreign (political or only economic) rule also induced an alliance with the leadership of the national traditional society and thereby the conservation of these strata[4]).

The process causing the distortion of the economic structure, and the outward orientation of part of the economy and its isolation from the rest of the economy made headway as a cumulative process. While the overwhelming predominance and virulence of foreign capital suppressed and stifled local rival capital, and as the new cumulative economic process restrained and restricted local economic activity deviating from or countering its direction (e.g., efforts to create a national industry), those secondary forms of domestic capital and the strata of the local society (the so-called comprador capital or bourgeosie) directly interested in co-operation with foreign capital and in carrying on the new economic process sprang up, one after the other, as appendices of foreign capital or in the wake of this spontaneous cumulative process.

Thus, the trade relations established between the advanced industrial countries and their primary-producing colonies cumulatively increased the primary export character of the latter and distorted accordingly their internal economic and social structure. At the same time, the internal composition of the flow of commodities was accompanied not only by a contracted colonial export structure but the increasing one-crop character of their production and the predominance of import articles (privileged against local products) also brought about greater and diversified import needs and a strong import sensitivity in these countries. Therefore, the political dependence of colonial rule and the direct economic dependence, as manifested in the economic positions taken by the inflowing foreign capital, were increasingly complemented by indirect dependence reflected in the direction and structure of external trade relations.

The bilateral capital and commodity flow in the colonial division of labour was organically supplemented by the movement of human resources. This manifested itself, on the one hand, in the precipitation to the colonies of part of the labour surplus of the advanced capitalist countries. This surplus was created especially by the severe crises of the time and the post-war period. It comprised jobless small capitalists, farmers and army officers as well as skilled labour, technicians, foremen and clerical personnel exported to satisfy the needs of colonial investments, colonial administrations and armies. Due to this labour inflow, higher-paying jobs were blocked by European expatriates, the demand for developing and expanding the educational system remained low, and the indigenous labour force was frozen into unqualified cheap categories.

Neo-colonialism as a new form of economic dependence

The changes in the system of the capitalist international division of labour and the collapse of colonialism brought about revisions in the relations outlined above. It is a peculiar feature of these changes, however, that they were accompanied in several respects by the further accumulation of detrimental consequences arising from the colonial division of labour. This does not mean, however, that the cessation of colonial rule and the acquisition of political independence have not brought about radical changes, if not in the character and direction of the economic relations[5]) and processes at least in the possibility of their transformation. Nor does it mean that the changes in the system of the international division of labour, apart from their efect of cumulating negative consequences, do not also contain very important positive elements for the further development of the underdeveloped countries. Let us mention just a few of them en passant. The fact that bilateral relations have gradually turned into multilateral ones provides the possibility of loosening the system of dependence to a certain extent. A certain change in the direction of private capital interests and the greater role of government loans and grants as against the influx of private capital may give similar opportunities, at least in respect of direct dependence and undisguised profit transfer. The shift in the sectoral structure of the world economy and the expansion of industrial investments also cause certain alterations in the direction of market forces and make a kind of »thaw« possible in the purposeful or spontaneous blockade of the industrial development of backward countries. This is made obvious when foreign capital also turns to the processing branches of industry in the developing countries.

The most fundamental change resulting from the collapse of the colonial system is the different character of political power and the disappearance of the most open, most direct form of dependence. This does not mean, of course, that a more concealed form of political or even military dependence does not survive or replace the other in a number of countries. When formerly it was the military-political rule that provided the basis for establishing economic dependence, now it is usually only a hidden form of political (and military) dependence that can be maintained, where and insofar as it is based on economic dependence.

The changes in capital movement already mentioned have made the problem of capital supply in a number of newly-independent colonial countries an acute one. Apart from a change in political atmosphere, e.g., the introduction of radical nationalism or socialist tendencies endangering foreign capital or capital in general, expropriation for political reasons, nationalization, or the regulating of profit investment, etc., there is also an objective and originally non-political factor which constitutes an increasing danger for foreign investors: the deteriorating balance of payments position of the country in question. The export of investment capital, owing to the concomitant profit-repatriation and the typical investment pattern of this capital, is in itself one of the principal factors of balance of payments deterioration in a capital-importing underdeveloped country. This, together with other factors, may lead to such a cumulative and acute shortage of foreign exchange that either the repayment of life-saving grants and long-term government loans becomes illusory or the freedom to repatriate profits and capital can no longer be maintained without the collapse of the whole state budget and the domestic economy. Thus, the risks of expropriation of assets and nationalization without full compensation may increase even independently of changes in the political atmosphere, although this is not usually the case.

The situation has been aggravated by an abrupt increase in internal and external expenses due to the establishment of the machinery of a newly independent state (diplomatic representations, army, state apparatus), the objectives of economic development with its plans and industrialization programmes, social and cultural policies, the large-scale development of public education, etc. The former colonial mechanism of money and capital supply ceased to work (which, of course, can also be regarded as a first step towards economic independence), causing acute financial difficulties.

Where efforts for economic independence did not prove strong enough, or political independence itself remained a formal or sometimes even neo-colonialist act only, the mechanism of money and capital supply did not change substantially either. The only alteration here was that increased expenditures made it even more necessary for an underdeveloped country to draw on the old metropolitan financial sources, and that the more or less general change in the direction of the interest of foreign capital became a greater inducement to grant privileges and guarantees for foreign investors. Thus, the earlier form of financial and direct economic dependence embodied in the positions of foreign capital was reinforced here, ensuring the maintenance of the mechanism of income drain (profit repatriation) and, through it, the increasing dependence on foreign financial sources.

On the other hand, as a result of independence and subsequent political change or measures taken in economic policy to achieve economic independence, the earlier colonial mechanism of capital supply suddenly collapsed. Acute payment difficulties usually created such a financing vacuum that the elimination of budget and balance of payments deficits induced a number of countries to draw on other, but likewise foreign sources. In cases where an underdeveloped country commited itself, in the interests of rapid acquisition of these sources, to another capitalist power and succeeded in winning over groups of foreign private capital for investments in the country through concessions, then a new neo-colonialist form of financial and direct economic dependence usually replaced the earlier form.

The reality of the dangers outlined above is convincingly demonstrated by a number of instances and also by the fact that the necessity of coping quickly with the financial difficulties will usually cause a country to drift into the sphere of the mightest capitalist power, the USA, which has taken over the leading role of the former colonizing countries in the capitalist world economy.

The above-mentioned problems should be directly related to changes in the structure and direction of commodity flow and trade relations. The development of the scientific-technical revolution has diminished the significance of traditional raw materials, it has made new sources available and produced synthetic materials. It has increased the productivity of agriculture and has given a greater impetus — as technical revolutions usually do — to investments, thereby expanding investment opportunities, the internal market and employment.

State intervention, and the unfolding and advancement of state monopoly capitalism in the most developed capitalist countries, have widened and insured opportunities for profitable private investments, also within national boundaries. They have developed backward agriculture in several countries, e.g., France and Germany, by artificial protectionist means and have also opened up new ways for the development of the international division of labour by means of integrational organizations and intergovernmental agreements. Private and state monopoly co-operation among the advanced capitalist countries, especially in the framework of the European Community, has given a great impetus to expansion ot the division of labour among the developed industrial countries.

As a result of all these and other changes, exports from the present-day underdeveloped countries to the world market are encountering ever-greater difficulties. The significance of many of the traditional mineral raw materials has drastically diminished and the dependence of the advanced capitalist countries on a number of colonial mineral raw materials has ceased or weakened owing to new artificial raw materials and newly-discovered mineral deposits. The development of Western European agriculture and the immense agricultural reserves of the USA and Canada, as well as the shifts in consumption patterns, have limited the agrarian export possibilities of the underdeveloped countries. Furthermore, a number of backward countries are having to rely increasingly on agrarian imports from the developed capitalist countries due to population explosion.

Therefore, the share of the raw-material exporting countries in world trade is automatically on the downturn. In addition, the share of the industrial countries in global production and export of raw materials shows a rising trend. These changes in the proportions of world production and export have been aggravated even more by the increasing internationalization of the monopolies and the expanding productive co-operation in the advanced sector of the world economy, which rather promotes trade between and among themselves, at the expense of the underdeveloped countries.

Despite these unfavourable changes in world production and trade, and the resulting negative inducements, the economic structure of the developing conutries continues to favour the export of traditional raw materials. For reasons already discussed, this is faced, apart from a few exceptions, with a falling world market demand. At the same time, the development of the economy and the transformation of its structure raise increasing and acute import requirements for whose satisfaction additional foreign-exchange earnings are needed. These, in turn, make export an even more crucial factor and usually lead to forced export, the oversupply of the traditional product. Thus, owing to the structural changes in the world economy, there is a decrease in the dependence of the former metropolitan countries on the primary commodities of the underdeveloped countries. On the other hand, there is an increase, as a legacy of the old structure and division of labour of the capitalist world economy, in the dependence of the primary-producing underdeveloped countries on the principal buyers of primary products.

The changes in the movement of human resources are not negligible either. The reflux of colonial-period immigrants, settlers, businessmen, skilled workers, technicians, professionals, doctors, teachers and colonial officials, following independence or as the result of political changes, has created an even larger vacuum than the withdrawal of capital, putting in bold relief the underdevelopment of human resources and making the shortage of skilled labour an even acuter problem. The building up of the new states and the launching of development programmes have generally increased this shortage and made it neccesary to fall back on further foreign resources in this field, too.

On the other hand, the ability to attract new skilled personnel involves the provision of considerable benefits, mostly concerning incomes, whose level is determined or at least affected by the income brackets of the privileged colonial leadership of the former period and not by the actual economic possibilities of the country. Another factor has been the expatriation of cadres sent for higher education and training to the advanced countries. This means their loss to the country for a considerable time (or for good), their alienation, and the partly negative effects of the increasing penetration of foreign cultures and customs, always carrying in its wake a certain alliance with the foreign country offering these grants.

It is true that all these changes may prepare for the transition to a more independent development and the creation of a national intelligentsia. Thus, together with the attendant difficulties, they are in step with progress. It also holds true that since the distribution of global human resources is more favourable than that of capital resources, i.e., they can also be made available by the smaller European capitalist countries with less capital supply and above all by the socialist countries, acute difficulties can be more easily overcome. Yet a real danger which has arisen as a legacy of the earlier mechanism, and as a result of its disintegration, must not be disregarded: the danger of a new type of dependence, the dependence on technical assistance. This is becoming more pronounced. The more its direction falls in line with that of financial and commercial dependence, the more it is one-sided and connected with the leading capitalist powers.

STRATEGIES OF ECONOMIC INDEPENDENCE

Our outline survey has made it clear that the present state of the developing countries derives basically from external factors related to the movement of the capitalist world economy, and that the earlier mechanism of the capitalist world economy and division of labour has resulted for the underdeveloped countries in a tendency of increasing economic dependence and income drain. This, in turn, is even reinforced by the recent disturbances and transformation of this mechanism. At the same time, as a result of external factors, a peculiarly distorted and disintegrated economic and social structure has come into being. To a certain extent, and independently of external factors, this structure has become the determinant and basis of the system of external relations, of the mechanism of dependence and income drain.

Thus, there are two sides to dependence: the basically external, international aspect which, from the historical point of view of the emergence of the present state, is the primary aspect; and the internal aspect which, from the point of view of future development, is increasingly important. A clear distinction between the two and an awareness of their close interrelationship are of great significance for a correct assessment of development perspectives.

The widespread yearning for economic independence in developing countries represents a cluster of ideas on desirable economic organization and policy as a means for overcoming inherent problems. However, it is practically impossible to present a package of measures which could serve as universal solutions in achieving the desired goals for all developing countries. The purpose of this paper is thus to seek clarification of the concept of economic independence and to work out the main consequences and determinants of the alternative strategies employed in the African countries in the pursuit of economic independence.

Economic independence as the ability to formulate and implement socio-economic policy

One of the measures considered by most African leaders to be essential for overcoming economic dependence, i.e., for achieving economic independence, is the ability of a country to effectively formulate and execute its own economic and social policies without coercion or pressure from outside influences. The Minister of Finance and Planning in Kenya, Hon. Kibaki, is noted to have stated »... I am sure that an essential ingredient of economic independence is the ability of a country to formulate and execute her own economic and social policies. In other words, a country must be able to determine the pattern of development of her economy.« In a similar vein, Professor H. Green regards the essence of economic independence as »a situation in which national institutions (including private businesss and interest groups) have the right, capacity and power to take and implement decisions affecting the national economy and its component units without a de jure or de facto vote power being held by foreign individuals, enterprises, interest groups, or governments.«

Several points are to be noted about this policy. In the first place, it is clear that the ability to take and implement decisions is a sine qua non of any kind of independence. But secondly, as is indeed recognized by the proponents of this definition, independence in this sense can never be absolute in the modern world. All countries, rich and poor, big and small, are too closely intertwined with each other in the inter-dependent world of today to be able to take decisions without some sort of intervention, pressure or influence from others. What is crucial then is the extent and form of outside interference. While extreme cases on both sides are readily identifiable, there remains the intermediate group of the great majority of countries enjoying varying degrees of economic independence in the sense defined here. In all these cases, it is obviously difficult to say when a country graduates from a dependent to an independent status. It becomes, to a large extent, a matter of subjective judgment.

Economic independence as national ownership and control of assets and employment of nationals

National ownership of assets and employment of nationals in the economy of a country conforms to the common sense meaning of the term »economic independence«. A country can hardly be characterized as economically independent when a substantial proportion of its assets and jobs are in foreign hands. Extensive foreign participation in a national economy confers widespread powers of decision-making and implementation on foreigners, especially when this involves key jobs and sectors of the economy. While few countries outside the socialist bloc are fully independent in this sense, the degree of dependence is especially high for most countries in Africa. Much of tropical Africa is heavily dependent on expatriate skills for a wide range of high-level jobs; this is, of course, particularly true of the French-speaking and East, Central and Southern African countries. In addition, most African countries rely extensively on international corporations for large-scale enterprises in mining, manufacturing and agriculture. In many African countries, a significant proportion of even small- to medium-scale enterprises in the modern sector are owned and operated by resident alien minorities: French on the Ivory Coast, Lebanese in a number of West African countries, and Europeans and Asians in East, Central and Southern Africa.

While there is general agreement that national ownership of assets and manning of jobs are essential requirements for meaningful economic independence, disagreement arises on how this may be brought about. The two main approaches are the localization of capitalism and the socialization of the economy. The former is examplified by the policies pursued in Kenya since independence, while the latter has been tried out in varying degrees and diverse manners by a number of African countries including Guinea, Tanzania, Algeria, UAR, Sudan and Zambia.

Localization of capitalism and economic independence

Several cogent points can be made in the course of the discussion on this subject. It can be argued that the achievement of economic independence through the development of indigenous capitalism is not a genuine alternative for most African countries. The two fatal weaknesses are the small size of most African economies and the lack of a significant class of domestic entrepreneurs capable of initiating and operating modern, complex enterprises. While the former barrier could, in principle, be overcome to some extent by the formation of preferential trade agreements among the African countries, the latter would continue to constitute a formidable impediment for a long time to come. Thus either the African states must play a leading role in the establishment and operation of large-scale enterprises, or they must assign this role to foreign investors. The latter possibility runs counter to the drive towards economic independence.

Another undercurrent of opinion discounts the possibility of ever achieving economic independence by the capitalist route, even if the barriers of markets and entrepreneurship could be eliminated. The essence of the argument is that in the world capitalist system, the developing countries and especially the African countries will continue to occupy a subordinate and peripheral position. This follows from the fact that the most advanced and dynamic industries, the centres of research and development, the decision-making bodies of international corporations and control over markets will continue to be located in the most industrialized countries of the world. The capitalists and other allied groups in the African countries will at best be junior partners in international capitalism. Thus, the pattern and pace of development of these countries will continue to be dependent on decisions taken by major industrial powers.

Another weakpoint in the strategy relying primarily on the capitalist system is its impact on the distribution of income and wealth. The unfettered operation of capitalism inevitably generates high disparities of income and wealth. Such disparities could endanger political stability and threaten the national solidarity needed in light of its impact on the distribution of benefits and costs.

The attempts at Africanization are essentially designed to create a petty bougeoisie capable of managing the lower rungs of the modern sector of the economy. At the upper reaches of the capitalist enterprises, the eventual ambition may indeed be the replacement of all foreign employees by nationals and the achievement of majority ownership in the equity of these enterprises. But it is generally acknowledged that this is likely to be a long drawn-out process. In the meantime, unless there is active state participation, the development of new large-scale enterprises critical to the modernization of the economy may have to be left to the foreign investor.

It is due to the lack of a developed indigenous capitalist class and the reluctance to rely entirely on foreign private enterprise that even in such apparently capitalist states as Kenya and Malawi the government plays a central role in defining the areas and the conditons under which foreign investment may take place. In addition, there is increasing, though still, in most cases, minority government participation in these enterprises. The development of these economies would therefore be influenced to a considerable extent by the government ability to mobilize and channel foreign resources within the broad framework of policies designed to ensure effective national control.

There are many other socio-political implications of capitalist policies, all of which cannot be treated here. It should be noted that, for example, these policies invest the political and bureaucratic elite with immense powers to control the disposition of valuable resources. It makes these institutions the focus of the politics of the whole range of presure groups which seek to bend government policies to their benefit. The top positions in administration and politics, attractive, as they are for other reasons, are endowed with additional powers deriving from patronage and control over disposition of scarce resources in great demand. Hence the high competition to capture these positions. The Achilles heel of many a capitalist experiment has been bureaucratic inefficiency and corruption. The latter is found in abundance in most developing countries, but in the African states the scope for mismanagement and the rewards for corruption are manifoldly multiplied.

Nationalization and economic independence

The essence of the socialist approach to the attainment of economic independence is the replacement of foreign-owned and managed enterprises by collectively-owned enterprises. The latter may take the orthodox form of state ownership or may be a variety of cooperatives. A number of countries in Africa have sought to increase the national component in the economy through emphasis on state ownership of key sectors of the economy. UAR, Algeria, Guinea, Mali and Ghana were earlier examples of countries which placed varying degrees of importance on socialist organization of their economies.

In Eastern and Central Africa, the socialist strategy was pioneered by Tanzania in the famous Arusha Declaration of 1967 and this example was followed in rapid succession by Zambia, Sudan, Somalia and Uganda. These governments sought to obtain complete majority ownership of large-scale enterprises in such sectors of the economy as export/import, banking, insurance, mining, manufacturing, agriculture and tourism. Typically, the compensation payments to the owners of nationalized enterprises were made over periods ranging from five to fifteen years and were generally financed by the profits of the enterprises. The great majority of these enterprises have been the local branches of giant international corporations, but there have also been examples of nationalization of enterprises owned by non-African but not necessarily non-national resident capitalists.

However, attempts to accelerate the pace of national participation in the economy almost always have an adverse effect on economic growth in the short run. Restrictions on the economic activities of foreigners lead to reduced efficieny and falling off of investments caused by uncertainty. The relative inexperience of the new businessmen, lack of commercial contacts, difficulties in obtaining credit, etc., all have short-run adverse effects on growth.

However, these problems would appear to be relatively minor compared with the problems encountered in the nationalization of large enterprises. These could, in certain circumstances, cause severe short-run dislocations. If the nationalized firms refuse to cooperate and withdraw their top managerial, executive and technical personnel, as has happened in Tanzania with the nationalization of the banks, this might result in temporary cessation of operations or, at least, in reduced level and efficiency of operations. Problems caused by lack of skilled staff are compounded by the need to reorganize the structure of nationalized enterprises. There may also be difficulties in marketing the product, particularly where foreign finance houses and marketing channels are involved. Most of these difficulties are of a short-run nature and, provided the government follows rational policies, they could be resolved satisfactorily. However, it is still difficult to forget the problems that can arise with international agencies following nationalization: in the case of the UAR, the withdrawal of World Bank financing, in conjunction with some major Western powers, for the Aswan High Dam; and in the case of Sudan, the repeated conflicts with the World Bank and the International Monetary Fund centring on domestic economic policies. More recently, the attempt by the UK to withdraw World Bank financing for some agricultural projects in Tanzania over a dispute on compensation for Tanzania take-over of urban properties owned by British subjects, highlights the unwillingness of capitalist countries to help young, underdeveloped socialist countries.

Another set of problems arises from the need of the developing socialist countries in Africa to have access to modern technology and management. One obvious source is the developed socialist countries and, indeed, the links between the socialist developing and developed countries have been increasing in recent years. Still, for a number of reasons including the limited resources of the advanced socialist countries, the technological gap between the advanced capitalist and socialist countries in many sectors of the economy, and differences in management and technology systems in the developing countries, the latter tend to look back to advanced capitalist countries if not for capital then for the introduction of new products and techniques in both production and management.

If economic independence is interpreted in terms of national ownership of assets and control over economic activities, it is quite clear that nationalization is the most potent strategy. Nationalization of key sectors and enterprises results in immediate national ownership of the commanding heights of the economy and greatly increases national control over such strategic variables as the volume and composition of investment, amount and terms of credit, flows of foreign exchange, and price, wage and profit policies.

The socialist approach to economic independence can avoid the dangers that are involved in a capitalist system. A socialist economy by definition prevents excessive accumulation of personal wealth and can also ensure a reasonably equitable wage and salary structure. Tanzania can serve as a good example for this purpose in Africa. At the same time, a socialist economy can use the larger national revenues to equitably provide economic and social services such as education, health, housing and training.

However, only a few African countries are successfully implementing socialism. More often it is a case of partial and ineffective socialism. Indeed, some countries such as pre-coup Ghana, Uganda and certain others have simultaneously pursued policies of nationalization of large-scale enterprises and maximum encouragement of indigenous petty capitalist enterpises. In such situations, unless strong measures are taken, it is all too easy for the new capitalist classes to batten on state enterprises. In this case, the critical factor is the attitude of top leadership to these prac tices. Finally, it follows that the importance of a dedicated, efficient and honest leadership and managerial elite to the success of a socialist economy should be given priority.

Economic independence as structural transformation and development

Economic dependence, as we have seen, is the product of external influences. However, its liquidation, i.e., achievement of economic independence, is chiefly the function of internal factor. This calls upon structural transformation, rapid development and internal integration of the economies.

Structural transformation can be defined to include such characteristics as a balanced production structure in the sense of the capacity to produce a wide range of industrial goods encompassing capital equipment and intermediate products, increased flexibilty of resources, nearly complete self-sufficiency in human skills and indigenous capacity for training, research and innovation. Only economies with these atributes can be expected to fulfill, in various degrees, the other requirements of economic independence, such as a diversified trade structure, a substantial degree of national ownership of productive assets, minimal reliance on imported skills, ability to formulate and execute social and economic policies without undue external influence, and low reliance on external aid and foreign private capital.

The fact that the spontaneous mechanism of a disintegrated, dual economy works against such a transformation, that neither the spontaneous play of economic forces nor the purposeful policy of international monopoly capital can bring about rapid development of organic, integrated national economies, demands state intervention, i.e., purposeful state development policy taking action against that spontaneous mechanism to ensure appropriate progress in this respect. In other words, the allocation of investments and the determination of their direction, nature and extent cannot be left to spontaneous activity of private economies but rather require centrally co-ordinated development programmes.

In overcoming underdevelopment and economic dependence in Africa, the advancement of agriculture (because of its importance in different aspects of life and economy) has a specific role to play. The rural industry of these countries, as we have seen, suffers from two inherent diseases: the precapitalist remnants as concominants of subsistence economy and the one-crop economy. They may appear either in the form of big feudal estates or in the tribal subsistance economies, based on the common property of land in the form of the village communities. The primitive mode of production and wretched living conditions of the active agricultural population are cause for great concern.

Land reform alone, including the parcelling out of the large estates of settlers, may constitute an obstacle to the development of commodity production. Most of the peasants who have been given land are unable to function without help as they lack the necessary means of production and skills. Thus, agrarian reform raises the problem of choosing the most appropriate mode of organization and production.

The co-operative system has proved to be the most suitable one in developing agriculture in Africa. The co-operative and communal villages (similar to Ujamaa villages in Tanzania) are also the best means of eliminating the large dispersion of families and producing units and for mobilizing hidden potential resources by rationally organizing and dividing the united labour of the associated families. However, state support here is needed for establishment, organization, capital supply, education, information about new methods of cultivation, training of specialists, veterinary and public health services, etc.

It is even less feasible to change the one-crop structure, to diversify the agricultural commodity production, without state intervention. Moreover, to prevent the necessary contraction of the one-crop economy and the urgent diversification of agricultural production from leading to a disastrous drop in export revenues and thereby to a further curb of machine imports equally needed for the development of agrarian productive forces and industrialization, it is necessary to take a number of centrally-planned measures which can counter the effects of the spontaneous market mechanism and ensure the gradual transformation of the production structure. Thus, organizational activity by the state is required, not only for land reform but also for the agrarian development of the land reform.

The principal instrument and guarantee for correcting the distorted economic structure and rapidly developing the productive forces is, of course, industrialization. No country has ever reached a high level of productive forces without industrialization.

It is a debatable subject, however, to decide just which branches the African countries have to develop first in their industrialization programmes. There is no doubt that they too have to reach the highest possible level of industrial development, and in a shorter period of time, just as the socialist countries have done. Therefore, the road to industrialization via the Western capitalist countries is unsuitable for the African countries, not only because it is too long but for other reasons as well. For example, the present-day underdeveloped countries have no external sources used by capitalist industrialization because under new international circumstances, the conquest of new colonies, and the subjugation and plundering of new countries are hardly practicable methods.

There is no other way for African countries to carry out their industrialization programmes than to fully use their internal resources and concentrate their efforts. However, national private capital, if there is any, is too weak to perform this task. Its activity adjusts itself in any case to the spontaneous economic mechanism and does not concentrate on the branches ensuring rapid development for the national economy. What is needed is concentrated social accumulation, state accumulation. In addition to foreign loans, only state accumulation can bridge the gap caused by the lack of capital.

The limited availability of accumulation resources makes their maximal utilization imperative, meaning they should ensure the fastest possible development of the aggregate national economy. This is possible again only under a centrally-planned economy which restricts the spontaneity of the economy and is based directly on the state productive sector while also making use of the activities, under strict state control and guidance, of foreign and national private capital.

Industrialization also presupposes the adequate development of the infrastructure, education, public health, public utilities, social services, etc. Private capital is usually not willing to participate in such investments as they are not profitable and require a long period of realization. On the other hand, the state can fulfill these tasks without the danger of budget bankruptcy only if it obtains adequate revenues, preferably by way of its own productive investments, and if it also mobilizes for this purpose the resources outside the public sector that can be withdrawn from the other sectors without causing a drop in production growth. This presupposes again the concentration and planned distribution of resources, in other words, large-scale economic intervention on the part of the state.

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[1]) Among the few economic studies on the subject are: Albert Breton, »The Economics of Nationalism«, *Journal of Political Economy*, LXXII, 1964; Harry G. Johnson, Editor, *Economic Nationalism in Old and New States*, Chicago, 1967; see especially in his essays: »A Theoretical Model of Economic Nationalism in New and Developing States« and »The Ideology of Economic Policy and External Dependence in Latin America«, *The Journal of Development Studies*, Volume 6, 1969; R. H. Green and J. D. Esseks, *Quest for Economic Independence in Africa*.

[2]) Reginald H. Green and Ann Seidman, *Unity or Poverty? The Economics of Pan-Africanism*, Harmondsworth, 1968; Kwame Nkrumah, *Neocolonialism: The Last Stage of Imperialism*, London, 1965.

[3]) A. Hunton, *Decision in Africa*, New York, 1965; Du Bois, *The Negro*, New York.

[4]) For political reasons, the great capitalist powers supported the feudal elements in the underdeveloped countries as an instrument for maintaining their economic and political influence. (O. Lange: op. cit. p. 11.).

[5]) Political independence automatically brought about certain changes in economic relations, too. Thus, for example, »it has led, above all, to a sharp diminution or even to the disappearance of opportunities to wrest resources from oppressed countries by methods of non-economic compulsion — all sorts of taxes and extortion, which Marx ironically called payment for »good colonial administration«. The customs barriers, which the parent-states had errected to ensure their monopoly in exploiting their colonies and spheres of influence, have become weaker. . . .« (E. Khmelnitskaya and A. Mileikvsky, Colonialism, Old and New; *Soviet Economists Discuss: Parent-States and Colonies*, pp. 16—17).

POJAM I STRATEGIJA EKONOMSKE NEZAVISNOSTI

Ali Mansour VUAI

Rezime

Pitanje ekonomske nezavisnosti predstavlja aktuelnu temu i privlači veliku pažnju u nerazvijenim zemljama. Međutim, do sada postoji veliko razmimoilaženje o samom nazivu »ekonomska nezavisnost«. Veoma mali broj naučnika bavio se sistematskom analizom u ovoj oblasti. U stvari, da bi se mogla shvatiti ekonomska nezavisnost, neophodno je ispitati postojanje ekonomske zavisnosti u nerazvijenim zemljama.

Prave uzroke ekonomske zavisnosti nalazimo u istorijskom razvitku kapitalističkog sistema, koji je doveo do kolonijalizma i nepravilne međunarodne podele rada. Za metropole, kolonije se javljaju kao:

— izvor mineralnih i poljoprivrednih sirovina,

— tržište industrijskih proizvoda,

— teritorije investicionih aktivnosti i redovan izvor dohotka, tj. profita.

Kapitalisti su razvijali samo određene sektore (na primer eksploataciju mineralnih sirovina, monokulturnu poljoprivrednu proizvodnju), koji su postali i vodeći izvozni sektori kolonijalnih privreda. Prema tome, kapitalizam je odgovoran za socio-ekonomsku dezintegraciju i strukturne poremećaje privrede kolonija.

Na žalost, politička nezavisnost ne garantuje potpunu emancipaciju bivših kolonija, jer na mesto kolonijalizma se javlja neo-kolonijalizam koji, koristeći različite forme i metode, reorganizuje i jače stare odnose i zavisnost nerazvijenih od razvijenih kapitalističkih zemalja.

Današnja zavisnost nerazvijenih zemalja viđi se u:

1. *Direktnoj ekonomskoj zavisnosti — kada se ključni sektori i grane privrede nalaze u rukama i pod kontrolom stranog monopolističkog kapitala, što dovodi do prisvajanja najvećeg dela profita proizvedenog domaćom radnom snagom;*
2. *Trgovinskoj zavisnosti — kada se trgovinska razmena vrši samo sa nekoliko razvijenih kapitalističkih zemalja, zbog dominacije i kontrole stranog kapitala od strane tih zemalja;*
3. *Finansijskoj zavisnosti — koja je najveća u zemljama gde su bankarski sistem, opticaj novca i kreditni sistem pod stranom kontrolom. U tom slučaju strani kapital je u mogućnosti da unapređuje samo one privredne sektore koji su u saglasnosti sa njihovim interesima i da spreči razvoj drugih sektora;*
4. *Tehničkoj zavisnosti — tj. tehnološkoj i kadrovskoj zavisnosti od razvijenih kapitalističkih zemalja.*

Borba za likvidaciju ili bar smanjenje te zavisnosti u stvari je borba za postizanje ekonomske nezavisnosti. Dok je ekonomska zavisnost funkcija spoljnjeg mehanizma, borba za ekonomsku nezavisnost je uglavnom unutrašnji problem. U ovim uslovima, ključni zadatak nerazvijenih zemalja je struktura transformacija privrede i njen razvoj. U okviru poljoprivrede, zbog njenog značaja kao izvora hrane i sirovina, kao i zbog toga što zapošljava pretežni deo stanovništva, treba izvršiti agrarnu reformu stvaranjem zadruga čime bi se povećala produktivnost, a sa njom poboljšavali uslovi života. Strukturna transformacija u industriji predstavlja proizvodnju niza industrijskih dobara uključujući sredstva za proizvodnju i međufazne proizvode. Mobilizacija proizvodnih resursa, obučavanje domaćih kadrova i izgradnja istraživačkih institucija takođe imaju važno mesto u privredi. Samo privreda sa takvim karakteristikama može zadovoljiti druge zahteve ekonomske nezavisnosti, kao što su šira trgovinska struktura, društvena svojina i kontrola nad proizvodnim faktorima, minimalna zavisnost od stranih kadrova, sposobnost formulisanja i sprovođenja društveno-eko-

nomske politike bez neopravdanog stranog uticaja i manja zavisnost od strane pomoći i stranog privatnog kapitala.

Mada sve zemlje u razvoju odaju priznanje borbi za ekonomsku nezavisnost, istovremeno se zapaža neslaganje u politici primenjenoj za ostvarivanje ovog cilja. U afričkim zemljama, na primer, prisutna su dva osnovna pristupa: stvaranje »lokalnog« kapitalizma i socijalizacija privrede. Prvi pristup naročito se zapaža u Keniji, a drugi se sprovodi na različit način u zemljama kao što su Gvineja, Tanzanija, Alžir, Egipat, Sudan i Zambija.

Može se slobodno reći, da prvi pristup ne odgovara afričkim zemljama. Prvo, zbog nedostatka domaće kapitalističke klase sposobne da finansira i rukovodi modernim kompleksnim preduzećima i zbog ograničenja domaćeg tržišta. Drugim rečima, države u Africi moraju da preuzmu vodeće mesto u izgradnji i rukovođenju tim preduzećima ili da prenesu ovu ulogu u ruke stranih investitora. Ova druga alternativa je suprotna politici ekonomske nezavisnosti). Drugo, što nerazvijene zemlje, naročito afričke, zauzimaju podređen i periferan položaj u kapitalističkom svetu. Ovo se može potvrditi činjenicom da se najrazvijenije i najdinamičnije industrije i centri istraživanja nalaze u najindustrijalizovanijim zemljama sveta. Prema tome, nerazvijene zemlje neće imati kontrolu nad međunarodnim tržištem, a pogotovo u donošenju odluka o ponašanju multinacionalnih kompanija. Treće, slabost kapitalizma sastoji se u nepravilnoj raspodeli dohotka i bogatstva u zemlji i sve češćoj pojavi korupcije.