The European Common Market and Its Implications for the Development of Africa

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THE EUROPEAN COMMON MARKET AND ITS IMPLICATIONS
FOR THE DEVELOPMENT OF AFRICA

A THESIS

SUBMITTED TO THE FACULTY OF ATLANTA UNIVERSITY
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

BY
THIERNO-DJIBI THIAM

SCHOOL OF BUSINESS ADMINISTRATION

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CHAPTER I

INTRODUCTION

The Problem

It was in May 1957 that the foreign ministers of the six West European countries (France, West Germany, Belgium, Italy, Holland and Luxembourg) met in Rome in order to sign the treaty giving the day to the European Economic Community (E.E.C.) generally known as the "Common Market." This was not the first attempt of European nations to set up a political or economical or military organization. In the history of Europe many attempts had already been made for the purpose of unification. But neither one succeeded to overcome national or political hindrances. Since the signature of the Treaty of Rome the E.E.C. has known a continuous growth; at the fifth year of its creation it appears today as one of the most potentially powerful world economic organizations which effects have already begun to be felt throughout the world.

Besides this European economic renaissance the world is also witnessing the entrance on the international stage of a host of new African countries. Two major characteristics of these new African nations are on the one hand their commonly colonization by West European countries, and on the other hand their historical lag in the way of economic and social development, mainly aggravated by the colonial system they underwent during these two last centuries. The direct consequences of that situation is that, in order to maintain their new independence, these new nations are committed in the hard battle for economic development and progress for the welfare of their people. Having pointed out
the dynamic economic renaissance of Europe with the creation of the E.E.C. and its particular relationship with Africa, the problem raised in our study is the analysis of the prospective and potential meaning of the E.E.C. for Africa and the very urgent need for capital and skill necessary for her economic development. Our problem related to the implications of the E.E.C. for the development of Africa can be summarized in the following question: What can, and how can the E.E.C. contribute efficiently to the development of Africa?

Purpose of the Study

Such undertaking is in many aspects a very delicate one for the relationship between Africa and Europe is not only an economic one, but it also is a political and cultural one. It seems, therefore, that a complete analysis of the problem would have had to cover all the aspects of development in general; that is, its economic, social and cultural aspects for all the African countries which have a special relationship with Europe, therefore the whole African continent. But for the purpose of this study we shall first of all examine the official institutions which tie some African countries to the E.E.C. This will make clear the basis and the nature of the relationship existing between Africa and the E.E.C. It is also the purpose of this study to explain the need for development of Africa and to point out four particularly important factors necessary to achieve that development: industrialization, development of exchanges, investment and technical cooperation. These four factors are examined in two ways: the needs of Africa, and the contribution of European countries individually or through the E.E.C. as a whole. The contribution of the rest of the
world to the development of Africa is very important but it is not
the subject of this study. It is mentioned only for comparative
purposes in order to appreciate the contribution of the E.E.C.

Definition of Terms

Overseas Countries.-- This expression is used to refer to those
countries of Africa, Asia, West Indies or Pacific Islands formerly
ruled by European countries, but now independent and still maintain-
ing close relationship with Europe.

Overseas Territories.-- Those countries from the same areas
mentioned above, but still under the rule of some West European coun-
tries.

Associate Overseas Countries and Territories.-- They are the
Overseas Countries and Territories which were included in the Annex IV
of the Treaty of Rome as partners of the European member countries of
the E.E.C.

The Members or the "Six."-- Refers to the Six West European coun-
tries which foreign ministers signed the treaty of Rome on May 1957
creating the European Economic Community (E.E.C.). They are: France,
West Germany, Italy, Belgium, Holland, and Luxembourg.

Association.-- The contractual tie set up between the "Six"
and their former colonies or protectorate, which thus became their
partners but not members of the E.E.C. in its official meaning.

The Rest of World.-- This expression refers to all the other
world powers excluding the E.E.C. and the Overseas Associate Countries
and Territories.
The Third World. Another way of referring to the underdeveloped countries.

Underdeveloped countries. We thus design all the countries presenting the criteria of economic and industrial lag as compared to the highly industrialized countries. Our criteria of underdevelopment are stated in Chapter III, pages 11-12.

Modalities of Application. We mean by that all the institutional procedures and mechanisms stipulated by the treaty of Rome giving the legal and practical mean to put into practice the principle of the association of the Overseas countries and Territories to the E.E.C.

Method of Procedure

This study is the result of an analysis of the part of the Treaty of the E.E.C. related to the association of the Overseas countries and Territories, and of several documents, pamphlets, reviews and articles related to the four major factors of economic development in Africa today: industrialization, exchange, investment and technical cooperation. Our necessary tools were made available to us thanks to the Direction Generale du Developpement de l'Outre-Mer which is the specialized department of the Commission of the E.E.C. for the Overseas Countries and Territories.

We also took advantages of books found at the Trevor Arnett Library and at the city Public Library.
CHAPTER II

THE TREATY OF ROME AND THE ASSOCIATION OF OVERSEAS COUNTRIES AND TERRITORIES

The major objective of the Common Market is to create wide market ensuring a free circulation of persons, goods, services and capital according to specific rules established in common agreement between the six members of the Community. Given the particular ties existing between the six E.E.C. members and the overseas countries and territories, it was therefore necessary during the negotiations in Rome, to take into account the interests and wishes of fifty-five million people in twenty-five countries and territories, most of which are located in Africa. The concern of the "Six" was thus manifested by the concession of the Statute of Associates made by them to their overseas partners listed in the Annex IV of the treaty as follows:


After the political and institutional changes which occurred during the past few years, almost all of these countries have confirmed their association to the E.E.C. except Guinee which has not yet renewed its partnership.
The General Principles of that Association

The general principles and the spirit of the association is defined in the preamble of the treaty of Rome. Mainly, the six members of the E.C.C. declare their intention: "to confirm the solidarity which binds Europe and Overseas countries and...to ensure the development of their prosperity in accordance with the charter of the United Nations." Article III of the treaty includes among the European Community's tasks "the association of overseas countries and territories with view to increasing trade and pursuing jointly their effort towards economic and social development." While Article 131 defines the purposes of the association by stipulating, "The purpose of this association will be to promote the economic and social development of the countries and territories and to establish economic relations between them and the community as a whole," the same article continues thus: "This association will in the first place permit the furthering of the interest and prosperity of the inhabitants of these countries and territories, in such a manner as to lead them to the economic, social and cultural development which they expect." This is the summary of the general principles which are at the basis of the association of overseas countries and territories with the E.E.C. as stipulated in the preamble and articles of the Treaty. What are now the procedures provided for their application in the field?

The Modalities of Application—The European Development Fund

As a general rule, the dispositions of the Treaty related to the overseas countries stress upon their participation to the E.E.C. of
each country in a particular way, taking into account realities proper
to each of them. As far as Africa is concerned, the very realities
are those met in the attempt to associate in the spirit of the present
epoch, a highly economically developed Europe with an underdeveloped
Africa. The varied obstacles to face are not only the economic but
also political, social and administrative. That association, in order
to remain conformable to the basic principles, raised many delicate
problems. The first problem consisted of giving all necessary guaran-
ties to the African partners that their association to the E.E.C.
would not become or bring about any additional hindrance to their
legitimate desires for industrialization. For that purpose two rights
concerned with the protection and development of their production were
recognized for the overseas partners. These rights consist of the
levy customs, duties to meet the needs for their developing industries,
and the levy fiscal duties to swell their national budget. The only
stipulation is that these duties must apply to imports from all the
six European community countries without any discrimination. Thus
association includes safeguards of necessary prerogatives of the Afri-
can governments—all reserve to themselves the right of making all
suitable or necessary decisions concerned with their national inter-
est. Another very important function of the E.E.C. is to funnel
private capital, indispensable for African countries, and public in-
vestment, into public areas such as communications, health, social
and cultural institutions, farming etc. That action also includes
technical assistance and public aid for the African countries in process
of development. These actions naturally constitute additional contribution to what has been already performed by the former responsible authorities in these African countries.

It is necessary to point out some institutions which were created in order to ensure a perfect performance of the association contract binding the Overseas countries to the European Common Market: The European Development Funds and the project of an European Institute of Development.

The European Development Funds.— The convention of application of the Treaty provided for the creation of the common fund swelled with the contributions of the six European countries through which the community as a whole will participate in the financing of development programs of its overseas partners. At its creation the fund was endowed with a $580,000,000 budget for an operation period over five years from 1958 to 1962. So, the contribution of the funds is an additional effort to the bilateral action of other members such as France, Italy, Belgium and Holland. We shall stress the fact that this investment realized through the Development Fund is free and is therefore not payable back by the beneficiary countries. But there are some conditions involved which are: the use of the Development Fund exclusively; the financing of social projects such as improvement of health, educational and scientific institutions, social services and housing and technical reserves; the financing of economic projects to develop the African economy and infrastructure. But it only belongs to the governments of the associate countries to determine their needs
and projects which finally are proposed to the Development Funds.

The European Development Institute.— In order to coordinate and centralize all technical assistance programs for underdeveloped countries, a project for the creation of such an institute was proposed by the E.E.C. Commission. According to the project this institute would be directed on a parity basis by the donor countries on the one side and by the beneficiary countries on the other side.

We thus have briefly summarized the principles on which the association of Overseas countries are bound to the E.E.C. The negotiators of the Treaty provided in the articles 236 and 238 the possibility of revision of the associate statute through diplomatic negotiation for each country achieving its independence. The effects of the actual association convention was to end on December 31, 1962. At that date the renewal of the association will be negotiated by the E.C.C. as a whole and by each associate overseas independent country.
CHAPTER III

THE DEVELOPMENT OF AFRICA

The problem of development of the Third World in our atomic epoch, by the importance of the tasks involved, certainly constitutes for the nations as a whole the most biting challenge of the century. Mr. Paul Hofman, President-Director of the United Nations Special Funds estimates the number of underdeveloped countries to be 130, with 1.25 billion inhabitants. The African continent, the second in size after Asia, groups about 225 million people. The tropical part of Africa, covering almost 70 per cent of the continent surface with 170 million inhabitants presents all criteria of underdevelopment. It also is that part where all the African countries associated to the E.E.C. are located.

Some Reflections About Underdevelopment

The problem of underdevelopment may be approached in two main ways. The first way consists in its comparative measurements. We shall call it as the quantitative approach of underdevelopment, for it uses indexes or simple numbers measuring the economic level of the countries, their trade volume, their industry, labor productivity, the quantity and quality of nutrition etc. As any index, they should

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1Paul Hofman, One Hundred Countries, One and One Quarter Billion People, How to Speed Their Economic Growth and Ours in the 1950's. Washington, 1960.
be used very carefully and with perspicacity in order to avoid the so disappointing and fallacious interpretations often made. Aside from these quantitative parameters, there also are other qualitative criterions of underdevelopment which stress the descriptive aspects. In the first approach the use of indexes may lead to some errors, but in such case the error may be corrected at any time since the goal is to help and guide in an efficient way those men or governments whose responsibility is to fight underdevelopment and to see to it that perfect performance of projects and plans are made.

The descriptive approach of underdevelopment is also very useful and even necessary for it is an important complement for the quantitative approach. Before concerning ourselves with the necessity of development of Africa, it seems necessary to have a very clear picture of the state of underdevelopment and to draw its general criterions, to determine its extent and its implications before finally pursuing clearly defined goals.

If we compare the underdeveloped countries to the developed ones, we will roughly retain the following major characteristics for the underdeveloped countries:

1. An economy in midway between the "economy of subsistence and the economy of exchange."¹

2. An extremely low per capita income (the average is less than $60 per annum in Africa).

3. A foreign trade almost exclusively based upon the export of raw material and the import of finished goods.

4. A very low level of production of energy with a very low per capita consumption. Certain figures given by Mr. Andre Auclair about tropical Africa in 1956 are highly instructive of the level of underdevelopment in Africa. These figures are:

- $50 to 60 per annum: Income per capita
- 69% of cultivated space for agricultural production
- 60% of adults occupied in agricultural production

Foreign trade:
- 3.3% of total volume of imports from Western countries
- 3.4% of exports from Western countries

Energy per capita consumption: 2 to 7% of Western countries average.

Necessity of Development

Our insistence on the necessity of the development of Africa does not rest on the only moral or sentimental considerations. It also matters little whether that development is an end or a mean in itself. Our opinion rests on two realistic considerations: the strong upward demographic pressure, and the chronic problem of malnutrition and under-alimentation.

1. A strong demographic pressure:

The actual population of Africa is estimated at 225 million inhabitants. According to Mr. Auclert, with a growth rate of 2.2% in

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1Ibid.
2Ibid.
population growth in 1955, Africa comes in the third position in the world behind Latin America and the South Seas Islands. Assuming that rate will remain constant, then Africa’s population will reach 500 million in 1985 or 750 million and more in 2000. That is, the population of Africa will have increased more than twice in the next twenty years, or more than three times in less than a half century. That tremendous growth is directly related to the medical progress. The African demographic problem, far behind the Asiatic proportions and gravity, however, constitutes for the near future a very big concern. And it is not a display of an exaggerated malthusianism to be concerned right now with an immediate setting up of necessary productive equipment in order to meet at least the feeding needs of that huge mass of people forecasted for the relatively short-run period.

We do not share the pessimistic point of view of Elspeth Huxley, but we however suggest that one sentence from his book be noted carefully: "Doctors, bearers of mercy though they be, must yet be seen as the gravest threat to Africa...."¹ This leads us to the grave problem of under-alimentation and of malnutrition in Africa today.

2. Problem of under-alimentation and malnutrition in Africa:

Africa in general suffers from a chronic under-alimentation and of malnutrition. The calory value of food does not reach anywhere in tropical Africa the level of 2700 calories, which is greatly below the minimum required in temperate countries. This naturally results in a very low productivity of labor as compared to temperate countries.

¹Elspeth Huxley, Four Guineas. (London: Longmans Green, 1948).
It therefore appears very necessary to increase the volume of available food. It also appears finally that the real danger for Africa is not in the near future a problem of overpopulation per unit of space as in Asiatic countries. But the overpopulation will be a problem directly related to the quantity of commodities and the volume of food available for consumption, that is, in fact, in direct relation to the arable space or to the output per unit of cultivated land space. Finally, the problem of overpopulation or its keeness will be a reciprocal function of the effort which will have been made right now in order to endow Africa with equipment and skill for the developing of lands and the extending of arable space.

Possibility of Development

The answer to the question whether it is possible to develop Africa relies on a simple examination of her agricultural, energy and mineral potentialities.

a. Agricultural Potentialities

Africa is not that misleading picture of inhospitable deserts and jungles that some thrilling newsmen or novelists try to present through their sensational papers. Some figures given by different experts of the F.A.O.\(^1\) show that, of 4,000 million acres of arable surface on the earth, only 2,700 million million acres are cultivated. Of the

1300 million non-cultivated acres, 900 are located in Africa and Latin America, Russia, and South East Asia. This gives us an idea of the considerable arable virgin lands existing in Africa.

b. Availability of Improvement Technics

According to Hance\(^1\), while two-fifths of the surface of the continent is covered by weakly productive deserts and steppes because of the lack of water, one-third of the surface of the continent is constituted with sufficiently sprinkled savannas which are good for agriculture and 12 per cent suffer for excess of water.

In Africa, lands which can be developed for agriculture exist everywhere. The valleys of rivers Senegal, Gambia, Tana, Rufiji, Zambeze, basin of Tchad, which just need some technical means for their development, are promising areas. Some vast marshlands which may be opened to cultivation's thanks to drains, such as the regions of Bar-el-Gazala along the Nile River, the Bangwelu and Okowango, and North Rhodesia marshlands, the mangroves along the Coast of Guinea which can be transformed into large fields proper for agriculture also thanks to technical means which can be used to remove salt from lands by pumping in fresh water at a very low cost. The modernization of traditional methods of culture can also increase the yield of lands cultivated already.

c. Mineral Resources

Some few and serious prospections made up to now in Africa reveal huge and varied mineral resources. They mainly consist of:

IRON: Some high-grade ore are already opened to exploitation. Some of them are located in Rhodesia, Liberia, Guinea, Sierra-Leone, Mauretania, Gabon, Mozambic, and Tanganyika.

BAUXITE: Beside mineral now exploited at Illes de Loss and Fria in Guinea (among the highest grade in the world), the reserves discovered are huge in grade and in importance. These reserves are located in Guinea, Ghana, and in equatorial Africa.

COPPER: With the only mineral in Congo and Rhodesia and Mauretania, Africa comes to the first place of world potential producers.

DIAMOND, COBALT and GOLD: By far Africa comes ahead of world producers.

MANGANESE, CHROMIUM, VANADIUM and COLUMBIUM: Africa is also an important producer of these ferro-alloys.

PETROLEUM and NATURAL GAS: The discoveries made in Sahara, in Congo, in Nigeria and in Gabon opens a very amazing perspective.

d. Energy Potentialities

COAL: The insufficiency of coal or its lack or its removal from the centers where iron is exploited constitutes a handicap for the development of a heavy industry. However, the development of certain technics of reduction permitting to overcome that handicap by the use of Saharian natural gas are available and in study today.

HYDROELECTRIC ENERGY: Almost half of the world's hydroelectric energy potential is in Africa. But the total of the exploited power
for the whole Africa does not reach 2% (that is 7 million kwh) of the
world total. For instance, the only City of Paris, with 8 billion kwh
in 1956, consumes more energy than the whole tropical and North Africa.\(^1\)

e. Some Figures on the Agricultural and Mineral Production

The list of the potentialities of Africa is impressive. But figures are more eloquent for describing Africa's wealth in mineral and agricultural resources and products.

Agricultural products:

- Coffee: 15% of the world production
- Cacao: 65%
- Peanuts: 25%
- Palmist: 75%
- Palm Oil: 65%
- Sisal: 58%

Mineral resources:

- Diamond: 99% of the world production
- Cobalt: 81%
- Phosphates: 32%
- Gold: 59%
- Chromium: 40%
- Manganese: 36%
- Copper: 27%
- Tin: 14%


After having stressed the insufficiency of coal, we shall point out the inadequate distribution of resources over the continent. Mr. Hance compares the location of resources to small islands he classes into three broad categories as follows:

1. The peripheric regions with benefit of an easy access to the proximity of sea.

2. The mountainous regions which has benefit of a favorable climate and agricultural conditions.

3. The mineral regions which attract industry.

As a general rule, and from our study, Africa appears to have all resources and criteria favorable to her economic development. The Colonial Pact accounted greatly for the delay in her development by confining her to the role of producer of raw materials for European Industries, and of buyer of finished goods from the same Europe, which forbade her to develop her own industry. After the independence of most of African countries, the need for industrialization was tragically felt by them. This was accompanied by the necessity of a harmonious development of an internal market for the finished goods which would further the take-off of an African industry and at the same time break down the infernal cycle set up by the Colonial Pact.

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THE EUROPEAN ECONOMIC COMMUNITY AND THE DEVELOPMENT OF INDUSTRY AND TRADE FOR AFRICA

The study of the development of Africa in the preceding chapter led us to the following conclusion: The development of Africa is necessary and it is also possible. We also realized the particular importance of two factors which development conditions and accelerates in general: industry and exchange.

The subject of this present chapter, therefore, will be to focus our attention on these fundamental factors of development.

Industrialization and Its Implications

The industrialization of Africa raises some questions about its significance for both Africans and the E.E.C. members, and also about the likelihood of its success, its places and role in the general effort of development, and finally, about its actual achievement and its future prospects.

a. Industrialization and its significance for Africa and E.E.C.—

There still are numerous persons who persist to see in the African desire for industrialization, nothing but an expression of what they ironically call "complex of chimney" or the "complex of machinism."

It is time to refer them to the history of world industrialization and particularly the industrialization of Europe during the last century. Before any comment, we also would like to submit to the reader reflection of some tables, permitting him to compare the structure of the G.N.P. in the overseas countries associated to the E.E.C. and also in some developed countries.
### TABLE 1

**EVOLUTION OF ENERGY AVAILABILITY FOR OVERSEAS COUNTRIES**

<table>
<thead>
<tr>
<th>Overseas Countries (Franc area)</th>
<th>Energy Availability in kg coal equivalent per inhabitant</th>
<th>% hydro-electric energy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1938</td>
<td>1957</td>
</tr>
<tr>
<td>West Africa (ex-French)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equatorial Africa (ex-French)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cameroon</td>
<td>7</td>
<td>85</td>
</tr>
<tr>
<td>Togoland</td>
<td>8</td>
<td>37</td>
</tr>
<tr>
<td>Madagascan</td>
<td>17</td>
<td>39</td>
</tr>
<tr>
<td>Somalia</td>
<td>600</td>
<td>210</td>
</tr>
<tr>
<td>New Caledonia</td>
<td>2,900</td>
<td>6,700</td>
</tr>
<tr>
<td>French Polynesia</td>
<td>220</td>
<td>240</td>
</tr>
<tr>
<td>St. Pierre et Miquelon</td>
<td>6,900</td>
<td>4,300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20</td>
<td>57</td>
</tr>
</tbody>
</table>

**Sources:** L'Industrialization des Pays d'Outre-Mer Associes a la C.E.E.

### TABLE 2

**ENERGY AVAILABILITY FOR EUROPEAN COUNTRIES**

<table>
<thead>
<tr>
<th>Country of C.E.E. 1956</th>
<th>Energy Availability in kg and Equivalent / Inhabitant</th>
</tr>
</thead>
<tbody>
<tr>
<td>W. Germany</td>
<td>3,760</td>
</tr>
<tr>
<td>Belgium</td>
<td>4,212</td>
</tr>
<tr>
<td>France</td>
<td>2,685</td>
</tr>
<tr>
<td>Italy</td>
<td>938</td>
</tr>
<tr>
<td>Holland</td>
<td></td>
</tr>
<tr>
<td>Luxembourg</td>
<td>2,557</td>
</tr>
</tbody>
</table>

**Sources:** L'Industrialisation des Pays d'Outre-Mer Associes a la C.E.E.
These tables show us that if in developed countries the part secondary sector (industry, mines...) is between 40 and 55%, these figures fall down to 20% in Overseas countries associated to the E.E.C. except Congo(ex-Belgium) with 36% of the G.N.P. in 1956. We also realize that the discrepancy between the Overseas countries and their European partners is too big, and we finally realize that industrialization has become one of the basic criteria of development in this modern world. If, on the other hand, we seek for the cause of the lack of industry in Africa, we shall easily understand her desire to industrialize. These causes today are: the narrowness of the internal market in Africa, the lack of technical cadres and skilled personnel, the small energy availability due to the insufficient use of potentiality, which is huge however, and which makes that sector dependent from foreign supply. We also shall not forget the maleficient and persistent impact of the defunct Colonial Pact. The following tables will also help us to realize another striking discrepancy: with 60 kg. coal equivalent per annum and per inhabitant, the energy availability for Africa is considerably inferior to the average for developed countries which vary from 2,000 kg. up to 8,000 kg. for U.S.A. Concluding on this data, we think that the criticism heard about Africa's desire to industrialize are not justified. That desire is not a simple question of prestige or a desire of power. It responds to the will of independence for a very long dominated economy and the definitive rupture

of the damaging effects of the Colonial Pact. Finally, that is the only alternative to reduce if not to fill the historical lag on the way towards development.
<table>
<thead>
<tr>
<th>Overseas Countries</th>
<th>Billion of Francs</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary Sector</td>
<td>Secondary</td>
</tr>
<tr>
<td></td>
<td>Tertiary Sector</td>
<td>Total</td>
</tr>
<tr>
<td>West French Africa</td>
<td>269.9</td>
<td>182.9</td>
</tr>
<tr>
<td>Equitorial French</td>
<td>18.9</td>
<td>19.3</td>
</tr>
<tr>
<td>Africa</td>
<td>Cameroon</td>
<td>43.9</td>
</tr>
<tr>
<td>Madagascar</td>
<td>58.9</td>
<td>26.5</td>
</tr>
<tr>
<td>Congo (Belgium)</td>
<td>16.07</td>
<td>23.160</td>
</tr>
</tbody>
</table>

Sources: Ibid.
TABLE 4
OUTPUT PER SECTOR OF ENTREPRISES FOR EUROPEAN COUNTRIES

<table>
<thead>
<tr>
<th>Industrialized Countries</th>
<th>Primary Sector</th>
<th>Secondary Sector</th>
<th>Tertiary Sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Germany</td>
<td>8.6</td>
<td>49.8</td>
<td>41.6</td>
<td>100</td>
</tr>
<tr>
<td>Belgium</td>
<td>7.2</td>
<td>51.8</td>
<td>41.0</td>
<td>100</td>
</tr>
<tr>
<td>Italy</td>
<td>20.2</td>
<td>42.8</td>
<td>37.0</td>
<td>100</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>8.4</td>
<td>54.4</td>
<td>37.2</td>
<td>100</td>
</tr>
<tr>
<td>Holland</td>
<td>10.6</td>
<td>41.3</td>
<td>48.1</td>
<td>100</td>
</tr>
<tr>
<td>Great Britain</td>
<td>4.4</td>
<td>49.6</td>
<td>46.0</td>
<td>100</td>
</tr>
<tr>
<td>USA</td>
<td>4.4</td>
<td>40.7</td>
<td>54.9</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: Ibid.

b. Heavy Industry and Light Industry.— Great importance is attached to the kind of industrialization which would be desirable for Africa. And the question seems centered around the priority between heavy industry or light industry. Our opinion is that in a continent where there is such a lack of industry, that question has no sense but a theoretical one. Heavy industry entails heavy long-term investment and relatively speaking will contribute very little to the solution of unemployment, while light industry without entailing so important an investment will offer more important possibility of employment. In Africa where the problem of employment is as important as the problem of equipment, these two forms of industrialization do not oppose but complement each other. Different in their structure, these forms
of industrialization are also different in their impact on the economy. But here these two impacts are different aspects of the same problem.

c. Achievement and Future Prospects.-- In the area of heavy industry the most outstanding achievement appears in the minor regions presenting a perfect conjunction between important reserves and easily exploitable hydro-electric potentialities at low cost. We thus have the big electro-metallurgy complexes for aluminum of Fria in Guinea which alone produce as much aluminum as France, and the industrial group of Idea in Cameroon. Besides this great achievement we also have some grandiose projects such as Volta River Project in Ghana which is now in process of construction; Konkoure Project in Guinea, Kouilou Project (Congo ex-French) and Inga Project (Congo ex-Belgium). The achievement of these projects according to experts, is capable of bringing in about a striking industrial revolution and will mark the emergence of Africa as a great world industrial power. But all revolution has its risks, and the industrialization of Africa has also its risks. The most obvious are the effects of these brutal changes on the local economies and on the social conditions which were not prepared for such a test of shock. It is therefore necessary to set up a local corrective planning board whose objective will be to harmonize industrial development, taking into account its impacts on local economies and social conditions, and also to find a field of loyal cooperation and mutual confidence between the national interest of countries and investors. As an example of corrective planning boards, we shall notice the M.A.R.G. (Mission of Regional Organisation of Guinea), and O.R.I.K. (Organization of the
Industrial Region of Kouilu) and I.D.I. (Institute of Development of Inga). Mr. A. Auclert who was a member of the M.A.R.G. in 1957 classifies the impacts of industrialization into three categories:¹

1. **The economic effects which increase the inflationary pressure generated by the vicious cycle of prices and wages**

This inflationary pressure should be strangled. It is also necessary to create a vertical relation between industry and agriculture so that the rural areas will share the prosperity due to industrialization.

2. **The Financial Effects**

These effects come from the necessity to meet the national governments requirements and also the necessity of guarantee for security for necessary capitals.

3. **The Social and Human Effects**

The question is whether to undertake or accelerate the rational formation of manpower, and its re-conversion, and the re-allocation of the population removed from the areas where dams or factories have been built.

The final objective of these corrective programs is to create poles of development where otherwise there would have been nothing but an "island of prosperity in an ocean of surrounding misery," according to Andre Auclert's own expression.² It also has been noted


²Ibid.
that as in Guinea and Katanga, light industry usually follows heavy industry. But this is not a general rule and it also may happen that light industry develops in some regions and in different conditions. Here too, it is necessary to distinguish three categories of light industry:

1. The industry whose objective is the valorisation of agricultural products which were formerly exported without any previous transformation on place. The revalorisation of agricultural raw products results in the reduction of fluctuations in their price and therefore gives them more stability. That kind of industries may serve for exports or for internal consumption or for both. These industries have the priority today in Africa.

2. The industries which must meet the needs for consumption of local markets by using imported raw materials. The dangers of such industries is that the need of prestige of certain new governments may induce them into transplanting factories which do not stay into business without government subsidies, and, therefore, constitute pure waste of capital in such case.

3. Finally, there are service industries such as construction and repair shops, mechanic and printing shops, preconstruction yards etc... which, while serving local industry constitute the basis of economic infrastructure upon which a real industrialisation may take roots.

The projects to be realized are amazing. The Volta River project for instance, has started with the aid of the World Bank, U.S.A., Great Britain and the U.S.S.R. The first program of the project will be
achieved in 1964. There are a lot of projects today in Africa, most of them being in study by European countries, and mainly the E.E.C. in direct cooperation with African governments.

Problems Related To The Development of Exchange

The great concern of African governments today is the extension of commercial exchange whose importance in the development process cannot be ignored. As pointed out in the first part of this chapter, the development of exchange and industrial development in Africa are two linked problems which cannot be separated. Faced with a highly industrialized European exporter of finished goods and capital goods, Africa, whose exports almost exclusively rely upon raw materials, and mainly agricultural goods, must quickly find a solution for the following questions:

1. The consolidation of her position on the European Market
2. The development and widening of the African market
3. The development of exchange with the rest of the world

Consolidation of Position on the European Market

Finding other outlets for their agricultural products is a vital problem for the new African economies. The E.E.C. offers some real advantages in that area. These advantages may take two aspects: the widening of the European market and protection for African agricultural products on that market. The widening of the European market beyond monetary areas gives a happy and desirable solution to the problem related to the saturation of European national markets taken individually. As a matter of fact, the 160 million consumers which constitute the
widened European Community market will be a precious outlet for tropical products from Africa. Moreover, the volume of European consumption of products such as coffee, cacao, etc... is expected to increase with the increase in the standard of living and purchasing power of European consumers. In 1970, it will have increased up to 150,000 tons of coffee, 100,000 tons of cacao, 300,000 tons of bananas, and 300,000 tons of oily products. This is encouraging for agriculture and exchange of African countries.

On the other hand, the protection of African products constitute a substantial and appreciable guarantee, for it also constitutes a real preferential statute for them. But the effect of such a preferential statute and other advantages would be greatly lessened if African countries continue to maintain artificial barriers between themselves while breaking them down for European countries as a whole. It also must be pointed out that one of the best ways to consolidate their position on the European market, besides the preferential system they enjoy there, is the revalorisation of their agricultural products in order to meet competition from other tropical countries such as Latin America on the quality basis.

Development and Widening of the African Market

The widening of the African market is first of all an economic necessity and also a requirement for development in general. Individually, most of the African countries do not constitute alone a very important market in the modern sense. (A country like Gabon, for instance,
does not reach 500,000 population). This is a great handicap which
does not further or justify economically any undertaking of big indus-
trialization which is so necessary for the take-off of a sound and
powerful economy. This arbitrary partition of the Africa market con-
stitutes today the biggest hindrance for the development of this con-
tinent. A breakdown of these customs and fiscal barriers like what
is happening in the E.E.C. itself would give the way to the organi-
zation of a numerically important internal market. This would further
trade between the different states and certainly would enhance and
encourage the necessary industries which meet the consumption needs
of the internal market. On the other hand, this would justify and
accelerate the setting up of important entreprises and the organiza-
tion of an adequate credit system. Finally, the question arises whether
or not to organize a real African Common Market which, as a whole, would
constitute a partner for the E.E.C. This certainly would be more pro-
fitable in the long run for Africa as well as for the E.E.C.

Development of Exchanges With The Rest of World

Colonization has kept Africa until the recent years as a private
"reserve" for Europe, and therefore, had kept her out of contact with
the rest of world. Independence permits her now to develop new rela-
tions with new partners in the world. The prospects of such expansion
depends on two factors: (1) the possibility of new outlets besides the
European traditional outlet, in the cadre of bilateral agreements with
the new partners, and (2) the possibility of access on the African
market for products from other economic areas other than the E.E.C.
This prospect, by the greater variety of products and the greater choice offered to African consumers can have a beneficial effect on price pressure due to scarcity and monopoly. Finally, Africa in process of development should keep in mind that development of her exchange with the rest of world is a factor absolutely necessary to her economy and her development in general. Therefore, the emphasis must be right now made upon negotiations of bilateral agreements and the elaboration of a fiscal and custom system which would satisfactorily meet budgetary needs of African governments and also the foundations of an African market where the best sellers and investors will benefit without any discrimination.

Other criticisms have been made relative to the preferential system established between the E.E.C. and its African partners. These criticisms pretend that the preferential system constitutes a real impediment of traffic at the prejudice of other non-associated African countries. However an examination of statistics shows that, as of 1958, the exchanges between the E.E.C. and non-associated African countries have increased. These increments reach 10% for Ethiopia, 23% for Nigeria, 25% with Ghana, 30% with Sudan, and 52% with Liberia.¹ We also point out that there also is a preferential system established between Great Britain and her African partner in the Commonwealth of Nations. Therefore, we donot think that the above criticisms are justified.

CHAPTER V

THE PROBLEM OF INVESTMENT IN AFRICA

Africa is in urgent need of capital to finance equipment and construction projects. A major problem, therefore, is finding investment capital. Until the end of World War II, invest policy did not follow any particular development program. The construction of roads, railways, harbours were to meet the only needs of transporting raw materials from their sources to the nearest coast where they were shipped toward Europe. Other investments had to meet immediate needs. In general these investments were very small in volume and very slow in process.

For example, during the 50 years preceding World War II, the total volume of investment in the African associated countries did not surpass 1,100 billion francs per annum. During the twelve postwar years after 1947, the volume of investment has reached 3,000 billion francs, that is, almost three times more than the 50 preceding years.¹ The annual rhythm of investment has therefore increased from 10% to 12% as compared to what it was before World War II. This event corresponds to the change in investment concept and policy in Africa related to the apparition of development plans. The establishment of an infrastructure necessary for the development of productive capacity by private

entreprise must be considered along with the concern of official authorities for a parallel social development. Therefore, the development of the economy as a whole has been subordinated to the development of infrastructure by productive sectors. Development plans thus meet that concern. Such plans necessarily imply the intervention of public authorities for the purpose of coordinating and regulating investment. As far as Africa is concerned, it might be misleading at the present time to interpret the degree of the state control over development programs as a proof of ideological commitment. The E.E.C. seems to have understood that fact by maintaining a very close association with countries like Senegal and Mali which have claimed their desire to further an authentic African economy based upon African realities and tradition. Furthermore, other countries like Guinea (which has not yet renewed her partnership with the E.E.C.), and Ghana (which is not associated to the E.E.C.), continue to receive western investments and to encourage them by offering all guarantees and security to private capital and entreprises. One must be convinced, therefore, that the concept of plan in Africa responds not to an ideological requirement, but to the needs for a harmonious and quick economic development. President Mamadou Dia, Premier of the Republic of Senegal, in a speech delivered before the National Assembly (April 1961) and international delegates, stated the clear attitude of his government about private capital as follows: "...to further the participation of capitals by helping them to insert themselves into the growth operations forecasted by the plan (the Senegalese ten years plan), and therefore by giving them
besides reasonable fiscal advantages a national efficiency, which will be the best pledge of rentability. Therefore, it is necessary... that private capital accept to nationalize themselves, that is, to participate to our national construction. We do not intend, as far as we are concerned, other process of nationalization out of this free cooperation in confidence....\(^1\) In other words, what Mamadou Dia said, is the consecration of a real cooperation in Africa. Hence forward, he asks the investors to subscribe to a real pact of true cooperation and solidarity in mutual confidence, that is a real partnership between the owners of capital and the owner of land.

**Method of Investment**

We have already said that the methods emphasized hitherto for investment in Africa by the responsible authorities relied on the principle of free entreprise. Some change from that principle has occurred with an increased intervention of governments. It must be known, however, that the high control of governments in some African countries is due to the former colonial system itself. In the former French colonies for instance the colonial authorities were very reluctant to further foreign private investment. There was therefore a very small number of private businesses. And when these countries achieved their independence, the new governments had the control over all.

The actual investment policy in African countries presents different aspects: (1) the direct action of governments; (2) the indirect action of governments; and, (3) the international action which may be

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bilateral or multilateral.

**Direct action of governments.**-- It consists of financing directly development plans by public authorities.

**Indirect action of governments.**-- Consists of furthering by governments of private capital investment by a set of financial, fiscal and jurisdictional decisions apt to induce private investment. Since independence of African countries these indirect actions of governments have been getting more and more important.

**Multilateral action.**-- The bilateral action takes place through agreements signed between the countries investing and the beneficiary ones. Such investment may be in the form of long-term loans made by foreign governments or foreign private entreprises.

Sources

These different methods of investment also attest the variety of sources. Roughly, we may distinguish: (1) public investment sources: government, United Nations Funds, the World Bank loans, the International Monetary Funds, are the major ones, and also other international public sources. (2) private investment sources: national and foreign private businesses.

In the African countries where the problem of capital formation is very difficult, the part of investment due to public savings is relatively small. The most important sources are therefore international and private foreign investment. African countries of the French system the major public sources were:
1. The F.I.D.E.S. (the Overseas Territories Economic and Social Development Funds). It was swelled by French government contribution and French Overseas Territories direct contribution coming from taxes, long-term credit made by the Central Funds for French Overseas Territories (C.C.F.O.M.). The C.C.F.O.M. was a bank mainly specialized in long-term credit. It has been replaced now by another savings bank, the Aid and Cooperation Funds (F.A.C.), a kind of cooperative bank.

2. Belgium had in the past used public savings and budget surplus to make investment in the Congo. The Belgium government also issued special bonds for the same purpose. But since this kind of source is directly related to the importance of the available national savings, it is therefore easy to realize that the main source for capital was foreign investment in the Congo. Belgium also used the proceeds of the "Colonial Lottery" specifically organized in Belgium for investment in Ruanda-Urundi.

3. In Somalia, under Italian mandate the investments are financed by two agencies:

   a. the A.S.E.S. (Development Agency for Somalia financed by the Italian Government, and

   b. The F.V.S. (Funds For Development of Somalia): half financed by the Italian government and half by the U.S.A. on the basis of a bilateral agreement signed in 1954 between Italy and the U.S.A.

Level of Achievement

It is practically impossible to make a complete schedule of all investments made in Africa. We, therefore, shall confine our list to the major investment and the major investors such as France, the
U.S.A., the World Bank, The United Nations, Great Britain.

For the period 1957-1958, aids from Western countries to the underdeveloped countries reached $4 billion, with $2.4 billion in governmental aids, and $1.6 billion representing the amount of private capitals.\(^1\) That total must be distributed as contributions from:

The United Nations and the World Bank......$350 million /annum
U.S.A. ..............................................$1,500 " "
France............................................$1,200 " "
Great Britain..................................$ 600 " "

The contribution of France represents 2% of the French National Income and constitutes the highest percentage by nation. The public and private investments made by France in Africa up to 1939 amounts to $33 million distributed between French colonies and territories. From 1947 to 1958 the volume of French investment (public and private) amounted to $3 billions. The rhythm of investment also increased from 10% to 12% in the same period of time as compared to the period before 1939. The actual annual average investment made by France amounts to $200 million per annum. From 1947 to 1958, two quadrennial plans have been financed by the French government including public investment in Africa.\(^2\)

Belgium also financed $56 billion Belgian francs from 1948 to 1958. As compared to the period before World War II, the volume of postwar period had increased 6 times more.

\(^2\)Ibid., p. 10.
The World Bank report for June, 1961 shows that the aid made to African countries amounts for that year $858,300,000 distributed between 15 African countries.¹

Role and Part of the E.E.C.

The institution financing the investment by the E.E.C. as a whole in Africa is the European Development Funds For Overseas Countries and Territories. We have already had a description of that institution in Chapter II. The "Funds" (as it is usually called) was endowed with $580 million for an operating period of 5 years. That sum, as compared to the $4 billion of total annual international aid to underdeveloped countries seems of a small significance. But it is necessary to point out that it just represents a common aid of the E.E.C. as a whole which is in addition to the effort of investment made on an individual basis by its different members in Africa. This aid is not distributed to all the underdeveloped countries in the world. It is only shared by the 26 associated countries. Therefore, it represents $2.1 per capita which must be added to the bilateral aids. As compared to the $3.2 per capita that represents the total international aid to underprivileged countries the "Funds" aid has a somewhat appreciable significance.

The capital invested in Africa from 1959 to 1961 by the European Funds amounts to $198,283,000. This sum is shared by 16 African countries (Algeria not included). The distribution of investment is 70% for the economic sector, and 30% for the social sector. From 1958 to 1961, 174 projects have been financed by the Funds for

construction of roads, schools, hospitals, public buildings, etc... amounting to $114.8 million. For 1962 the forecasted investment by the Funds will amount to $234 million. The main contributors for the Funds are France and West Germany, totaling $200 million for the total of $581 million.¹

CHAPTER VI

THE TECHNICAL COOPERATION IN AFRICA

Technical cooperation is generally admitted as being an act of intellectual "pre-investment" which prepares the field for financial investments and for industrialization, and therefore which valorizes economic aid. We think that this definition is a part of or another way to express the broader one as being a communication of knowledge which permits the auto-development for its beneficiary.

Technical cooperation is practiced in different forms:

1. Multilateral technical cooperation practiced since ten years by the United Nations by its agencies such as the Technical Assistance Program of the United Nation and the Special Funds of United Nations.

2. Regional technical cooperation which had been developed in different parts or sectors in the World.

3. Bilateral technical cooperation when it is practiced between two countries. This form of cooperation is very extended today through the world.

4. Private technical cooperation financed and coordinated by some private organism such as Ford Foundation, Rockefeller, the Foundation for the Near East.

Technical cooperation can be analyzed in two ways which correspond to its two different aspects: the quantitative aspect and the qualitative
The Quantitative Aspect.— By quantitative aspect we mean a quantitative expression or evaluation which permits us to estimate the effort of the contributing group and part of beneficiary groups too.

According to some figures given by the Direction of Studies and Program of the E.E.C. Commission the annual cost of technical assistance to underdeveloped countries amounts to $500 million. The analysis of Table 5 and t on page giving the distribution of technical cooperation by country contributing and by beneficiary country leads us to the following conclusions:

1. The importance of bilateral technical cooperation which surpasses four times the total multilateral action of U.N;

2. The main contributors are three countries: USA, France and Belgium amounting to $100 million, that is the $4/5 of the total;

3. The relatively substantial contribution of the E.E.C. which finances the half of the world technical cooperation; and

4. The difficulty to estimate correctly communiste countries contribution. That part is roughly estimated at 1% of the world total.
TABLE 5

ONE YEAR TECHNICAL ASSISTANCE FOR UNDERDEVELOPED COUNTRIES (MILLION DOLLARS)

<table>
<thead>
<tr>
<th>Contributing Countries</th>
<th>Multilateral Technical Cooperation of U. N.</th>
<th>Regional Technical Cooperation</th>
<th>Bilateral Technical Cooperation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Germany</td>
<td>2.2</td>
<td>3.1</td>
<td>15.0</td>
<td>20.3</td>
</tr>
<tr>
<td>Belgium</td>
<td>1.0</td>
<td>1.1</td>
<td>50.2</td>
<td>52.3</td>
</tr>
<tr>
<td>France</td>
<td>4.1</td>
<td>3.1</td>
<td>140.0</td>
<td>147.2</td>
</tr>
<tr>
<td>Italy</td>
<td>1.1</td>
<td>0.6</td>
<td>?</td>
<td>1.7</td>
</tr>
<tr>
<td>Luxemburg</td>
<td>0.01</td>
<td>0.02</td>
<td>—</td>
<td>0.03</td>
</tr>
<tr>
<td>Holland</td>
<td>3.8</td>
<td>1.1</td>
<td>0.3</td>
<td>5.2</td>
</tr>
<tr>
<td>Total EEC</td>
<td>12.2</td>
<td>11.0</td>
<td>205.5</td>
<td></td>
</tr>
<tr>
<td>Great Britain</td>
<td>5.0</td>
<td>2.8</td>
<td>14.6</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>39.5</td>
<td>?</td>
<td>160.0</td>
<td>199.5</td>
</tr>
<tr>
<td>Eastern Countries</td>
<td>5.8</td>
<td>?</td>
<td>?</td>
<td>5.8</td>
</tr>
<tr>
<td>Rest of World</td>
<td>27.3</td>
<td>8.0</td>
<td>8.0 ?</td>
<td>43.3</td>
</tr>
<tr>
<td>General Total</td>
<td>89.8</td>
<td>21.8</td>
<td>386.1</td>
<td>599.7</td>
</tr>
</tbody>
</table>

Sources: Cooperation Technique dansles Pays en Voie de Developpement.
### TABLE 6

ONE YEAR DISTRIBUTION OF TECHNICAL COOPERATION BY BENEFICIARY C.L. COUNTRIES

<table>
<thead>
<tr>
<th>Beneficiary Countries Regions</th>
<th>Multilateral Techn. Cooperation U.N.</th>
<th>Regional Cooperation</th>
<th>Bilateral Coop.</th>
<th>Total</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>10.3</td>
<td>2.2</td>
<td>14.8</td>
<td>197.3</td>
<td>40</td>
</tr>
<tr>
<td>Asia / Far-East</td>
<td>31.6</td>
<td>16.0</td>
<td>14.1</td>
<td>81.7</td>
<td>20</td>
</tr>
<tr>
<td>Europe</td>
<td>6.6</td>
<td>---</td>
<td>1.6</td>
<td>68.5</td>
<td>14</td>
</tr>
<tr>
<td>Latin America</td>
<td>25.7</td>
<td>1.6</td>
<td>0.4</td>
<td>4.5</td>
<td>1.4</td>
</tr>
<tr>
<td>Near-East</td>
<td>14.0</td>
<td>---</td>
<td>26.9</td>
<td>40.9</td>
<td>8</td>
</tr>
<tr>
<td>Regional Projects</td>
<td>5.0</td>
<td>---</td>
<td>21.5</td>
<td>26.5</td>
<td>5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>93.2</strong></td>
<td><strong>19.8</strong></td>
<td><strong>277.0</strong></td>
<td><strong>490.0</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>


It is estimated that public funds can afford the annual formation of 25,000 scholars and to finance 52,000 experts, while bilateral programs offers 19,000 scholarships and supply 49,000 experts and cadres. In the geographical distribution of technical cooperation Africa occupies the first place with 40% of the total followed by Asia and Far-East with 30% and Latin America with 14%.

But it must be pointed out that this preferential position of Africa is not due at all to the multilateral cooperation of U.N. or the U.S.A.
That position is to be credited to the bilateral cooperation with European countries.

According to Mr. Paul Hoffman, 1 there is a tragic insufficiency of technical cooperation effort. According to the same author, an efficient and adequate effort would make necessary the supply of one million experts for a large scale development program. If therefore we compare the actual 52,000 experts on work we just realize that the actual effort of technical cooperation is just enough to make an approach of the problem of development in the world.

THE QUALITATIVE ASPECT.

The insufficiency of quantitative aspect of technical cooperation leads to naturally to the question whether or not the actual effort is adapted to the needs, and its geographical distribution as well as its condition of application are satisfactory. The answer comes from the criticism made by the Bureau of Technical Assistance of U.N. on the basis of its own experience. According to the B.T.A. the efficiency of technical assistance relies upon four factors:

1. The integration of technical assistance projects to national development plans. This will make necessary for the beneficiary countries to set up a planning board and coordination board which only prevent them from costly wastes.


2. The quality of personnel supplied by beneficiary countries. That personnel should be able to acquire enough experience and knowledge in a relatively short period of time, in order to be able to replace efficiently foreign or international expert sent to them.

3. The quality of administrative services made available to experts by recipient countries in order to help them for a complete success of the program. The value of technical assistance received: experts, scholars and material for demonstrations.

The final synthesis of overall results leads the B.T.A. to draw the following conclusions:

In 1958, projects undertaken in 13 countries have given satisfactory result in general. Numerically that is with 923 projects:

- 75% are classified as "excellent and satisfactory"
- 16% too soon to judge
- 8% inferior to forecasting
- 1% interrupted prematurely

The general defects common to all these programs of technical cooperation are:

1. Their slowness and heaviness
2. The high over-all costs
3. The dispersion of efforts
4. The insufficiency of connection between technical cooperation and economic assistance.

---

National governments as well as technical cooperation institutions have to face such hindrances.

THE ROLE AND PART OF THE EEC

In general, we have seen that the EEC as a whole contributed up to the half of world technical cooperation effort. We shall recall again the importance of bilateral efforts of certain EEC members such as France and Germany. The EEC action in Africa is distributed into six programs as follows:

1. A program of scholarships: the EEC Commission has organized a program of scholarships which are granted to students from Associate African countries. The program is controlled by both governments and the Commission of the EEC. Scholars are distributed among major sectors:
   - Economic sector
   - Agricultural sector
   - Technical sector
   - Other sectors

2. A program of training courses: organized for a shorter period of time for civil servants coming from the associate countries in order to be aware of the EEC programs related to the Association.

3. A program of short period formation: this program is connected with African student resistant in Europe and is to associate them to the EEC conferences, meetings, and visits and touches with local

1 Ibid.
personalities and organizations in Europe.

4. "Pre-investment" action of technical cooperation. This action consists of a. the development programming studies at the scale of a whole country or region, b. the general studies and concerned with definite problems of development in associate countries, and c. specific studies for organizing of evaluating investment projects.

5. Direction of programs in associate countries if necessary to help them.

6. This is due to the lack of competent services and cadres in these countries. Long-period regional technical cooperation.

These programs are financed by the European Development Funds. But foreign services interested in specific tasks are invited to join the program which is not confined to the only associate countries but to the all African countries which may be interested in.

For the whole African Continent the EEC again is preparing a "Regional Technical Cooperation Plan", which would have, like the Colombo plan for Southeast Asia, to coordinate bilateral efforts of all countries having particular relations with African countries, plus U.S.A., for a technical cooperation action for the whole continent.
CHAPTER VII

SUMMARY AND CONCLUSIONS

The objective we pursued in this brief study was to analyze the implications of the European Common Market for the development of Africa. Two major questions were at the basis of our study:

1. What are the economic problems that African countries in process of development have to face?

2. What can, and how can the EEC do for the economic development of Africa?

Our research naturally led us to study the principles of and the institutional basis of the association of some African countries to the EEC and some important factors of development in Africa such as industrialization and development of exchanges, investment and technical cooperation. In each case we tried to give our personal interpretation of our findings, and to stress the role of the EEC. In other words, we had gathered all information necessary to give an answer to the question: Are the technical and institutional means provided by the EEC adapted to the problem of the economic development of the African associated countries, and what strictly economic basis should induce Africa to strengthen her association to the EEC? The EEC is economically sound and is necessary. Isolationism is no longer valuable today for any country, and mainly for countries in process of development. No small nation or group is able alone today to ensure security and sound economic growth, and progress for itself. Technical progress has been such that no small country can alone exploit at a reasonable cost its advantages efficiently.
and protect itself against its dangers or drawbacks. As far as African countries are concerned, we have seen that their state of economic development is still too low to ensure them an absolute economic independence which furthermore does not exist in any country in the world today. They need and will need for some time yet foreign aids and capital to finance their fast development programs. As far as the association of Africa to the EEC is concerned, our affirmative position is based upon four factors: 1. It is more convenient in practice; 2. it is very flexible, 3. there is an economic complementary between Africa and the EEC, and finally, 4. the EEC might come to be a potential factor of unification of Africa.

The association Africa-EEC is more convenient in practice than any other partnership for Africa. Centuries of contacts have established between the EEC members and Africa a cultural, political and economical community such as administrative systems, institutional systems, monetary systems, languages which are the fundamental basis for any durable and sound association. Therefore, such an association would not need a so drastic and uselessly costly changes for Africa.

The economic and political flexibility of the EEC: The renaissance of European economy is surely a factor of a certain political and progressively economical flexibility. In that perspective, we believe that the EEC is economically strong enough, politically flexible enough, and culturally close enough to constitute an ideal partner for Africa.

Economic complementarity: Another very important factor is the complementarity which exists between the European and the African economies. The old Europe has skill, technicians and capital that Africa lacks of.
In return Africa has most of important raw materials and natural resources that Europe needs and cannot get elsewhere better than in Africa for her industry and for her consumption. Such a complementarity in their economies suggest that there is a possibility for a loyal and fruitful cooperation.

**E E C as a potential factor of unification for Africa:** It is obvious that a fast and efficient economic development of Africa relies first of all on the unification as far as possible of her different states. These are too small and weak alone in order to make an efficient use of aids and investment and technical progress. The arbitrary division of Africa is not only her economic weakness, but it also is a source of restless political turmoil and waste of efficiency and cohesion in the effort for economic development which also are not very inducive for investment of foreign capital. It is the major hindrance for any large scale program of development. On the hand, the causes of economic underdevelopment in Africa are every where the same. Therefore, the remedies for them should be also the same everywhere in Africa, that is, underdevelopment should be approached as a whole and not on a specifically arbitrary basis. After all, Africa was divided at the image of Europe between European powers. The unification of Europe should bring about or at least facilitate the unification of associated African countries.

In order to achieve fully the objectives of the association, it is necessary to review the institutional basis of the association and to adapt them to the real economic and prioritary needs so that it will be as able to meet satisfactorily the economic objectives for a quick development. We, therefore, suggest that the basis for discussion and negotiation between the E E C on the one hand, and its African partners on the other
hand, the following steps:

1. The creation of an "Organization of African Countries Associated to the EEC," grouping all the African countries partners of the EEC. That organization should be based on the same principles of cooperation and solidarity than those between the EEC members themselves. It will be open to any African country which wants to achieve its economic development jointly with the other African countries in the cadre of the EEC. The "Organization" then receive candidates and endorse them before the EEC authorities.

2. The creation of a "Special Cooperation Funds", for the African countries Associated to the EEC. That "Funds" would be swelled by the contribution of all the members of the EEC - African association, on the basis of their respective national income. The Funds would be managed on a parity basis; the representatives of African countries on the one side and the representatives of the European contributors on the other side. These representatives would together study the needs for investment of each African country and distribute funds or aids between the applicant countries on the only basis of their priority needs. By that way, all projects or programs would be presented to the Funds by the Organization as a whole.

3. We also suggest the constitution of a "Development Institute for African countries associated to the EEC." That institute would be a central organism for the coordination of different development programs of African countries in order to avoid anarchical and antagonistic planning and programs. It also would organize groups of study and research for all economic and social areas for the whole African associated countries.
It would be constituted of African experts appointed by the Organization as a whole and by the EEC's experts, and also by one officer of the Funds (who might be the Director of the Funds).

4. The creation of a Central Board for the Regulation of Agricultural Prices, and for the Revolutilization and Commercialization of Agricultural Products, which will determine a general policy for all the African members of the Organization for the production and trade of their agricultural products.

5. The creation of a Board for Mineral and Energetical Resources of African associated countries. The members of that Board would be experts appointed by both the African Organization and the EEC, in order to further researches, prospections, and studies for a better and adapted exploitation and use of African mineral and energetical resources.

6. The creation of a Court of the Association, constituted by judges appointed by the Organization as a whole and by the EEC, and which will be competent for the settlement of all institutional and economic differences between the EEC, and its African partners.

7. The timing of a progressive but fast suppression of all custom or economic barriers between all African associated countries.

Finally, on the basis of our study and suggestions, our answer to the question: can the EEC be a real factor for a sound economic development for its African partners, and should the African countries join it? Our answer is definitely "yes". For we strongly believe that if a frank and serious consideration is given to our suggestions, then a true, dynamic and free Association would have been achieved to serve as an unpreceded instance of economic development and of solidarity and cooperation in the world history.
Books


Public Documents


