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LECTURES I & II: FUNDAMENTAL AIMS OF AFRICAN DEVELOPMENT

(Summer School for African University Students)

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Fundamental Aims of African Development
Summer School for African University Students

1. One of the most remarkable developments in Africa is the growing determination of the governments of African countries to seek better material standards of living for their people. In almost all parts of Africa, there is a new realisation of the possibility and desirability of economic progress. The old passivity, the resignation to the forces of fate, is quietly giving way to the feeling that poverty is a disease that should be cured.

This burst of energy and enthusiasm has been released by the progress towards national self-government. At the end of the war there were just four independent states in Africa. Today the number probably runs to about 36. The yeast of the newly-won political independence has been a motivating force, encouraging governments to introduce new ways of increasing the material standard of living of their people. Economic development has become not only a political catch phrase but a positive goal, though vaguely defined, which African political leaders must strive for if they wish to remain in power.

2. Economic development is the continuing process of increasing in capacity of a nation to produce valued goods and services so as to achieve rising standards of living for the people. The general and overriding aim of development must be taken to be the attainment of a higher standard of living. If we apply the income per capita yardstick, the low standard of living of African countries can easily be quantified. Using \$300 average annual per capita income as the dividing line between developed and underdeveloped countries, all African countries

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except South Africa, are in a sense, underdeveloped. Annual per capita income is as low as \$30 in Ethiopia, and as high as \$232 in Mauritius. In between this low and high level lies a large number of African countries with annual per capita income of less than \$100. This compares with annual average per capita income of between \$1000 and \$2000 enjoyed by the United States and Canada and several of the European countries. African countries are increasingly aware of this gap between their standard of living, and that of advanced countries. A major aim of economic development is to narrow this gap between developed and underdeveloped countries.

(3) Related to the general aim of attaining higher standards of living for the masses of the population, is the achievement of a more equitable distribution of income among the people. Inequality in the size of distribution of income is wider in the underdeveloped countries than in developed countries. This is ^{partly} a reflection of low level of industrialisation. With industrialisation, inequality tends to contract.

Economic growth does not, as a rule, take place evenly. To understand the process of development, we may group the economy of a country into two sectors. First there is the modern sector which is usually small, and constitutes those parts of the economy where rapid development is occurring. Second there is the large backward sector, comprising the peasants, handicraft workers, petty traders, domestics, and seasonal workers. As development gathers momentum, the modern sector will expand to take in the whole economy, but in the meantime, the modern sector can become more prosperous with relatively small effect on the backward sector. For example, the gap between salary earners and the peasants may become wider. The growth in per capita income, associated with development may not affect all classes and creeds in the

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same way. In order to ensure that the aim of the reduction of inequality in income distribution is achieved, the proportion of the national income that is going to the elite has to be weighed against what is going to the lower paid wage earners, and the peasants. Since the people in the backward sector constitutes the sectors on whom the government depends for support, the continued maintenance of democratic ideals, may depend on the extent to which the inequality of income is reduced in the development process. The strike which took place in Nigeria in June, is a pointer to the disillusionment and discontentment which would be unleashed in the backward sector as a reaction to the relatively prosperous living of the people in the modern sector.

(4) Another crucial aim of economic development is the creation of job opportunities for the masses of the population. As we shall see presently, there is no guarantee that the attainment of higher growth rate coincide with the creation of adequate employment opportunities. In certain parts of Africa, e.g., Nigeria, the problem of unemployment has taken a new turn with the emergence of unemployed school leavers. One goal of economic development is the provision of job opportunities for these unskilled literates in non-agricultural occupations. Industrialisation is now widely regarded, as a means of solving the problem of unemployment.

(5) Apart from the general aims of economic development which we have mentioned, there are certain accepted aims which relates to the pattern and direction of development. These other aims have relevance to the structure of the economy. First is the diversification of production. Until recently, economic development in Africa has been based on the outdated scheme of international division of labour. Under this

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scheme, Africa constitutes a periphery of the world economic system whose task was the production of food and raw materials for export to the industrialised country. There was no room within this pattern of international division of labour for the industrialisation of Africa. The concentration of economic development on the exploitation of raw materials and minerals to the neglect of industrialisation has had two main effects. It accounts for the marked unevenness of development: some sectors have achieved very rapid progress, whilst other sectors have continued to stagnate, or to advance only very slowly. The unevenness is revealed, for example, in the limited extent to which the market has spread in African countries. It is estimated that in tropical Africa between 65 and 75 per cent of the total cultivated area under indigenous cultivation is devoted to subsistence productions. Secondly, the concentration, has made African economics peculiarly susceptible to the vagaries of world markets. Because of the violent fluctuations in the prices of their export products, African countries are faced with the instability of income levels. Primary production is also a major field of employment, and a major source of government revenue, and foreign exchange earnings. The difficulties have recently been increased by the development of new synthetic processes and the inward-looking trade policies of European countries. Having regard to these problems, the diversification of production, with stronger emphasis than hitherto on industrialisation, has become an accepted aim of development. Industrialisation is the principal means whereby African countries can obtain a share of the benefit of technical progress.

(6) Also related to the pattern of development; is the objective of increasing the share of the government in the economy. It is generally agreed that in the early phase of economic development, public investment has an important role to play. This is necessary for two reasons.

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First in order to provide basic facilities - such as power, railroads, and communications, etc. Secondly to provide investment in other vital areas where private initiative, capital and knowledge are lacking.

Apart from this basic principle, the factors which determine the magnitude and pattern of public investment depend on the social system and the political climate of the country. In view of the diversities in the socio-political systems of African countries one cannot hazard any opinion on the importance of this aim of economic development.

(7) Conflicts Among Objectives

The aims which we have mentioned, are not of course mutually exclusive. They can be combined with varying degrees of emphasis. However it is not easy for a society to avoid all conflicts among objectives.

Conflicts of objectives may be of different types. For example, there is frequently conflicts between such aims as the desire for full employment and maximum growth of per capita income between income stability and the highest possible level of income, and between the desire for a degree of self-sufficiency and the highest possible level of income.

Again it may be desired to reconcile the results of the process of economic development with social and ethical values. Often economic development objectives have to be reconciled with national defence requirements.

Many of these conflicts arise because it is not possible for a country to use more than the total amount of resources available to it. They come out in a particularly acute form in the choices between immediate consumption and rapid growth based on high levels of investments. The major conflict is the conflict between present and future consumption -- the problem of time preference.

(8) Full Employment vs. Maximum Growth

Increased employment generally go hand in hand with increased output. But the two may diverge. If new investments are geared to labour intensive activities in place of more productive activities, there may be a sacrifice of further attainable output. Also if in order to increase employment, an inferior technology is established, productivity may be reduced over the years. Employment problems (reduction of unemployment x underemployment) is a moral and political issue and the solution must reflect the choice of the people themselves.

(9) Diversification vs. Comparative Advantages

Diversification and industrialisation may be pushed beyond the point compatible with maximising output and income. In this case the law of comparative advantages is relevant in the sense of the advantages which would prevail after the economy has been transformed to a modern one. Such long-run advantages are:

- (i) comparative advantages after costs of locally produced goods have come down to their longterm level.
- (ii) A proper allowance for the greater stability that diversification can bring to the economy on the whole.
- (iii) An allowance for the job opportunities that diversification can create.

(10) There are other objectives that are not necessarily in harmony with maximisation of output. Greater equality of wealth and income may be sought and yet may not be the way to achieve the most rapid economic

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growth. Policy may also be geared to balanced development among different geographic regions.

As to the problem of time preference, it is important to note that for a development plan to be moderately effective, will require a rate of capital formation high enough to involve substantial interference with the national time-preference of the peoples as individuals.

Summarily, the major aim of economic development -- accelerated growth of income and output -- is likely to conflict at some points with other major social objectives: These conflicts should be recognised. Efforts should be made to reconcile these objectives within the limits of resources available, and yet at the same time adhere to the aim of raising the standard of living of the people quickly.