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COMMITTEE ON THE PROGRAMME OF WORK AND PRIORITIES
PROVISIONAL SUMMARY RECORD OF THE SECOND MEETING
Held at Africa Hall, Addis Ababa,
on Sunday, 18 February 1962, at 9.10 a.m.

Chairman: Mr. TEKLE HAIMANOT (Ethiopia)
Secretary: Mr. MATHU

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1962-1963 (continued)

Representatives wishing to have corrections made in their speeches as summarized in this record are invited to indicate them in the text and send them within 48 hours of receipt of the record to Mr. Godet, Room 59, Africa Hall.

PROGRAMME OF WORK AND PRIORITIES FOR 1962 - 1963
(E/CN.14/162/Rev.1) (continued)

02-10 Development Banks

The Executive Secretary said that work had started on the project, which had been conceived in Pursuance of resolution 27 (III) of the Commission. A group of experts had met on two occasions and had finished its work on 15 December with the adoption of recommendations. On 19 December 1961 the General Assembly had adopted a resolution emphasizing the necessity of setting up Regional Banks in Africa. It was to be noted that the Commission Resolution referred to a single bank, whereas the General Assembly in its Resolution envisaged several regional banks for Africa. They had therefore to choose between the two texts. Project 02-10 belonged to the category of special priority projects and had been completed; the Commission must therefore come to a decision so as to enable the Secretariat to resume its study of the question.

Mr. SOW (Senegal) considered that the Commission should instruct the Secretariat to continue its study of the question, because the report of the experts contained more queries than answers. It was obvious that a single Bank for the continent, which would have regional study Offices, would have more capital and greater prestige than regional banks, while at the same time it would have a broader notion of African problems.

Mr. APPIAH (Ghana) explained that, particularly in its paragraph 5, the Resolution adopted by the General Assembly was a compromise text supported by the various delegations that had submitted the text to the Second Commission, although their opinions differed. Some had favoured a single Bank and others several Banks. Since the Second Commission had not been composed of banking specialists, it had not wished to prejudge the question and had been content with laying down the general lines to enable the Commission to do positive work.

Mr. DOUKKALI (Morocco), Mr. CARNEY (Sierra Leone) and Mr. DE SOUZA (Dahomey) agreed that there was no need for the Committee to open a debate on the substance of the question. It was merely a matter of deciding whether or not the project was to continue to appear in the work programme.

Mr. HASSEN (Mauritania) and Mr. MAYAKI (Niger) said that in view of the importance of the question the Secretariat should continue to study the matter, whatever decision the Commission might reach during its session.

Mr. LARDNER (Nigeria) said that responsibility for changing the programme of work rested with the Commission itself. The Committee had met to ensure that the programme conformed to the interests of all Africa. The programme before it was astonishingly incoherent and unbalanced. Thus, instead of giving first place to the four most important questions for the future of Africa- natural resources, industrialization, transport and trade-it allotted a large place to community development and social security which were but consequences of economic development. It was precisely economic development that should receive first place. Further the programme should be sufficiently flexible to evolve with the situation.

Mr. ATTICA (Libya) said that the Committee was there not to draw up a new programme but to make certain that the programme outlined by the Secretariat conformed to the recommendations of the previous sessions. The programme included permanent projects - the Commission could change their category only with difficulty because of the work already started - and new projects. With regard to the permanent projects, it was better that the members of the Committee should limit themselves to making any suggestions that might have come to mind since the third session and let the Commission take decisions. The Committee should devote most attention to the new programmes with a view to determining if the rank allotted to them by the Secretariat in the order of priorities was suitable.

Mr. CARNEY (Sierra Leone) had understood from the remarks of the Executive Secretary at the previous session, that the Committee had the right to change the programme by making deletions, additions or changes in order.

Mr. ROSSEN (Secretariat) recalled that the powers of the Committee, as defined by the Executive Secretary, derived from a decision taken by the Commission itself at its first session.

Mr. APPIAH (Ghana) said that his delegation felt that the Committee unquestionably had the right to make any changes required by the changing situation in the programme of work submitted by the Secretariat.

Mr. RAMANGASOAVINA (Madagascar), supported by M. ZELLEKE (Ethiopia), thought that the Committee was quite competent to revise the programme. Priority should be given to the four subjects mentioned by the Representative of Nigeria, but without neglecting certain important points like technical studies, and social, financial or other research.

Mr. DOUKKALI (Morocco) thought that it would be advisable, at the present session, to follow the usual procedure, without losing sight of the need to give priority to the four main subjects already mentioned.

Mr. PARMER (Liberia) proposed that the Committee, without debating the substance, should accept the proposals of the Group of Experts, approve Project 02-10, and refer it to the Commission.

It was so decided.

Mr. HASSEN (Mauritania) proposed that the Committee should continue consideration of the Programme in the numerical order of the projects.

It was so decided.

02-11 Budget Workshop

Mr. LICTEART (Secretariat) drew the attention of the Committee to the Report of the First Workshop on budget reclassification and

management (E/CN.14/117) and pointed out that the Secretariat had proposed that the second workshop should be conducted in 1963 or 1964.

Mr. LARDNER (Nigeria) wondered whether the Committee should not give slight priority to that project, as the Secretariat did not seem certain of being able to carry it out in the immediate future.

Mr. ATTIGA (Libya) stressed the importance of studies which would enable the African countries to introduce uniform methods of national accountancy and to send to ECA, for the purpose of its economic researches, information which would be easily comparable.

Mr. CARNEY (Sierra Leone) recalled that the Secretariat of the United Nations had published an important study on national accountancy and budget classification. The studies in view might therefore lead to overlapping. In any case, they should not appear among the special priority projects.

Mr. RAMANGASOAVINA (Madagascar) and Mr. DE SOUZA (Dahomey) supported the representative of Sierra Leone and proposed that project O2-11 should not appear on the high priority list.

It was so decided.

O2-12 Inflation and Savings

Mr. OYRZANOWSKI (Secretariat) explained that the new project was to be carried out in 1962, in co-ordination with projects O2-01 (Monetary Systems) and O2-02 (Public Finance). Those studies were complementary and their main purpose was to facilitate the establishment of monetary policies which would assist in the utilization of national resources and promote African economic development. Project O2-12 also came within the competence of the Conference on the Financing of Economic Development, which was to be held in the Autumn of 1962.

Mr. CARNEY (Sierra Leone) said that he would be surprised if the studies in view yielded any positive results theoretically. There was already abundant documentation on inflation and savings. The work which remained to be done was rather within the competence of the national

authorities - Governments and central banks which would have to decide, in the light of generally accepted theories, whether they wished to have recourse to inflation as a means of economic development, and if so, to what point inflation seemed to represent a danger to their economy.

M. LARDNER (Nigeria) also feared that the Secretariat would only carry out work of purely academic interest, in view of the fact that inflation was a phenomenon practically unknown on the African continent.

Mr. de SOUZA (Dahomey) agreed with the views on inflation expressed by the representatives of Sierra Leone and Nigeria. Inflationary tendencies in Africa had always been caused by external factors connected with the economic situation of the former colonial countries. The question of savings was, however, extremely important for the African States, and should attract the special attention of the Commission.

Mr. ROSSEN (Secretariat) pointed out that the purpose of the proposed studies was not to examine the present situation of Africa with respect to inflation, but to help new African States to lay the foundation of a healthy monetary economy without having to run the risks of controlled inflation.

Mr. ATTIGA (Libya) was happy to note that certain African countries had not experienced and seemed not to fear inflation. Libya, on the contrary, had been obliged to make a thorough study of the situation after its accession to independence, because fears of inflation had been aroused by the changes effected in the structure of its economy. Moreover, travel about Africa was enough to show that in many countries there was at least a fairly symptomatic rise in prices if not inflation proper. It would therefore not be wise to delete the project. The Committee could, however,

direct it more definitely towards economic development by asking the Secretariat to collect as complete information as possible on production and prices and to try to determine the level at which inflation would probably compromise rather than promote economic development. The interest of the study was far from merely academic.

Mr. RAMANGASOAVINA (Madagascar) attached great importance to the study of savings, about which very little was known in Africa for they hardly existed there except in the form of hoarding. Otherwise he recognized that project O2-12 did not deserve a very high priority.

Mr. HAJERI (Tunisia) said that if inflation meant a rise in prices when production was stagnant, there certainly was inflation in Africa. Undoubtedly, inadequacy of statistical data masked the situation. It was, therefore, essential that the Commission should continue its work on the problem, provided that the study on inflation was connected with that on savings and those responsible resolutely eschewed a purely European outlook and concerned themselves above all with producing specific remedies appropriate to the situation in Africa and the dictates of the general economic policy.

Mr. de SOUZA (Dahomey) repeated that the African countries had not experienced inflation in its classical sense of excess of demand over supply. He therefore considered that the proposed study was premature.

Mr. CISSE (Guinea) stressed that there was permanent inflation in all under-developed countries simply because their economies were directed by remote control from the outside, because they had outlets rather than markets and because derisory prices for their products were imposed upon them.

Mr. SOW (Senegal) said that, at the moment when most independent African States ought to establish a really national currency and revise their relationships with the former issuing banks, their first concern was to know how inflation and savings could be used for economic development. The two should not be separated, since one was the antidote to the other.

Mr. LARDNER (Nigeria) considered it more important that national planners should be taught how to curb inflation when it occurred, than that the various signs of inflation should be studied.

Mr. DOUKKALI (Morocco) likewise considered that all questions related to inflation should be studied above all in connexion with training projects.

Mr. ATTIGA (Libya) agreed with the representative of Senegal and suggested as a compromise solution that in 1962 the Secretariat should maintain project O2-01 in its present form and in 1963 or 1964 it should make a more advanced study, expanding the work in the sense indicated by various members of the Committee.

Mr. ROSSEN (Secretariat) summarized the discussion and suggested that in 1962 project O2-12 should be accorded a fairly low priority and its execution connected with project O2-01 and with the work of setting-up an Economic Development Institute.

It was so agreed.

The meeting was suspended at 11.15 a.m. and resumed at 11.35 a.m.

02-13 Administrative Problems of African Governments

The EXECUTIVE SECRETARY indicated that after consultation with the Public Administration Division at Headquarters in New York it had been agreed to convene the seminar on the Administrative Problems of African Governments in October 1962. The Committee would no doubt wish to propose that the Commission should await the recommendations of the participants

in that seminar - who would be high officials from African States, assisted by experts in administrative questions - before deciding on the future work of the Secretariat in that field.

As there were no comments, it was so decided.

03-01 Problems and prospects of foreign trade of African countries

Mr. NYPAN (Secretariat) said that, apart from the activities in the programme, the Standing Committee on Trade would hold its first meeting in May 1962. In 1963, there would be two seminars on the local products of West Africa and East Africa. Finally, a meeting of trade experts was planned before the end of 1962.

Mr. LARDNER (Nigeria) pointed out that ECA's activities should be principally directed to the development of the African economies. It was therefore of primary importance to discover the possibilities which increased production would offer to the African countries in the development of their trade. At the previous session, the representative of the Congo (Leopoldville) had quite rightly stressed the need to undertake the study of the prospects for foreign trade at the sub-regional level, examine the structure of imports and exports in each sub-region, the supply of raw materials, etc. All those questions were of more importance in the development of intra-African trade than the organization of customs, fiscal policies or preferential agreements. He would therefore propose the deletion from the programme of work of all the projects dealing with those questions and suggest that the Secretariat be asked to deal with all the problems of foreign trade on a sub-regional basis.

Mr. FAHMY (United Arab Republic) urged that the Secretariat's studies and documents should deal in general with certain groups of question or certain products, although it would be desirable to extend their scope so as to cover all the African countries. He had made the same comment at the previous session with regard to the incidences of European economic groups; it was equally applicable to foreign trade which should be studied as a whole and not from the sub-regional angle.

Mr. CARNEY (Sierra Leone) queried to what extent the study of customs systems could help to speed up trade between countries which belonged in the majority to different economic blocs. He was afraid that such a study would only serve as a pretext to evade the main problem, which was the development of the production of African countries and the setting-up of an African common market.

Mr. NYPAN (Secretariat) recalled that the Commission had carried out or was carrying out a number of studies on industrialization and that project 03-01 should be linked with projects 11-01 (Industrial Surveys and Industrial Planning) and 12-01 (Transport). In that context, the project in question had real significance.

Mr. ATTIGA (Libya) said that studies on customs organization in the various parts of Africa could not fail to facilitate African trade. In his view the Secretariat should extend to East Africa, and later to North Africa, the study begun in West Africa.

Mr. de SOUZA (Dahomey) supported the representative of Libya. He did not think that separate studies should be made on intra-African trade and trade between the African countries and other continents, as the study of trade relations between the African region and other parts of the World would bring out the possibilities of trade agreements between the African countries.

Mr. HAJERI (Tunisia) agreed that industrialization was one of the main factors in the economic development of Africa but stressed the importance of the problems of foreign trade and more particularly of intra-African trade. The development or stagnation of African trade depended on the trade relations between the African countries and the European countries. In Tunisia, it had been observed after independence that 90 per cent of trade was with one European country. An attempt had been made to diversify Tunisian trade with the European countries and to organize trade with African countries. He therefore supported the study of the problems of intra-African trade.

Mr. LARDNER (Nigeria) did not understand how the study on customs organization could help in the development of industry. Furthermore, it must not be forgotten that the prospects of markets in Western Europe were somewhat restricted. Instead of harking back to old problems, the Committee should try to find a solution to the existing situation in Africa.

Mr. ZELLEKE (Ethiopia) thought that the best way of stimulating African trade was to seek to diversify the production of African countries. Customs administration was secondary and the efforts of the Secretariat should be directed primarily towards the diversification of production.

Mr. DOUKKALI (Morocco) drew attention to the importance of agricultural production. He recalled that the savings necessary to the industrialization of a country could be formed out of agricultural production, the effect of which was to give rise to industrial investments.

Mr. ATTIGA (Libya) shared the views expressed by the representatives of Nigeria, Ethiopia and Morocco. Studies on customs administration should be carried out in the various African regions, because they would permit the elimination of obstacles to inter-African trade, but the Secretariat should nevertheless concentrate its efforts on industrialization.

Mr. LARDNER (Nigeria) pointed out that the Secretariat's resources were limited and should be used wisely. It was important therefore that industrialization, which was essential to Africa's economic development, should not be sacrificed to secondary questions such as transit and customs administration.

The EXECUTIVE SECRETARY said that decisions concerning the Secretariat's work should be taken by the Economic Commission for Africa. He recalled that the Working Party on Customs Administration in West Africa had suggested that a similar study should be made in other parts of Africa. As for industrialization, the new Director of the Division of Industry, Transport and Natural Resources would submit projects on that question to the Commission.

Mr. PARKER (Liberia) observed that the members of the Committee were unanimous in recognizing that industrialization and transport were priority questions, whereas customs administration was secondary. He therefore suggested giving that project lower priority and going on to the next project.

The CHAIRMAN was of the opinion that that suggestion would be acceptable to all.

Mr. LARINER (Nigeria) thought that the Committee should give very low priority to that project.

Mr. SOW (Senegal) pointed out that the African countries were equally ignorant of the moral and material conditions in which inter-African trade could develop. He stressed the fact that industry functioned differently in under-developed countries. It should not be forgotten that the raw materials used in industry had often to be imported and that African countries were obliged to call upon foreign technicians. All that increased the cost price of goods. Certain countries which were loud in calling for the industrialization of Africa refused to buy African products which were dearer than those they could import from European countries. Inter-African trade would develop only when African countries had understood the difficulties proper to their industry.

Mr. ATTIGA (Libya) said he would prefer not to use the term "high priority", "lower priority". As the study on customs administration had already been carried out in West Africa, the Secretariat should proceed with similar studies in other parts of Africa. He suggested, however, that they should limit themselves to according high priority to industrialization and not mention that the study on customs administration should have a lower degree of priority, because that project was equally important.

Mr. DOUKKALI (Morocco) mentioned with reference to the statements made by the representative of Senegal another factor in the development of inter-African trade: the consumption of African products. He asked if the Secretariat could organize exhibitions with a view to publicizing the products of the various African countries throughout the continent.

Mr. de SOUZA (Dahomey) requested that the study on trade relations should be maintained in the programme of work because it would permit the completion of trade arrangements between African countries. Similarly, the study on customs administration should be carried out in various parts of Africa, because it happened that certain African countries refused to buy African products because of the customs difficulties entailed. Finally, studies on trade relations between the African regions and other parts of the world should not be neglected, because the economic decolonization of African countries was not yet complete.

Mr. LARDNER (Nigeria) pointed out that trade was bilateral and as a rule depended upon the reciprocal advantages to be gained by the interested parties. He did not object to the study on those questions but he did not consider them essential.

Mr. SOW (Senegal) said that the taxes imposed by certain countries were another obstacle in the way of inter-African trade. As to what the representative of Nigeria had said, inter-African trade should in his opinion be considered on a multilateral rather than bilateral basis.

Mr. CARNEY (Sierra Leone) asked the Chairman to put to the vote the question of the priority to be accorded to that project.

Mr. ATTIGA (Libya) requested the representative of Sierra Leone not to insist on his request for a vote and suggested that the Committee should limit itself to inviting the Secretariat to give high priority to projects relating to industry and transport.

Mr. de SOUZA (Dahomey) supported the suggestion of the representative of Libya.

Mr. CARNEY (Sierra Leone) agreed.

The EXECUTIVE SECRETARY expressed regret that the question had not been put to the vote because the Secretariat would have liked to receive precise instructions on the matter.

Mr. CISSE (Guinea) said he was astonished that the study had been refused by the representatives of countries that were prisoners of a customs' enclave. They should not forget that production and not the marketing of products constituted the most important question. Despite the impact of trade on the national economy, a country might be obliged to take a political economic decision which was not conditioned exclusively by the price of products.

It was inadmissible that certain products which were 75 per cent foreign and made to appear African should be considered as originating in Africa.

Mr. LARDNER (Nigeria) said he would agree to the study being maintained in the programme of work provided that it was not considered essential and provided further that it would be concerned with trade relations and not with trade conditions.

The meeting rose at 1.20 p.m.
