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## EXPERIENCES IN PLAN HARMONISATION IN AFRICA AND OTHER DEVELOPING REGIONS

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## Experiences in Plan Harmonization in Africa and other Developing Regions

### INTRODUCTION

1. The notion of Pan-Africanism existed as a sentimental political dream long before the attainment of political independence<sup>1/</sup>. It is now crystallizing into a Pan-African economic necessity as is clearly attested, at this initial stage of economic integration, by the proliferation of inter-governmental economic groupings.
2. Economic planning is now an established reality in Africa. Development plans have been or are being elaborated in all countries with varying degrees and levels of sophistication. Different levels of sophistication mirror their skilled manpower availabilities, different levels of resources endowment, differences in the relative sizes of their private and public sectors, choice of planning techniques and ordering of priorities.
3. With the advent of independence in the 60's new development problems have arisen requiring new approaches. And the national development plans are a means of coming to grips with these problems. Although planning in Africa is still in its early faltering stages, the idea is widely accepted and has become the embodiment of national aspirations.
4. The strategy of development of a continent which lags so far behind in science and technology, and other know-how, a continent whose individual territorial markets are generally too small to sustain viable and rapid acceleration of industrialization, necessarily demands the highest degree of economic integration in production specialization, joint projects and trade via the harmonization of general socio-economic and political policies, and development plans in particular.
5. Few African developing countries are large enough - in terms of population and income level per capita and therefore of effective demand - to build a modern economy alone. The continent as a whole has the resources (most of them still untapped) for industrialization and economic self-sufficiency, but it is composed mainly of "mini" states. An economically unified Africa could, however, provide the markets able to support large-scale industrial undertakings, which form the basic growth poles need for rapid socio-economic development.
6. The prevailing practice is that most African countries plan individually and with excessive dependence on minerals, crude fuels and agricultural commodities for exports.<sup>2/</sup> There is also to be found a

1/ For a detailed exposé of the "economics of Pan-Africanism" refer to UNITY or POVERTY by R.H. Green and A. Seidman, Penguin African Library 1968; and Independent African by G. Shepperson and T. Price Edinburgh University Press, 1958.

2/ Between 1963 and 1968 agricultural exports averaged 51 per cent, mineral and fuel exports 41 per cent, and manufactured goods, mostly textiles, 8 per cent of the total exports of Africa.

proliferation of small-scale, usually inefficient national factories (established on a strategy for import substitution) at high cost per unit of output. The consequence is that these countries are failing to reduce substantially their dependence on external markets for their primary commodities, foreign manufactured consumer and capital goods as well as on external financial assistance for their development efforts.

7. The most effective way of achieving economic self-sufficiency and rapid acceleration of development essential to fulfil the national aspirations, needs and demands of the people of the continent seems to be a sustained shift to economic intergeration using plan harmonization, as an effective instrument for the mobilization of scarce material and human resources within Africa. It stands to reason, therefore, that the question of whether plan harmonization can be achieved is of little concern for purposes of this paper. The point is that plan harmonization should and must be achieved.

8. Plan harmonization, cannot, by implication be undertaken on an ad hoc basis, i.e. by paper arrangements. The process requires a minimum threshold of harmonized production and trade arrangements to the mutual advantage of the members of a grouping. The process necessarily requires an adequate institutional framework through which all decisions can be effectively implemented.

9. The successful implementation of harmonized plans and various other socio-economic policies - quite apart from the formulation of them - is a necessary condition to the achievement of purported development objectives among co-operating countries. Many of the programmes and inter-governmental institutions discussed hereafter have often been hampered in the successful outcome of their objectives, or rendered counter-productive at the national level, due to lack of qualified manpower, lack of co-ordination, bureaucratic inertia verging on sheer incompetence, and the pursuit of purely national interests that arise from bilateral and multilateral relations with powers outside the economic groupings. Sometimes, domestic failures have found refuge behind inter-governmental groupings and have consequently led to the failure of these groupings. It follows, therefore, that plan harmonization and the results achieved are a function of the maximum effort by both the individual and partner governments and is also dependent on the nature and scope of delegation of decision-making powers as well as the human and financial resources made available to the executing institution.

10. This study is organized into five parts:

- (a) Part One reviews the genesis and present policy of the Economic Commission for Africa (ECA) toward regional production specialization, joint projects and regional trade. The four ECA sub-regions (North, West, Central and East) are discussed separately. Conclusions are given or implied in the different sections of this part.
- (b) Part Two examines the functions of selected African inter-governmental economic groupings which are engaged in, or have policies of plan harmonization. An evaluation of the groupings is included in the individual discussions of the groupings.
- (c) Parts Three and Four examine what has been done in the Caribbean, Central and South America, and, Asia and the Far East respectively.
- (d) Part Five entitled "General Comments and Tentative Suggestions" attempts to arrive at some specific as well as general conclusions resulting from plan harmonization practices obtaining in the three continents - Africa, Asia and the Far East, the Caribbean, Central and South America. This part also attempts to make recommendations aimed at promoting the realization of the objectives of plan harmonization.

PART ONE

The Role and Experience of the Economic Commission for Africa  
(ECA) in Plan Harmonization

11. "... the Commission has recognized that a concerted policy of modernization must replace the previous patchwork of isolated activities ... and economic communities with permanent inter-governmental institutions are now being built in various parts of Africa" <sup>3/</sup>. In the foregoing quotation is implied the concept of economic integration whose realization must necessarily stem from several pre-requisites. Most important among these prerequisites is the harmonization of development policies through the support of suitable development plans.

12. One of ECA's main tasks - that of promoting and facilitating concerted action for economic and social development of Africa, through, among other things, assistance in economic planning and feasibility studies for individual and joint projects was given to the Commission at its very first session when the Executive Secretary was requested to "prepare, in collaboration with the competent agencies, a summary of ways and means of co-ordinating international and inter-governmental programmes". More specifically the Executive Secretary was requested to identify and draw up a list of possible mutually beneficial areas of economic co-operation within the countries of West Africa. Some areas in which factual studies could be considered were trade, conservation of water, international use of roads, railways and harbours, pooling of electric power; the control of fisheries and other economic matters. It was also at the first session that the Commission was mandated to establish "such subsidiaries as it deems appropriate for facilitating the carrying out of its responsibilities".

13. Resolution 8(II) of the second session recognized the importance of a programme that would stimulate intra-African trade and sub-regional projects. Each member State of the ECA was urged by this resolution to fully subscribe to such a programme. This resolution was amplified by a third session resolution - 31(III) - which strongly recommended the establishment of "maximum co-operation in the creation of markets large enough and capable of supporting African industrialization", and which at the same time "offer the advantages of specialization".

14. In pursuance of the recommendations of the Standing Committee on Trade and the Working Party of the Whole of the Standing Committee on Industry and Natural Resources <sup>4/</sup>, commission resolutions 86(V) and 100(VI) requested that the Executive Secretary undertake intensive studies on the major problems of an African common market, having particular regard to the balanced integration of economic development in the various African countries; and lend all the technical facilities of the secretariat to whatever body African Governments might set up to examine the question of an African common market. The Executive

<sup>3/</sup> ECA: What it is? What it does? How it works? Office of Public Information, N.Y. 1969 p.6.

<sup>4/</sup> Refer to resolution 43(IV).

Secretary was also to give special consideration to the possibility of increasing trade by a fair distribution of productive activities, in particular, the distribution of industries processing the natural resources special to each state.

15. Subsequent resolutions<sup>5/</sup> of the Commission expressed in one form or another the need for fostering closer economic ties generally, and in particular the harmonization of trade policies with special regard to primary commodities, possible production specialization among concerting countries, co-ordination of transport networks including telecommunications and posts, joint development of river basins and lakes, etc. For the implementation of these resolutions the harmonization of development plans either on an overall basis or in selected sectors offers the most practical means of creating viable economic units of a scale large enough and capable of supporting rapid industrialization.

16. This approach necessarily required the establishment and strengthening of multinational institutional machinery within which discussions and decisions on economic policy actions and joint projects could be undertaken. Such institutional arrangements would include some form of a secretarial organization which would be entrusted with the task of consulting, advising, promoting and implementing the joint undertakings<sup>6/</sup>, be it in production specialization, development and linking of infrastructural facilities, harmonization of trade policies, joint programmes of nomad control and in other areas.

#### Creation of the Sub-regions

17. The concept of a geographically narrower (and geographically adjacent), close neighbourhood approach, as opposed to the pan-African or continental approach in economic matters such as product specialization or in multinational projects like irrigation schemes, hydroelectric schemes, development of river and lake basins, etc; was suggested in several resolutions of the Commission and later espoused by the Organization for African Unity whose resolution CM/Res.5/1 of August 10, 1963 recommended that any regional groupings or sub-groupings take into consideration geographical realities and economic, social and cultural factors common to the states in question<sup>7/</sup>. In other words

<sup>5/</sup> Notably 105(VI), 140(VII), 142(VII), 145(VII), 153(VIII), 161(VIII), 176(VIII), 203(IX), 208(IX), 211(IX), 208(X), 218(X), 222(X),

<sup>6/</sup> See E/CN.14/ECO/13, para. 6.

<sup>7/</sup> See also OAU document CM 148 on the subject of Economic Co-operation.

geographical contiguity, common interests, past associations and culture should form the base, and be considered as the emergent and pioneering focal points on which the initial phases of economic integration could be built.

18. Considering the geographical, economic and political conditions already obtaining in Africa, the ECA by resolution 23(III) requested the Executive Secretary to undertake a study of possibilities and conditions for establishing sub-regional offices of the Commission to deal with problems of sub-regional interests. Hence, by resolution 64(IV) the North and West African sub-regions were established; and subsequently resolution 102(VI) established both the East and Central African sub-regions.

#### ECA REGIONAL ACTIVITIES

##### (A) Northern Africa<sup>\*</sup>

19. Since the 1966 meeting on Economic Co-operation in North Africa [in pursuance of Commission resolution 142(VII)] the ECA sub-regional office in Tangier, in association with the Maghreb Standing Consultative Committee, UNDP, UNCTAD and ILO, has prepared several studies relating to the harmonization of plans of the Maghreb countries in areas that included education, family planning, tourism, maritime transport, air transport, and other communications. Other studies included the comparison of legal positions in regard to labour mobility as well as defining the prospects for inter-state mobility; harmonization of statistical methods and the possibility of devising a common policy for exporting certain agricultural products. The Tangier office has also helped organize meetings on the promotion of industrial investment in North Africa, trade policy and promotion, and problems of employment and technical skills.

20. The ECA has conducted intensive investigations (with the help of a consultant) on the possibilities of sub-regional harmonization of industrial plans based on industrial sub-sectoral analysis.

21. Supported by the funds provided by the UNDP, the Maghreb Standing Consultative Committee has recently requested the ECA to undertake further studies with regard to harmonization of the production of energy, co-ordinated transport and communication links and trade in the sub-region.<sup>8/</sup>

\* Consists of Algeria, Tunisia, Libya, Morocco, Egypt and Sudan.

<sup>8/</sup> See also E/CN.14/ECO/13 paras. 41 and 42.

(B) Western Africa\*

22. Under the auspices of the ECA a Conference on Industrial Harmonization was held in Bamako in 1964. The meeting was convened following an earlier meeting on a possible establishment of an iron and steel industry<sup>9/</sup> in West Africa. The rationale for an iron and steel industry was that it would take advantage of the huge ore deposits with high iron content obtaining in the region. It was argued that the mushrooming of small steel works in the region was neither desirable nor practicable because of the narrowness of individual national markets as well as scarcity of capital and skilled labour. The establishment of an iron and steel industry would necessitate a division of labour among various participating countries for the development and specialization in different branches of the industry. Co-ordination of transport links between the states would be an integral part of the iron and steel industry.

23. The report seemed to have received only cursory treatment and meagre response by the governments in question who, are even now deeply engaged in promoting individual national iron and steel industries.

24. The ECA in fulfilling its 1967/68 programme of work, convened and serviced meetings on transport, energy and industry and prepared studies (in collaboration with GATT, UNCTAD and FAO) on the possibilities of offering technical assistance in the implementation of multinational projects in industry, transport, energy and agriculture.

25 (a) As a further step towards assisting the countries of the region in their efforts towards co-ordinated sectoral production within the framework of the United Nations Second Development Decade, the ECA and CDPFP jointly organized in 1968/69 a team of experts which prepared studies that included:-

(i) Drawing up a ten-year projection of development, in particular on the possible growth of demand for the products of industries which would require multinational co-operation, and, also the probable growth of demand for food and agricultural raw materials;

(ii) Drawing up programmes for the development of multinational industries and of specialized production, the construction of transport links to support the plan for agricultural development, and to meet the problems of manpower requirements;

(iii) Proposing national and multinational measures and policies required to carry out the proposed programme for co-ordinated development.

\* Consists of: Nigeria, Niger, Dahomey, Togo, Ghana, Upper Volta, Ivory Coast, Liberia, Sierra Leone, Guinea, Mali, Senegal, Mauritania and Gambia.

25(b) On a continuing basis, the ECA is engaged in the preparation of several studies (as technical assistance to inter-governmental groupings of the sub-region) that are of a multinational nature as in the development of the river and lake basins.

(C) Eastern Africa<sup>\*</sup>

26. In pursuance of the recommendations of the ministerial Conference<sup>10/</sup> on economic cooperation in Eastern Africa held at Lusaka in 1965 the ECA secretariat with the help of experts made a study of transport links embracing Ethiopia, Somalia and Sudan. A study<sup>11/</sup> on the possibilities of trade expansion and a draft report on the proposed East African Common Market were also made.

27. In the meantime a British team of consultants in December 1965 released a report<sup>12/</sup> of their study on the feasibility of establishing an iron and steel industry for East Africa. The report concluded that most of the steel consumed then could be produced at an amalgamated plant within the sub-region for distribution to all major consuming centres at a price competitive with imported steel. The study further observed that favourable natural resources and the economies of large-scale production could outweigh the additional transport costs involved in concentrating production in one area. Practical action on the matter was however, abosted when, just at the time the study was released, Rhodesia, where the integrated plant was to have been set up unilaterally declared herself independent.

28. An ECA/CDEPPP study team, (in collaboration with FAO, UNCTAD, UNIDO and the East African Development Bank, similar to the West Africa team cited in paragraph 25 and working on similar terms of reference made extensive investigations of the possibilities of specialisation in production in selected agricultural products, joint production and/or specialization in industry, improved transport and communications links, co-operation in energy, pooling together of human resources and rapid acceleration of inter and intra trade. A draft report was presented and favourably received at the fourteen nation Ministerial and Heads of State meeting of the countries of East and Central Africa in Dar-es-Salaam in 1969.<sup>\*</sup> The team's final report is expected soon.

<sup>\*</sup> Consists of: Ethiopia, Somalia, Kenya, Uganda, Tanzania, Zambia, Malawi, Madagascar, Botswana, Lesotho and Swaziland.

<sup>10/</sup> The Conference was attended by Ethiopia, Somalia, Kenya, Uganda, Tanzania, Zambia, Malawi, Rwanda, Burundi, Congo (D.R) Congo (P.R.) Chad, Sudan and Central African Republic.

<sup>11/</sup> E/CN.14/EA/EC/2, Parts I and II, E/CN.14/ECOP/LU/12.

<sup>12/</sup> The report was prepared by W.S. Atkins and Partners and released by ECA as document E/CN.14/INR/87.

29. The 1969 Dar-es-Salaam meeting just referred to recommended that investigation be made into the possibilities of joint production ventures and harmonization of trade policies between two or more countries. These joint undertakings would be at selected sectoral levels<sup>13/</sup>, viz. in some aspects of industry and energy, human resources, agriculture, transport and communications, trade and tourism. ECA involvement has been restricted to a partial preparation of technical documents. Further ECA assistance is envisaged when the grouping does, as intended, establish a permanent secretariat.

(D) Central Africa<sup>\*</sup>

30. The first meeting - the Brazzaville Meeting on Economic Co-operation in the Central African sub-region was held in 1966<sup>14/</sup>. Subsequent to this meeting, in a Belgian Report on Transport, it was proposed to convene a conference on transport in 1967 to establish a harmonized and phased programme of transport development that would run for two decades, and to consider possible arrangements on a permanent basis.

31. In November 1969 at Kinshasa a meeting was held pursuant to the agreement reached between representatives of the Central African States at the Ninth Session of ECA in February, 1969<sup>15/</sup>.

32. At the Kinshasa meeting the ECA Secretariat presented a detailed study with regard to:<sup>16/</sup>

(a) the domestic and external demand for selected agricultural products and the possibilities of product specialization within the sub-region;

(b) The review of, and prospects for, industrial development in the sub-region;

(c) Sub-regional pooling of manpower and training;

(d) Harmonization of transport policies in the sub-region;

(e) Development of production and consumption of energy at a sub-regional level;

(f) Expansion of trade among the countries of the sub-region on a selective basis;

(g) Proposed establishment of a regional centre for training in photogrammetry, photo interpretation and aerogeophysics, and

(h) Proposed establishment of common specialized service centres for surveying and mapping.

<sup>13/</sup> Sectoral Committees of the Conference of East and Central African States were established as a result. Sudan has since joined and Gabon has indicated an interest. The first Sectoral Committee was held in Lusaka in 1970, the second in Khartoum in March 1971.

<sup>\*</sup> Consists of Cameroon, Central African Republic, Chad, Congo (P.R.), Congo (D.R.), Gabon, Rwanda, Burundi and Equatorial Guinea.

<sup>14/</sup> E/CN.14/L320/Rev.1.

<sup>15/</sup> See documents E/CN.14/351 and E/CN.14/CA/ECOP/5.

<sup>16/</sup> See documents E/CN.14/465; E/CN.14/CA/ECOP/13; E/CN.14/351/E/CN.14/CA/ECOP/5.

33. Later in the year, a sub-regional meeting was held in Congo (D.R.) to discuss, among other things, the ECA studies just cited. The studies were enthusiastically received. In its final deliberations the Conference requested the ECA, in collaboration with the FAO, to embark on the second phase of the studies, i.e. "on the production potential in the agricultural sphere, with special emphasis on commodities of which there might still be a deficit in 1985". It was also requested that outstanding studies including some aspects of transport and manpower be made available as early as possible to allow for a thorough examination at a meeting of Central African experts who were scheduled to meet later that year. The studies were finished in early 1970 and a meeting was scheduled for February 1971 but the host government was unable to provide the necessary facilities.

(E) Proposal for the creation of new sub-regions

34. After considering the criticism of some delegates at the Ninth Session to the effect that the present sub-regions were unrealistic, since they were too big to be effective and that they cut across ethnic lines, the ECA Executive Committee proposed the formation of seven sub-regions (replacing the present four) of approximately equal number of countries; and that these sub-regions would, where possible, be so formed as to coincide with the existing inter-governmental groupings. Proximity to each other and ethnical considerations would be taken into account.<sup>17/</sup>

35. This proposed re-grouping would be finalized after consultations with existing inter-governmental groupings, which could themselves be expanded and strengthened to cater for sub-regional economic co-operation. The work programmes of the ECA and those of inter-governmental groupings would be so co-ordinated as to ensure more effective and efficient development strategy as well as to avoid duplication of functions.<sup>18/</sup> Several missions to West and Central Africa revealed that the proposal for the creation of new sub-regions was not well received.<sup>19/</sup>

UN Development Advisory Teams (UNDATs)

36. Meanwhile a new idea - that of establishing UN Inter-disciplinary Advisory Teams had emerged. UNDATs were formally established in early 1970 under the auspices of the Department of Economic and Social Affairs and the regional economic commissions, and in collaboration with UNDP,

<sup>17/</sup> E/CN.14/ECO/11

<sup>18/</sup> E/CN.14/462 paragraph 150; Report of the Second Meeting of the ECA Executive Committee.

<sup>19/</sup> E/CN.14/497; Some Institutional Aspects of African Economic Co-operation.

UNCTAD, UNIDO and UN Specialized Agencies, "for purposes of rendering on a continuous basis advisory services in planning, plan implementation and technical co-operation programming to governments, both individually and collectively, within selected small groups of countries.<sup>20/</sup>

37. UNDATS are not meant to substitute, but to supplement and assist in the promotion of activities of the experts already in the countries and to give adequate attention to programmes of a multinational nature. The subgroupings of countries thus covered would not necessarily coincide with the ECA sub-regions.

38. The mission referred to in paragraph 32 noted that the idea of UNDATS was indeed very appealing. Reports from the other sub-regions (no missions were conducted on UNDATS but information was collected by the sub-regional offices) confirmed the enthusiasm for the idea. It is expected that two teams will be fully functioning by 1972, both in French-speaking areas.

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<sup>20/</sup> Preamble of the Operational Guidelines of UNDATS. doc: ECA Job. No. M71-989; dated 26/6/70; See also document E/CN.14/TECO/INF/1.

PART TWO

Inter-governmental Groupings in Africa

(A) Union of Central African States (UEAC).  
Chad, Congo (D.R), C.A.R.

39. Meeting in Bangui on February 2, 1968 the Heads of State of the three countries, among other matters, resolved to strengthen the unity and solidarity among their countries, co-ordinate and intensify their economic co-ordination as a means of affording and ensuring better standards of living for their peoples, as well as harmonizing their general political and economic policies, including production plans and trade promotion.

40. When CAR withdrew from the Union there simply remained no geographical entity for a genuine common market. Congo's economic dominance seemed to have frightened the other members from implementing operational joint projects. This factor perhaps indicates the necessity for reconciling the economies of countries at different stages of development, for example by some form of concessional measures, by an allocation of multinational projects on an agreed basis or by suitable arrangements for benefit sharing.

(B) Conseil de L'Entente (Ivory Coast, Dahomey, Niger, Upper Volta and Togo which joined in 1966)

41. The organization was established in May 1959 as a political and economic association of independent former French African States.

42. There is a complete freedom of trade and a unified system of external tariffs as well as fiscal schedules among the states. In addition the Central Guarantee Fund (Fonds de Garantie), originally conceived as Fonds de Solidarité to support both individual and multinational projects, was transformed in 1966 into a mutual aid and loan guarantee fund designed to encourage external finance for the development of both national and multinational projects within the "Conseil."

43. To further strengthen the organization particularly in working towards common policies, several specialized commissions were set up. These commissions are for foreign affairs, justice, labour, public administration, public works and telecommunications, epidemics and epizootics. Members who fail to implement the decisions of the council may be brought before the Court of Arbitration.

44. The grouping is probably among those growing fastest in importance as reflected in the functions being currently undertaken and those proposed to be undertaken. The Loan and Guarantee Fund is already in operation. The gaps in infrastructure in partner states are being filled. Based on a study by ADB, Ghana is actively negotiating for membership status.

(B) Central African Customs and Economic Union (UDEAC)  
Central African Republic, Congo (D.R) Gabon, Cameroon, (Chad  
withdrew in January 1969).

45. Created by a treaty signed in Brazzaville on December 8, 1964 and made operative as of January 1, 1966 and thus replacing the former Equatorial Customs Union (UDE) was established for purposes of harmonizing internal fiscal systems, vis-a-vis third parties, prohibiting all import duties and taxes between member countries, harmonizing industrial and commercial policies as well as investment regimes instituting an active aid programme between member states by establishing a Solidarity Fund, establishing a Central accounts index, an inter-state accounting system (plan comptable) with a team of auditors, harmonizing development plans, social welfare legislation, a unified system of telecommunications, setting up an industrial development bank and, lastly, establishing a joint College of Advanced Commercial Studies.

46. Suggestions for the free movement of persons were advanced in 1970. In March 1971 proposals were made for the harmonization of labour and social security legislation, transport co-ordination and development, harmonization of posts and telecommunications, undertaking of industrial censuses and other activities of industrial harmonization.

47. The Union has successfully established its taxe unique aimed at raising revenue on goods produced within the Union - this replaces duties on comparable goods previously imported from outside the union.

However, the withdrawal of Chad and CAR (CAR has since rejoined) seems to indicate that the problems of assessing equitable benefits to less developed partner states are particularly serious. In practice Chad was basically only an importer and not an exporter in UDEAC.

(C) West African Economic Customs Union (UDEAO)  
Dahomey, Ivory Coast, Mali, Mauritania, Niger, Senegal  
Upper Volta.

48. The convention which established UDEAO in 1959 was replaced by a new one in 1966. The new convention provides for a common external tariff on imports, with the exception of goods from countries of the Franc Zone and the EEC, which are accorded preferential treatment.

49. A central secretariat is responsible for liaison between states, and additional functions include preparing studies on problems relating to tariffs, harmonization of legislation in areas of external trade and external investment regimes.

50. At Bamako in May 1970 the Heads of State of members concluded a protocol for creating a West African Economic Community (CEAO) which will eventually replace UDEAO, and will be open to any West African State. The May 1971 protocol includes:

- (a) the improvement of infrastructure for distribution, transport, transit and communications;
- (b) the promotion, acceleration and harmonization of industrial plans; and
- (c) the encouragement of commercial exchanges in agricultural as well as industrial products.

51. UDEAO seems to have been unable to implement its decisions - perhaps because there was never a strong institutional machinery with wide decision-making powers. There has in fact been a reluctance by partner states to pool their efforts. It appears, however, that fresh efforts are now being made to revive UDEAO in the form of a West African Economic Community (CEAO).

- (D) Common Afro-Malagasy Organization (OCAM)  
Ivory Coast, Dahomey, Upper Volta, Togo, Niger, Senegal, Cameroon, Central African Republic, Congo (P.R), Congo (D.R), Gabon, Chad, Rwanda, Madagascar. Mauritius joined in 1969. Mauritania participates in Specialized Agencies.

52. OCAM emerged from earlier organizations of independent French-speaking African States and Madagascar. These included Union Africaine et Malgache de Co-operation Economique (UAMCE) in 1964, Union Africaine et Malgache (UAM) in 1963, and Organization Africaine et Malgache de Co-operation Economique (OAMCE) in 1960. At a meeting of Heads of State in February 1965 at Nouakchott, Mauritania, it was agreed to convert UAMCE into OCAM with political as well as economic responsibilities that include industrial co-ordination, harmonization of actions of member states in economic, social, technical and cultural fields and more specifically in the co-ordination of development programmes and consultations on foreign policy.

53. OCAM's successes have been in its ability to harmonize and control the production and distribution of certain agricultural commodities. Some recent decisions which are now being implemented include harmonization of schemes for promoting industrial enterprises, social security, common accounting and inter-university co-operation. There exists The Sugar Agreement which aims at co-ordinating the production and marketing of sugar. However, the example of Senegal leaving the OCAM sugar agreement

with some loss to Madagascar because it was growing its own supplies illustrates the need for such agreements to be realistic.

- (E) Organization of Senegal River States (OERS)  
Guinea, Mali, Mauritania, Senegal, (Gambia is an associate member)  
(OERS replaced the Comité inter-Etats de riverains du fleuve Senegal.)

54. The organization formed in 1965 is an inter-state Committee for the exploitation of the Senegal River Basin. The Committee has issued several studies showing the potentiality of the Basin as well as possible joint actions to be taken by the participating countries in its exploitation.

55. At the expanded Inter-Ministerial Conference at Dakar in 1968 it was decided in principle to create a broader organization, encompassing not only the Senegal River Basin but also all activities in the sub-region. One month after the Dakar meeting in February 1968 the Heads of the four states meeting in Guinea signed the Charter that established the OERS.

56. Basically the organization vows to ensure the economic, social and cultural integration of member countries and to harmonize their positions in regard to politics. To this end a general economic, social and cultural integration plan has been drawn up. Studies are in progress to ensure the harmonization of the national plans, to encourage co-ordinated industrialization of the sub-region, and to effect the harmonization of systems of education and social legislation, as well as the establishment of cultural exchange programme.

57. There is a reasonable degree of complementarity (particularly in the production of agricultural crops) among the countries. The momentum for plan harmonization and other efforts has been lost from time to time largely due to politics rather than to economics. There are, however indications that serious co-ordination of the development effort, for example, industrial allocation of iron and steel, fertilizers, petrochemicals and pharmaceuticals is under intensive study.

- (F) Lake Chad Basin Commission  
(Cameroon, Chad, Niger, Nigeria).

58. The Commission was set up in 1964. Among its main functions is the collection and evaluation of information on proposals made at annual sessions, and on the recommendation with regard to plans for common projects and joint research programmes in the basin. Several

studies regarding the development of natural resources, transport, telecommunications, fisheries and the framing of common regulations covering a range of activities (like the free movement of fishermen) have been initiated by the Commission.

59. A pilot project for the development of animal husbandry in Chad and Cameroon has been submitted to UNDP. A similar project for Niger and Nigeria is under preparation. A livestock marketing survey in the basin area has been made. Co-operation in respect of the eradication of tse-tse-fly is taking place.

60. Many multinational projects have only recently been embarked upon and the Commission's progress cannot be easily evaluated. The future does, however appear very promising.

(G) Niger River Commission.  
(Cameroon, Ivory Coast, Dahomey, Guinea, Upper Volta, Mali, Niger, Nigeria, Chad).

61. The Commission came into being in 1964. The functions of the Commission are in many respects similar to those of the Chad Basin Commission. Special attention is drawn, however, to a provision in the Commission's constitution which requires that states' plans for agricultural and industrial development be submitted to the secretariat and thence to the annual sessions of the Commission.

62. The grouping has only begun to implement its programmes. It does appear, however, that there is a great potential for concerted economic development within the grouping.

(H) Maghreb Permanent Consultative Committee (CPCM)  
(Algeria, Morocco, Tunisia, Libya (Libya has recently left the organization))

63. By Protocol of Accord signed at Tunis in October 1964 by Ministers of Economy of the Maghreb, it was decided to make intensive studies covering all possible areas of co-ordination including possible harmonization of development plans.

64. After some modification of the original protocol by subsequent protocols the Statute of the Maghreb Permanent Consultative Committee was signed and came into force in October, 1968. The general aim of the Statute is to harmonize joint industrial planning, and work towards the establishment of a Customs Union. To this end the Committee has established the following bodies: a Centre for Industrial Research

to co-ordinate industrial development plans in the region and to carry out studies and research relevant to these plans; a Commission on Trading Relations, to study Market Co-ordination of the principal agricultural products (mainly citrus fruit) of the region; the Maghreb Esparto Bureau; a Maritime Transport Commission; a Road Transport Commission; a Railway Transport Commission; and a Committee on Tourism; Studies on energy production are under way, and so are various other studies (refer to the Activities of ECA, herein). A five year transitional plan for the Maghreb is under preparation.

65. The initial enthusiasm for plan harmonization seems to be dying down, with the recent withdrawal of Libya and a not-so-certain position of Algeria particularly in regard to industrial co-operation the future of the Maghreb in its present form seems very doubtful.

(H)(i) East African Community (EAC)  
Kenya, Uganda, Tanzania

66. The East African Treaty effective as of December 1967 (Rwanda, Burundi, Somalia, Zambia and Swaziland are interested in joining the Community) replaced the East African Common Services Organization which had been established in 1962. The Treaty is meant to strengthen and regulate the industrial, commercial and other relations between the three countries; to administer a complex of common services, including railways, harbours, airways, ports, telecommunications, civil aviation, meteorology research, collection of income tax and customs and excise. Most significant to the partner states is the agreement to allocate industrial undertakings equitably among themselves. The East African Development Bank provides financial and technical assistance for the promotion of industrial development.

67. There is some evidence however that the development of industry within the Community has not been carried out in a way that will bring optimum economic benefits. The plethora of textile plants many working well below capacity, is a particular example.

68. Institutionally however, the Community has probably the most sophisticated and complex secretariats in Africa, and perhaps in all the developing regions.

(H)(ii) East African Common Market

69. The East African Common Market forms the main organ of the Community. Within it the partner states have pledged to maintain a common customs tariff, remove differences in excise taxes, allow free movement of goods, harmonize their commercial laws, and co-ordinate surface transport policies. A transfer tax system operates to attempt the equalize benefits from certain fields of industry.

PART THREEThe Caribbean, Central and South AmericaA. Central American Common Market

(Costa Rica, Guatemala, El Salvador, Honduras and Nicaragua).

71. The market began as a free trade association in the 1950's and in 1960 was transformed into a General Treaty of Central American Economic Integration, among whose achievements were the establishment of a common external tariff, freedom of capital movement, the establishment of the Central American Bank for Economic Integration (for purposes of promoting integration and balanced economic growth within the region. A regional policy towards industrializing the less developed members through project allocation, easy bank loans, tax incentives to new investors etc. was barked upon.

72. Project allocation has of late not been strictly adhered to. Thus we find that every member has unilaterally established, in particular, its own petroleum refinery. There exists as a result idle capacity in petroleum refining in the region.

73. Some form of regional specialization has however taken place, particularly in common services. A regional civil service training centre exists and so does an industrial research centre. There is also the pan-American Highway. A University Council that functions to avoid duplication of facilities exists. A Central American clearing house for clearing net dollar balances between central banks was established in 1961. Discussions in the fields of electricity connections and telecommunication links have reached an advanced stage. A joint grain storage silo construction project is being carefully studied.

74. However, no progress has yet been made in merging national airlines nor in the establishment of a common merchant fleet. Also highly desirable but not yet achieved is a common policy on exchange control and on fiscal policy. The role of assembly industries has not been decided. There is yet to be free movement of all goods and labour. There is in the region a marked increase in trade and manufacturing but the least developed members are not favoured in the balance of trade.

75. Member countries have in principle reached an agreement on basic development policy and on the role of private investment and enterprise, but there is not as yet a supra-national planning policy.

(B) Central American Bank for Economic Integration (CABEI)  
(Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua).

76. Established in 1961 to implement the economic integration and balanced economic growth of member countries, the Bank concentrates on investments in regional infrastructural projects, on long-term industrial projects, agricultural production and other productive projects aimed at the creation of the necessary conditions towards complete economic integration.

77. Frequent political turmoil has left most projects in the planning and negotiating stages. However, there have been notable advances in regional infrastructure development.

(C) Inter-American Alliance for Progress (CIAP)  
(Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, USA, Uruguay and Venezuela).

78. The CIAP came into being in 1963 as a creation of the Inter-American Economic and Social Council, to give the council a more multilateral character in the execution of its programmes. CIAP's fundamental role is to promote the objectives of the alliance by assisting the Organization of American States (OAS) members in the formulation and implementation of their economic plans particularly by facilitating access to the resources of financing such plans. Priority areas of action are in multinational project financing.

(D) The Latin American Free Trade Association (LAFTA)  
(Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela.)

79. The Montevideo Treaty of 1960 established LAFTA which apart from general task of implementing its trade liberalization programme, promotes industrial integration by making it possible for industrial sections to co-ordinate their plans for specialization and expansion through vertical and/or horizontal industrial integration. LAFTA integrates existing industries and establishes new and geographically diversified ones on a complementarity basis.

80. "Complementary agreements" are reached through sectoral meetings. At these meetings are discussed a range of subjects pertaining to condition of production, problems of marketing, etc. of a particular commodity.

81. Special concessions are accorded to the least developed partner states by granting incentives to induce location of an industry in these states.

82. LAFTA appears to be function quite effectively in some areas such as integrated petrochemical, pulp and paper, and steel plants. But internal trade liberalization still comprises a very small portion of the list of commodities and products recommended by the sectoral committees. There are still divergent policies with regard to the treatment of foreign capital and multinational corporations. The policy of concessions to least developed members is not actively pursued.

PART FOUR

Asia and the Far East

(A) Regional Co-operation for Development (RCD)  
(Pakistan, Turkey and Iran.)

83. Established by the three members (Turkey, Iran and Pakistan) of the Central Treaty Organization (CENTO) in 1964, RCD has since made impressive achievements in transportation and communication links, RCD has a Regional Planning Council whose major function is the harmonization of the three national development plans. The Council makes feasibility and other studies to determine joint-purpose projects and long-term purchase agreements. There is a long list of such projects on which feasibility studies are currently being made.

84. Four joint projects - an aluminium plant in Iran, a bank paper security notes project in Pakistan, an oil refinery in Turkey, and a jute mill in Pakistan are being implemented. A carbon paper plant will soon be operating in Iran. Several other projects including locomotive production, cotton production, a linter paper mill, production of wires, cables and ball bearings have already, in principle, been agreed upon and will be equitably distributed among the three members. Agreements have also been reached in establishing joint shipping and air lines, a chamber of commerce and a regional cultural institute.

85. RCD is evidently one of the success stories of the region. Cultural ties and a complete absence of political tensions have played an important role in the smooth functioning of the grouping.

(B) South East Asian Nations (ASEAN)  
(Indonesia, Malaysia, Philippines, Singapore, and Thailand)

86. The grouping composed of Malaya, the Philippines and Thailand was first established as the Association of South East Asia (ASA) in 1961 for purposes of fostering socio-economic development in each member state through trade and joint projects. However, the group disintegrated following the rupture in diplomatic relations between the Philippines and Malaysia over Sabah.

87. After the dispute was resolved the association was re-established as ASEAN. The aims remain pretty much the same as those of ASA but with a few notable additions which include the creation of joint shipping and air lines, co-operation in tourism, transport and telecommunications and in the production of food. Relations were again paralysed in 1968, and for all intents and purposes it seems likely that the grouping, at least in the form of ASEAN is ended.

PART FIVE

General Comments and Tentative Suggestions<sup>21/</sup>

(A) Advantages of Plan Harmonization

89. It is now widely accepted that plan harmonization which can be a principal strategy of economic cooperation and thence of economic integration offers several advantages which include:

(a) Creation of economies of scale, that is, the size of the combined population of cooperating states helps to ensure that schemes jointly undertaken or allocated to partner states be operated on a large enough scale. Such large-scale operations (based on the actual and potential size of demand) will be expected to bring about a lower cost price per unit of output - a benefit which can be passed on to the consumer. This may lead to higher personal savings and thus to higher potential for development;

(b) Harmonization will make possible the production of intermediate and capital goods (presently imported) which cannot be viably organized on a national basis<sup>22/</sup>. The mode of import substitution will have a tremendous bearing on the foreign exchange saving;

(c) Since most national resources can under co-operation arrangements be processed within the economic grouping the value of these resources will tend to appreciate;

(d) Harmonization of development plans should help increase the absorptive capacity for foreign aid since (i) a wider spectrum of possible projects will facilitate rational selection; (ii) project location will also be relatively easier within the extended boundary of co-operating countries; and (iii) counterpart development finance and human capital will be more mobile.

(e) Other more obvious advantages also need mention, and they include the avoidance of duplication of research facilities; the

<sup>21/</sup> Prof. Paul Streeten in ECA document E/CN.14/WP.1/30 entitled "Aid to Africa" writes in paragraph 177:

"If developed countries reduce their demand for imports because of technical progress or protectionist policies, underdeveloped countries can get together and create demand for one another's products, while exploiting the economies of scale of larger markets. Regional integration makes it possible to combine the advantages of protection of infant industries with those of a wider division of labour. Industrial plants can be erected which, though not fully competitive internationally, can exploit a degree of specialization among themselves. Developing countries have the land, the raw materials, the fuel and the ability to acquire the skills and raise the savings and finance to dispense very largely with dependence on the industrial countries."

<sup>22/</sup> Doc. ECA Job No. M-711674, para. 18.

possibilities of building up an effective institutional machinery through which the transfer of operative technology can be made, and investment opportunities become wider, allowing therefore, for the coverage of products for import substitution. There will undoubtedly emerge a strong tendency towards product specialization. The mobility of labour and capital will be made possible through reciprocal legislations allowing for their free movement within the region, and so forth. Most obvious of the advantages is, of course, the possibility of expansion of inter-African and intra-African trade.

(B) Difficulties and experiences in plan harmonization

90. Few past attempts at plan harmonization, particularly in Africa have been at all successful. Several constraints may be identified as including political, economic, infrastructural, technical, financial and informational factors.

91. Political constraints: There exists the fear of both political and economic domination especially when co-operating countries have wider divergencies in their sizes of population, natural resource endowment, and level of socio-economic development.

92. There are also the continued economic and political ties between the now independent nations of Africa and the former metropolitan powers. During the post-colonial period there has emerged a wide range of formal and informal arrangements: membership in economic organizations outside Africa, trade preferences, currency ties, defence arrangements, etc. A number of these arrangements have been responsible for the lessening of the degree of commitment of some African states to the inter-governmental economic groupings. This thus leads to:

93. Institutional problems: Inter-governmental insitutional machineries now in existence do not appear to have effective decision-making powers. Most of the secretariats, apart from being under-staffed and non-permanent, are "guided by policies and instruments incorporating so many reservations, or subject to so much intervention" that many projects have had either to be postponed or cancelled altogether.<sup>23/</sup> Thus, the dynamic thrust that these institutions are supposed to provide becomes noticeably absent.

94. Economic factors: From the point of view of financial profitability, the feasible undertakings would be those where there is a pronounced inverse correlation between the size of output and unit cost. There are however other economic and social factors such as employment effects, social mobility, distribution of income, which do not always

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<sup>23/</sup> Doc. Job No. M-71-1674, op. cit. para. 30.

readily figure in calculations relating to costs and benefits as there are difficulties in quantifying them. Such non-quantifiable and indirect benefits are to be found mostly in infrastructural products. Often the accruing benefits cannot be calculated in money terms.

95. Location factors: There is generally what appears to be an "animalistic attachment to things" when it comes to deciding the location of a joint project<sup>24/</sup>. There are, of course, instances where the problem may not arise because of proximity to natural resources and other related inputs, or because the location is decided in relation to certain types of products. In other cases, at best, one can only think in terms of equitable distribution of projects in whatever manner is politically agreed upon. Location in this case is thus only a question of spirit of goodwill and mutual trust. Plan harmonization may be conceived either as the extension of a national system for the allocation of resources to the international plans, or as the addition of extra-national goals to the national objectives for that allocation.

96. Technical factors: It is only on the basis of technical specifications that the identification and selection of the projects to be harmonized can be made. Thus questions relating to capacity and to the type of suitable technology, etc; which in turn make possible the realization of financial profitability, social gains, etc; have yet to be seriously analysed.

97. Financial factors: Different African countries have diverse legislations and attitudes towards foreign capital, multinational corporations and repatriation of profits. There are also different degrees of emphasis on self-reliance (i.e. of domestic financial resource mobilization). In the case where there is complete harmonization of investment policies, the results have been lop-sided - the most advanced country in the grouping has tended to be that most favoured by foreign investors (for reasons of well developed infrastructural facilities and better social amenities, etc.); the result has been different where the less developed partner state has a preponderance particularly in suitable but yet untapped natural and other resources.

98. One important hindrance to plan harmonization which is hardly mentioned in the literature is that the exchange rates of the potential partner countries may be more or less under or over-valued. Under-valued or over-valued currencies are likely to increase the probable imbalance that will arise particularly when establishing free trade areas.

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<sup>24/</sup> Document M-71-1674, op. cit. para. 25.

99. Infrastructural factors: Infrastructural facilities (roads, railways, telecommunications, air transport, etc.) are very much underdeveloped within the national boundaries of most African countries, and, of course, much less developed between neighbouring states. The effects of underdeveloped infrastructural links are clearly noticeable in the land-locked countries who depend heavily on transport links between the coastal states and themselves. In cases where infrastructural links do exist there have been problems over standardization of equipment (e.g. railway gauges), standardization and easing of transit, customs and other formalities, and similar subjects.

100. Informational factors: The data on the basis of which most African plans are formulated are often very scanty and in some cases highly unreliable. This being the case at the national level, it makes co-operation arrangements very difficult since questions of inventory of resources, of complementarity of production or even of costs and benefits cannot be readily assessed. Even population and employment data are very unreliable. National accounts and industrial production figures are sometimes just guesstimates.

(c) Other Observations

101. (a) Many African national plans are so exiguous, priorities are not so well ordered, and the formulation sometimes so unrealistic that plan harmonization between countries may be a frustrating undertaking, and hence:

(b) There is often the tendency to develop single purpose joint projects such as dams, electricity generation, river basins, railway links, locust and tse-tse-fly control programmes and the like.

(c) In instituting inter-governmental groupings there is a clear recourse to linguistic lines, and often the political philosophies (including in some cases economic philosophies) in any one grouping tend to follow, or is to some extent related to common interests shared with former metropolitan powers.

(d) Most of the inter-governmental institutions overlap in function and many countries belong to several of these groupings so that there is often a great demand for manpower and financial resources both of which are not always found in abundance.

(e) Benefits accruing to the less developed and land-locked countries are not always clear-cut, or by any means significant.

(f) Some ECA recommendations aimed at promoting plan harmonization and other forms of economic co-operation have perhaps been a little over-ambitious.

(D) Pre-requisites to plan harmonization

102. A limited set of prerequisites to plan harmonization may be briefly mentioned here:

(a) There must be political harmonization - at least there must be demonstrated a sufficient amount of political goodwill among the co-operating countries;

(b) There must be a rational use and expansion of infrastructural and other links currently existing, or new ones established; and

(c) There must be the encouragement of preliminary for the exchange of ideas on possible areas of co-operation, such as trade promotion, production specialization, joint projects, etc.

(E) Possible Approaches.

103. It seems clear from the foregoing that plan harmonization if considered within a more limited and pragmatic approach and covering areas of common interest such as consultations on export commodity prices, joint development of infrastructural links, river basin schemes, etc; will be more acceptable to partner states than all encompassing "plan harmonization" efforts. In this regard several approaches are suggested below:

(a) Consultations among producers with regard to the export of a given commodity or commodities must be considered. Co-operating countries may agree to limit the supply (i.e. avoid over-production) in order to offset adverse effects on world market prices;

(b) Joint commodity production approach offers the advantage that it will be easy to avoid over-production. It will be noted that import-substitution in such areas as sugar, textiles etc; has reached a ceiling and that there have emerged or are emerging the problems of marketing the surpluses. This problem can be avoided under conditions obtaining under co-operation arrangements;

(c) Sector-by-sector production approach can be arrived at as in (d) and (b) above, and

(d) Project-by-project approach is a widely practiced form of multinational co-operation (it would indeed be superfluous to elaborate on this point).

104. The above mentioned forms of co-operation must necessarily be undertaken within the scope of a continuous political dialogue between the co-operating states.

105. It must also be pointed out that these and various other forms of harmonization have been tried with varying degrees of success. Some approaches, however, have been so half-heartedly attempted as to ensure failure. "There is still a lurking feeling that, at a more propitious time and place, perhaps the same old ideas will succeed".<sup>25/</sup>

(F) A tentative action programme

106. Given that there exists the political will to harmonize development plans, several action proposals may be considered, viz, that:

(a) There must be an institutional machinery for the implementation of agreed areas of harmonization;

(b) The quality of social and economic statistics and other relevant information must be updated and improved, and the areas of statistical coverage expanded so that harmonization can be undertaken on a more accurate and broader base, and to this end,

(c) ECA could establish a data bank, act as a clearing house for this data, offer regional statistical services particularly to countries with the least developed statistics, etc. The revised U.N. System of National Accounts should form the basis for statistical standardization. The second U.N. Development Decade Strategy as well as "African Strategy for Development in the 1970s" should provide the foundation on which African development plans can be formulated;

(d) The Conferences of African Planners and the Conferences of African Statisticians as well as other similar fora are invaluable not only for the continuous discussions on socio-economic development problems in Africa, but also to the specific problems relating to plan harmonization, for instance, formulation of the concepts and definitions as well as the type of data required for plan harmonization;

(e) Apart from infrastructural facilities in which many countries are co-operating, the areas of harmonization could also be extended to include technology, research, higher education, certain health facilities, tourism, and of course to as many areas of production as possible;

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<sup>25/</sup> Kintanar, A: "New Forms of Regional Co-operation in South East Asia" - published in Regional Co-operation in Asia, OECD, Paris, 1970.

(f) The proportion of development finance in most African plans earmarked from abroad averages forty per cent of the total plan finance. It seems, therefore, that under plan harmonization agreements the countries thus co-operating should seek to acquire jointly foreign development finance along lines practiced by member countries of the Colombo Plan. To this end also African countries could help promote the successful implementation of the programmes of the African Development Bank (ADB) by paying up their arrears, and for capital-surplus countries to increase their share holdings in ADB. It should be noted here that ADB is committed to financing projects of a multinational nature; and

(g) Plan harmonization must be so undertaken as not to give equal treatment to unequals. This facet of the problem has to do with benefits to least developed among the co-operating states which are mainly land-locked. It seems therefore that due to differentials in income and wealth between potential members of a community there is the need to compensate those who suffer from such co-operation by ensuring that the least developed partners attract their share of industries, services and revenues and receive adequate compensation for having to buy industrial imports from the more highly industrialized members of the grouping at a higher price than they would otherwise be able to buy from outside the grouping.<sup>26/</sup>

107. An infinite list of equally plausible recommendations can, of course, be drawn up. In the final analysis, if political will to co-operate exists, even a limited number of areas of harmonization can provide firm poles for the immediate realization of economic integration.

108. Plan harmonization being one of the principal strategies through which economic integration can be realized, the central issue becomes that of identifying the industry, sector or project to be harmonized. Plan harmonization can be undertaken in all socio-economic activities, in manufacturing, agricultural production, irrigation, trade, infrastructure, education, research, tourism, etc. - in fact in virtually all fields. But it is important to be selective.

109. We can say that plan harmonization must be considered in those socio-economic activities where economic and technical optima are very high. In the field of manufacturing industry, the best results would follow from the use of special purpose machines in place of general purpose ones which produce great gains in work productivity; from the considerable economies of scale which can be obtained as output is increased; from the utilization of existing excess capacities in national plants; and from developments involving import substitution undertaken to produce at a price competitive with imported goods.

<sup>26/</sup> Paul Streeten, op. cit. paras. 180 and 182.

(G) Concluding remarks

110. In conclusion it may be said that there has been little difficulty in co-operating in projects for infrastructural development. The real difficulty appears to have been encountered in harmonizing production plans because individual plans have their own national characteristics reflecting essentially a national order of socio-economic priorities. It has often been impossible to hold in-depth consultations between countries on production plans before or even after the national plans have been drawn up.

111. It can only be suggested therefore, that once individual national plans have been formulated, even if they cover different periods, co-operating governments should be expected through some workable arrangement to put forward suggestions for possibilities of regional collaboration in production.

112. There are already serious indications of over-production in some commodities and sectors in the African region, and export prices in these commodities have consequently slumped badly. Import prices have (due largely to inflationary trends in developed capital exporting countries) continued to rise and have outpaced the rate of increase in export prices and this has led to a situation of rapidly deteriorating terms of trade as well as to the balance of payments problems. It seems, therefore, that unless the plans of primary-producing countries are so harmonized as to develop production in given sectors or commodities on a realistic basis the problems of over and under-supply will continue to jeopardize economic well-being of the individual developing countries.

113. African countries have already started to co-operate to improve their prospects of economic growth. Full plan harmonization is probably a difficult immediate aim to realize but, increasingly steps should be taken along that path which involves the maximum possible consultation and co-operation to avoid some of the difficulties in the future which have upset individual country plans in the past.

114. A few "golden rules" can be leant by planners and politicians such as to consult the best sources when considering whether to recommend increasing output of those agricultural products or minerals commonly traded in the world, or to develop the maximum co-operation with neighbouring countries to improve communication links, or to work with neighbours to develop a number of industrial ventures designed to serve a larger common market. If this sort of "international" planning can start to mean something in Africa then a start can be said to have been made in the field of plan harmonization. Plan harmonization is thus the building up in each country neither the grouping a rational complex of inter related and complementary industries.

115. The practical problems which follow from inadequate statistical data at the national level need not have any real impact on multinational development provided these developments are based on a commodity by commodity or product by product or similar approach.

116. If a group of countries wishes to combine to set up a plant to supply their total market with a product already imported, it does not take long to find out what the market for that product is and to make some intelligent forecast of the growth potential. The economic factors have not been the major ones hindering this sort of development in the past, it is more a question of the political will to work together. As long as one country in a group has gained a new viable multinational industry then Africa as a whole has gained and this should be the basis of the approach in the future. Without such an approach, plan harmonization is an empty dream, a job for the theoretical econometrician.

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