

Book Review

"Economic—Independence in Africa" Edited by D.P. Ghai, East African Literature Bureau, 1973.

"Economic Independence in Africa" is a collection of ten articles on economic self-reliance in the African context. It is divided into two parts. Part I concentrates on the definition of self reliance and strategies which a developing country may adopt to achieve this. Part II contains case studies of Kenya, Zambia, Egypt and Sudan.

The first article, "The concept and strategies of economic independence" is contributed by D.P. Ghai. The author has given two interpretations of the concept. In the structuralist sense, it refers to the need to bring about structural changes in the production and trade of developing countries. Moreover it also implies the substitution of national for foreign capital, skills and enterprise. The phrase 'economic independence' has been used in the latter sense in this paper. The author, however, does not realise that economic independence is a many-sided phenomenon and the state take-over of foreign enterprises may not necessarily lead to effective economic control of their resources by the developing countries, who depend heavily (in the structuralist sense) on the developed countries. The second essay is by H.M.A. Ontrri, who is of the opinion that economic independence would have to be sought within a framework of interdependence between nations with unequal economic and political power. He does not reconcile the apparently conflicting goals of economic interdependence and economic independence. The third article entitled, "Economic Independence and Economic Cooperation", is contributed by Mr. R.H. Green. This is particularly interesting because it emphasizes the need for structural changes in African economies so as to pave the way for more effective national control of economic decision-making. Moreover, he thinks that economic cooperation amongst African economies is not contradictory to the goal of economic independence. His case that economic cooperation can enhance the degree of economic independence attainable by African economies rests on their ability to increase decisionmaking and implementation by promoting economies of scale in larger indigenous manufacturing units, and by encouraging specialization.

In the following article, Mr. B. VanArkadie argues that the state sector has a key role to play in lessening economic dependence of African economies, where dependence is defined as the differentials of LDC's in the control of important assets, the bargaining strength in important commodity markets and claims on income flows. One might not disagree with Mr. Arkadie's conclusions but one would have certainly liked to see some comments on the limitations and constraints on the role of public sector in African economies such as the shortage of requisite skills. Mr. J.S. Saul's article marks the end of Part I of the book. He examines the political aspects of economic independence by discussing such questions as economic independence for whom, from what and for what? The main focus has been upon social classes, their activity and role in the development process, rather than upon "nations". A particularly interesting

feature of Mr. Saul's article is the line he draws between formal economic control and effective economic control, the latter being the most important attribute of economic independence.

In part II of the book, steps taken to achieve economic independence by countries like Kenya, Zambia, Egypt and Sudan are enumerated. The four case studies in this part have one common weakness, e.g., economic independence has been equated either with the localisation of capitalism (the term used in the book to mean the handing over of foreign firms to the indigenous capitalists) or a state take-over of expatriate firms. In my opinion economic independence means much more than these measures, which may be the necessary, though not the sufficient, conditions for attaining economic independence.

There are several features of this study which make it an interesting work. First, it sheds light on the various aspects of a subject which not only concerns African economies but is also of considerable interest to the policy makers in other developing countries. Second, the articles have been presented in such a lucid manner as to be useful to professional economists and be of interest to generalists as well.

The study has, however, certain shortcomings. First, the concept of economic independence has been too narrowly defined. The major focus of the book has been on the two aspects of the issue: The substitution of national for foreign personnels and that of national for foreign enterprises, whereas some of the key questions relating to the concept either remain unanswered or at the most half-answered. It would have considerably contributed towards the unambiguity of the concept, had the authors tried to answer questions like: is economic independence compatible with international trade and receipt of foreign private investment or development assistance? Is economic independence in conflict with need for cooperation between LDC's and DC's? Is there a conflict between development and economic independence? What ought to be the role of foreign private investment in African economies (one of the important sources of development financing in African countries) in the light of quest for economic independence? The second weakness of the study is that the disadvantages of economic independence (as defined in the book) for African economies have not been brought out. 'Nationalization' has its costs, in terms of economic inefficiency and a slower rate of growth. In my opinion it is incorrect to assume that the African economies would remain immune from these costs, especially since these countries are conspicuously short of human-capital.

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