THE INDEPENDENCE MOVEMENTS AND ECONOMIC DEVELOPMENT

1. INTRODUCTION

The objective of today’s lecture is to understand how the first generation of economic policies (1950-1970) was partly a consequence of the nature of the struggle for independence.

2. THE SEQUENCE OF EVENTS

- The end of the First World War saw European nations anxious to extract more out of their colonies while reducing the costs of running them. (Most infrastructure in the British colonies of WA were developed at this time).

- As part of the attempts to reduce the cost of running colonies, there was greater attention being paid to indigenous people’s limited participation in administration, particularly after 1920. There was greater tolerance of indigenous groups objecting to colonial government policies. The Second World War interrupted the process of greater involvement.

- The end of the Second World War marked the beginning of intense agitation for participation in government and for self-rule in many colonies, particularly in West Africa. Soldiers returning from Europe, North Africa and Asia were the most disgruntled, returning home to no jobs; They became the urban unemployed and under-employed.

- At the same time the recession in Europe meant low prices for agricultural exports and hence declining incomes for farmers.

- A section of radical students returning from Europe and America as professionals led the struggle in most cases; (others did not). They provided intellectual leadership in poorly educated societies.

- The campaign in West Africa soon spread to East Africa. The new radicals had known one another in colleges and universities in Europe and America.

- Between 1957 and 1965, most of the colonies were granted independence, for different reasons. It was much easier to let the West African colonies go first.
3. THE GOALS AND STRUCTURES OF THE INDEPENDENCE MOVEMENTS

- The political goal varied from “self-government now” as in Nkrumah’s Ghana or Sekou Toure’s Guinea to the more accommodating request for greater participation in European-controlled governments, as in Senghor’s Senegal and Houphouet-Boigny’s Cote d’Ivoire. In most countries there were divisions about the political goals, however.

- But they were often more united on the economic goals. The broad vision was for ‘a transformation of the peasant agricultural economy into a modern and industrial one’. Even in Tanzania, the early goal was for a more modern economy.

- The basic structure was the formation of a political party for indigenous people, often transforming the issues-centered protest groups. As divisions evolved on the nature and scope of the political goal, there were break-ups in the political parties. Some of these were ideological. Others were of a social nature.

- Depending on who won greater support (not always democratically determined), the early post-independence governments adopted distinct political and sometimes economic postures, hence the classification in Chazan et.al. (Capitalists, Populists and Afro-Marxists).

4. DEVELOPMENT STRATEGIES AND THE INDEPENDENCE MOVEMENTS

It is important to appreciate the fact that while governments may be described as capitalist, populist and/or afro-marxist, there were in practice, not always very clear distinctions in the role of the state in economic development (often inconsistent, even within the same government).

- Thus, in most countries (regardless of ideology) the strategy was for import substitution industrialization, using varying interventionist and protectionist policies, i.e.,
  - Imports were restricted by a web of inhibiting licensing systems;
  - High tariffs were erected;
  - Cascading tariff structures made up of several layers as well as varying degrees of import prohibitions;
  - Tight foreign exchange controls were instituted;
  - Exports were discouraged by substantial implicit and explicit taxes, including the adherence to exceedingly overvalued exchange rates,
  - There was frequent use of non-tariff barriers such as prohibition of certain export items.
• Protections provided were neither time-bound nor performance-linked. They could not be used as an effective means to graduate infant industries from protection.

• No strategic dynamic path of the trade regimes which should be evolved as industrialisation and economic development proceeded.

• Trade policies were implemented in a rather haphazard, incoherent and internally inconsistent manner.

• The overriding economic justification for adopting and maintaining such highly protective inward-looking trade regimes were two-fold: fiscal imperatives and balance-of-payment considerations. Thus, trade policy instruments were largely used for macroeconomic management, i.e. both for attaining internal and external balances.

5. WHY DID THE SMALL STATES AT INDEPENDENCE FIND IT NECESSARY TO EXPAND RAPIDLY?

• “The struggle for independence was at the same time a struggle for economic development. New leaders were to be judged by their performance in liberating people from poverty” (p.12). The inconsistent attitudes in relation to the role of the state were therefore a direct consequence of the nature of the political and economic situation that each regime believed it faced.

6. WHY DID SSA CHOOSE TO “WITHDRAW” FROM THE GLOBAL ECONOMY?

• The fact that SSA countries largely chose to limit their interaction with the world economy after independence was a consequence of the general desire to reduce what was regarded to be its dependence on the colonial powers and other powerful external economic forces. The strong belief among ideologues that development could only be achieved through reduced dependence informed economic policy-making.

• Unfortunately, the pre-independence ‘hype’ about new jobs, modern amenities and social advancement for the masses made it difficult to adopt what was seen as the long-drawn process of going gradually through improved agricultural production.

• The main source of pressure on early post-independence SSA governments was urban workers. This was not too surprising as many of the early post-independence governments drew their strength from urban working populations that had greater expectations from independence. They had provided the support that was essential to resist colonial governments. For many, it was ‘pay-back’ time. (Bates).
• The position of industrial entrepreneurs and traders has been quite ambiguous in a number of countries. Most indigenous businessmen were simply involved as redistribution agents of foreign firms in the pre-independence days. Indeed, there is hardly any history of organized industrial production of goods beyond informal production such as that by woodworkers and blacksmiths.

• One way in which ethnic divisions were used to influence SSA participation in world trade has been the extension of it into nationalism and its use to divide citizens of countries on the basis of ‘indigenes’ versus ‘outsiders’ (Uganda).

• From outside the continent, SSA’s involvement in global trade was influenced first by geo-political considerations and ideological influences, external shocks of all kinds, multilateral trade agreements and the kinds of regional groupings that countries found themselves in.

• The entry of the military into SSA politics marked a new dimension in the east-west confrontation in the region. Several of the military governments that emerged in the 1960s and 1970s, often with western support, devoted little attention to the development of key institutions for effective economic policy-making that would take into account the positions of their countries in relation to others, beyond the traditional colonial arrangements.