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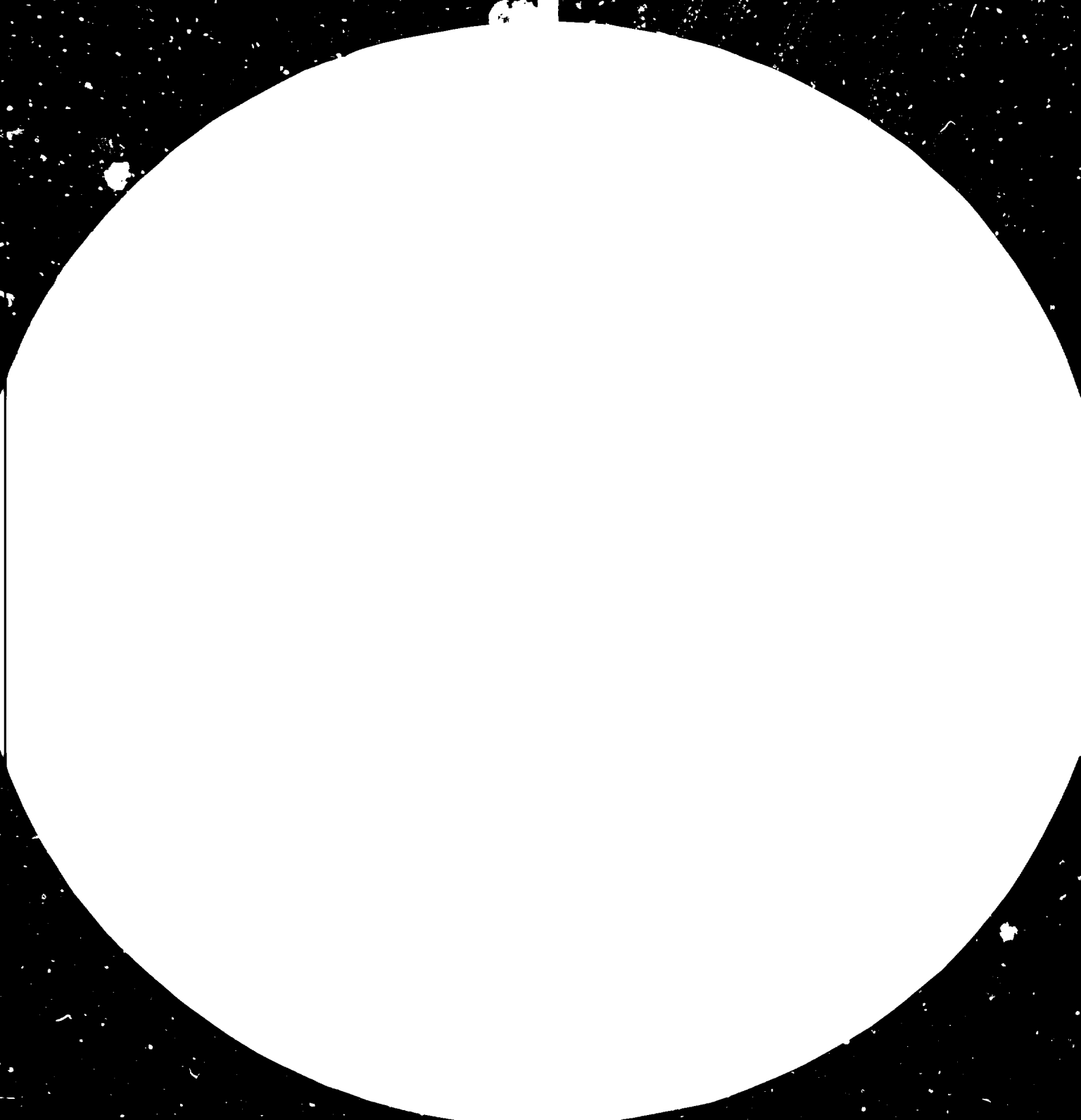
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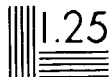
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GENERAL CONFERENCE
OF UNIDO**

*Industrial Development Strategies and Policies
for Developing Countries*

Lima, Peru, 18-22 April 1983

**DEVELOPMENT IN THE DEVELOPING COUNTRIES
IN THE 1980s**

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FOREWORD

As part of the preparatory activities for the Fourth General Conference of UNIDO (UNIDO IV), a high-level expert group meeting on industrial development strategies and policies for developing countries is being organized in Lima, Peru, 18-22 April 1983.

This particular meeting is considered to be of crucial importance to the preparations of UNIDO IV, since it has as its objective the review of strategies and policies of the past as well as the identification of key elements in industrial strategies and policies for the 1980s and 1990s as perceived by national policy makers. On this basis, the meeting will identify those issues on which further detailed work in the strategies and policies area should proceed in preparation for UNIDO IV.

Development in the Developing Countries in the 1980s begins with an assessment of the results of the development of the industrial base in the developing countries at the beginning of the 1980s and then turns to a closer examination of development prospects for the African countries, looking first at the prospects for co-operation among the member countries of the United Nations Economic Commission for Africa during the 1980s, and then at the possibilities and prospects for the use by African countries of socialist industrialization theory and practice.

The paper was prepared by E.A. Bragina, M.A. Kyznetsova, E.V. Morozenskaja and O.B. Novikova.

ASSESSMENT OF THE RESULTS OF THE DEVELOPMENT
OF THE INDUSTRIAL BASE IN THE DEVELOPING
COUNTRIES AT THE BEGINNING OF THE 1980s

The development and modernization by the developing countries of their own industrial potential and the elimination of their backwardness in a whole number of major economic areas is a task which is essentially global in nature and the solution of which will contribute to the recovery of the international economic situation and the progress of all mankind. In terms of many indicators, the decade of the 1980s marks an important stage in the effort to solve the pressing problems of the developing countries.

There are several groups of factors at work in the industrial development strategy. Some of these factors have a mainly national impact, while the effect of others is global, but the most promising approach is the comprehensive one which combines these conditions. One might refer, in this connection, to the need for joint solutions to the problems in such areas as energy, the economy, raw materials, and many others, solutions which in turn will exert a stimulating effect on the development of the world economy as a whole.

Industrialization as a generalizing concept and trend in the socio-economic policy of the developing countries is an important factor in their continued forward movement towards progress. The character of this process, along with its forms and methods, do not remain immutable or static, but are rather enriched by the experience of the developing countries themselves and those international organizations whose mission it is to assist them in every possible way through their work. The content of industrial strategy is materially affected by the state of international relations, the position of the developing nations in the world economic system, and the thrust and essential features of scientific and technical progress.

Industrialization gives rise to complex, multi-variable processes in the developing countries. The internationalization of production, coupled

with ever-increasing specialization, is responsible for the developing countries' accounting for an expanding share of the international distribution of labour, among other reasons because of the strengthening of their national industrial infrastructures. This decision by the majority of newly independent States to develop and expand an industrial sector of their own reflects their desire to move towards greater economic self-sufficiency and to achieve a more equitable status in world economic relations.

The developing countries see the growth of their national industries as being closely linked to the solution of a number of external economic problems, thus accentuating the global nature of industrialization. The formulation, under United Nations auspices, beginning in the 1960s, of ten-year development strategies which lay down in a general way the basic guidelines for growth in the young States, including the industrial sector, is a confirmation of the international character of the industrialization process. An important role in this new approach to the industrial development of the recently independent countries was played by the 1975 Lima Declaration, which established as a target the expansion of these nations' share of world industrial production to 25 per cent by the year 2000. This goal reflected both the new alignment of forces in the world arena and the increasing co-operation between the socialist and developing countries in the economic and political sphere, as well as the shifts occurring in the expansion of industry in the developing countries themselves.

The active role of the State in stimulating industrial construction and its direct involvement in the establishment of new production enterprises, mainly in heavy industry, was a contributing factor to industry's becoming the most dynamic branch of the economy. The high growth rates in this sector, especially in the 1960s and early 1970s (nearly double the growth rate in agriculture and in certain years climbing to 8-10% per annum) provided a basis for a substantial increase in the volume of national industrial production. From 1950 through 1980 this indicator rose by a factor of 6 or 7, among other reasons thanks to the creation of a number of new branches. The industrial

Of major importance to the success of the industrialization policy is the fruitful co-operation of the developing States with the USSR and the other CMEA countries.^{1/} In the 1970s the growth rates in the CMEA countries were twice higher than in the developed capitalist States, their national income increasing on an average over the decade by 66 per cent and their gross production volume by 84 per cent.

In the area of trade in finished goods, the steady growth in imports from the newly independent countries to the CMEA countries stands in marked contrast to the protectionist policies of the West. As long ago as 1965 the Soviet Union abolished all duties on these imports. In 1982 the CMEA countries provided economic and technical assistance to 92 developing countries for the purpose of strengthening the public sector of their economies, developing their natural resources, and expanding the training of indigenous personnel.^{2/}

Despite the difficulties confronting the developing countries, it is timely and important to emphasize that industrialization remains a priority goal through which the problems of these countries can be solved, provided that it is pursued in a consistent and comprehensive manner. It is logical that particular aspects of this process and the specific forms of industrial policy can be examined in accordance with changing internal and external conditions. At the same time, however, there are inherent in industrial strategy certain factors which are of crucial importance.

Primary among these factors is the role of the State as the agent of development. It is under the aegis of the State that industrial policy is both formulated and implemented, and that the public sector in the most vital, "structure-forming" branches of the economy is strengthened. Unlike the private sector, the public sector can be guided in its activities not by the desire for maximum profit, but by broadly conceived socio-economic goals and the

^{1/} See UNIDO/WG.357/7 and UNIDO/TS.335.

^{2/} See "MEIMO", 1983, No. 1, p. 105.

quest for more uniform and balanced development. An essential element providing a genuine prerequisite for the lessening of socio-economic disproportions is the decisive role of the State in the construction of vital infrastructural facilities and works and in the establishment and/or expansion of dynamic branches of industry in developing countries. In this way it is possible to plan appropriate ratios between industry and infrastructure at various stages in their evolution and strengthen the linkages between them, and also to introduce a definite element of planned regularity into the area of economic development.

No less important is the role of the State in curbing the growth of social inequality. Among the measures that may be taken to this end, particular mention should be made of the effort to secure a uniform and equitable redistribution of national income, which includes an appropriate fiscal policy, effective and radical agrarian reform and the support of co-operatives, State control of prices and distribution, and a number of additional measures. The acute economic inequality that currently exists in many developing countries, and the associated effective demand, has the effect of distorting the branch structure of industry, and leads to an underutilization of production capacity because of the emphasis on the production of goods and articles designed for the more affluent strata of the population.^{1/} Capital, skilled labour, and modern equipment are all concentrated in this narrow sector of industry, at the same time that the broad masses of the population, particularly the rural population, are able to enjoy the fruits of industrialization to only a negligible degree.

* * *

In the industrial policies of the 1980s an increasing importance will attach to measures designed to mitigate the most blatant disproportions in the national economies of the developing countries. This refers mainly to the ratio

^{1/} According to UNIDO estimates, underutilization in developing countries is as high as 30 per cent of production capacity.

in the growth rates for agriculture and industry. The chronic backwardness of the agricultural sector, the increasing imports of cereal and other food products have accentuated the imbalances between the various branches of industry and have noticeably inhibited the development of industry.

It would appear that under these conditions the role of industry in establishing and expanding direct and reverse linkages with agriculture and in furthering the process of integration in the economy is especially vital. Today, the principal flow of goods between these sectors consists of agricultural raw materials and a number of consumer items. By increasing the share of goods for use in production, the technical endowment of the agricultural sector will be enhanced and a contribution made to increased agricultural production. No less important an aspect of industrial policy is the expansion of infrastructure construction for the agricultural sector, which has the simultaneous effect of generating new jobs, particularly outside of urban areas.

The acute unevenness of economic development and the presence of structural disproportions in the economy have led to greater social polarization and to mass unemployment and poverty in the developing countries. Increased employment as a means of ensuring at least a minimum livelihood for the broad masses of the population has rightly been awarded pride of place in the development strategy. Along with rural unemployment in its various manifestations, there is a rapid rise in urban, "overt," unemployment. In large measure this phenomenon is connected with the wide-spread retention in the industrial structure of small-scale production, including the informal sector. This raises the question of the possibility and need of applying various levels of technology, the multi-stage nature of the equipment introduced, and the coexistence within the industrial sector of modern means of production side by side with traditional tools of labour. The weaknesses of small-scale industrial production - limited technical sophistication, rudimentary technology, low worker skill levels and correspondingly poor product quality - lead to a lowering of production efficiency.

However, considering the pervasiveness of small-scale traditional production in developing countries and its role in providing employment and income for large segments of the population, measures to gradually modernize this category of production activity and to widen its links with the modern factory manufacturing sector represent an important aspect of industrial policy.

The experience of industrialization indicates that the heightened role of research and development in industrial policy is an objective factor the importance of which is destined to increase perceptibly in the decade of the 1980s.

The technological backwardness of the developing countries vis-à-vis the technically advanced countries (which, according to UNCTAD estimates, are ten times more advanced in this area, and in certain high-science areas far more) has resulted in the infusion of foreign capital in industrial construction, mainly in the form of deliveries of the latest technology, patent and licensing arrangements, and the introduction of modern production management methods.^{1/} This is one of the major reasons for the massive infiltration of the transnational corporations into the industry of the developing countries. This penetration by the transnationals is accelerating the ruin of small-scale enterprises in such areas as textiles, tobacco, soft drinks, and ready-to-wear clothing.

The business practices of the transnationals are leading to the predominance of incomplete production cycles in the industry of the developing countries and are increasing the dependence of these industries on imported means of production. There is every reason to believe that an industrial strategy for the 1980s must envisage measures to genuinely strengthen the control of the Governments of the developing countries over the activities of the transnational corporations and to regulate their participation in the area of industrial construction.

* * *

^{1/} The developing countries currently account for not more than 1 per cent of all the technical patents issued throughout the world. Their annual payments for the use of various forms of technical services, patents, trademarks, etc. are in excess of 10 billion dollars; however, if all payments connected with their technical dependence are taken into account, the total sum is between 30 and 50 billion dollars (UNCTAD estimate for 1980).

The developing countries have achieved unquestionable successes in creating their own industrial potential. Nevertheless, the complexity of the industrialization process and the exacerbation of internal and, especially, external negative influences are impeding the establishment of a stable internal basis for sustained growth. This fact was clearly evident in the decline in annual industrial growth rates to 1-1.5 per cent in the late 1970s and early 1980s. To some degree, the downturn in industrial production was caused by the depletion of the extensive factors behind the expansion of national industry and the need for restructuring, the broad application of intensive forms of production, and the organization of the labour force.

However, because of objective factors a transition of this kind is prolonged in character. Meanwhile, the active effect of external factors - prime among them scientific and technical advances - aggravates the disparity between the level of world industrial production and that of the developing countries. In industry this disparity shows up more strikingly than in the other areas of the economy of the developing nations, since industry is more subject to the influence of scientific and technical innovations. The lack of funds, the shortage of skilled workers, and the inadequate levels of research and development are all factors that make it difficult for the developing countries to improve the quality of their industrial products and, accordingly, enhance their competitiveness.

The growing energy-intensiveness of industrial production (in the developing countries it accounts for 50 per cent of total energy consumption) has confronted the oil-importing countries not only with the problem of finding the money with which to pay for the increasingly costly import of fuels; it has also faced them with the no less urgent task of restructuring their industries to use other sources of energy in place of oil. Given their limited technical competence, their room for maneuver in this area is limited and their reliance on imported energy imposes real limits on the expansion of the national industrial base.

The difficulties connected with ensuring energy supplies may substantially inhibit the growth of industry in the basic group of developing countries, particularly in the heavy branches. Currently, these branches are responsible for 50 per cent of manufacturing output in the developing countries as opposed to 33 per cent in 1955. There is reason to believe that, in the course of their restructuring and modernization in the 1980s, this share will rise even further. A slow-down in the rate of production of the means of production may have a negative effect on industry as a whole inasmuch as it would limit the possibilities for technical redesign and new construction.

In these circumstances, increased importance attaches to a policy of industrial development that looks to the retention of high growth rates and the further restructuring of industry. We might note that the creation of an economically and socially viable industrial structure is no easy task. It is essential to take into consideration the experience of the developing countries in formulating and implementing industrial policy, along with the strengths and weaknesses of these policies. It is quite clear that, however much they may be needed, the use of technical-economic methods alone as a means of solving the problems of development is not enough. There is evidence that the failure to devote sufficient attention to social factors, the persistence of certain traditional forms of production, the specific effects of scientific and technical progress, and a number of other factors has limited the effectiveness of the industrialization strategy.

In connection with the discussion of the design and specifics of an industrial policy for the 1980s and beyond, we might note as a general comment that a sharp delimitation of the thrust of industrial policy is not always a constructive approach. Obviously, there is always a particular stress in the implementation of an industrial policy, but in this case the need for a more co-ordinated approach seems clear.

Industrialization in developing countries passes through fairly well defined stages which differ in terms of their specific tasks and the methods by which industrial production is to be encouraged. But these stages are closely linked, and - the main thing - there is a certain elasticity between them. For example, import substitution has made it possible to reduce imports of consumer goods and certain kinds of machinery by opening up local markets. This stage of industrialization has created objective preconditions for the export orientation of a number of branches, mainly by mastering the production of - for developing countries - new industrial goods. The limited extent of internal demand has also dictated the need for access to external markets.

The transition to an export-oriented policy has meant a significant change in the priorities of industrial development, with the result that it has been possible to accelerate the rates of economic growth and improve the effectiveness of public production. But export-oriented production has still remained an isolated form of development with weak direct and feedback links to the local economy. The promotion of the export of industrial goods, as noted in a UNIDO study (Doc. YD/269, page 87), contributes to the growth of production, provided that increased use is made of local resources, including products developed as a result of import substitution.

The establishment of proportions between import substitution and an export promotion policy as part of the task of strengthening and diversifying the local industrial potential depends to a decisive extent on the expansion of the State's organizational role and direct involvement in the creation of a number of industrial branches. The establishment of a complex of modern industrial production facilities and the expansion of State ownership in heavy industry provide a real basis for a certain regulation of structural shifts in industry and a way of affecting the speed and direction of the reproduction processes.

Equally essential in this connection would seem to be the role of the State in enhancing the effectiveness of national science and engineering and in assimilating and developing technology, with a view, inter alia, to local

requirements. Although the developing countries have substantially increased their scientific and technical potential, their share in worldwide R and D is still negligible. Further efforts are needed both to expand research and development activities and especially to ensure that their results find application in the industry of the developing countries.

The expansion of the national R and D base and the introduction of scientific and technical innovations will make it possible to make better use of national science workers, who today are by no means always successful in finding an area in which to apply the education they have received, with the result that the economic potential of the country suffers accordingly.

The need for the State's regulatory involvement is no less felt in connection with the particular status of traditional small-scale industrial production and the acute problem of unemployment. Although the modern, structure-forming branches of industry play a leading role in ensuring growth rates, still the specific features in developing economies and the social factors at work in the developing countries require the retention of small-scale industrial production both as a means of supplying the internal market with consumer goods and of providing employment for millions of people.

The modernization and restructuring of the industry of the developing countries are further accentuating the irregular patterns of development: a single industrialization process may be characterized by the coexistence within it of extensive and intensive operations, small-scale and large-scale forms of production, and by the interaction of a great many economic sectors differing both in terms of the character and level of their development and in the forms of ownership specific to them. Under conditions of this kind, greater importance attaches to the co-ordinating role of the State and its direct intervention to control the mechanisms of industrial development and regulate the reproduction process. It appears that the industrial development strategy must accord greater attention to the problem of ensuring an effective national industry. The industrial potential created by the developing countries require the more extensive application of modern methods of industrial production management and organization.

PROSPECTS FOR CO-OPERATION AMONG THE MEMBER COUNTRIES
OF THE UNITED NATIONS ECONOMIC COMMISSION FOR AFRICA
DURING THE 1980s

Co-operation, and above all economic co-operation, among the newly independent African States is an important condition for success in their struggle to throw off the vestiges of their colonial past and to establish their economic independence. Particularly great importance attaches to this co-operation in the context of the efforts of the developing nations to restructure international economic relations.

An important role in the development of inter-African economic relations belongs to the United Nations Economic Commission for Africa (ECA). Established in 1958 under an ECOSOC resolution and currently grouping together all the 50 independent countries of Africa, from the outset of its work ECA has given priority attention to the problem of the economic co-operation of the countries of the continent in all its aspects. The Commission's active and consistent advocacy of the idea of inter-African co-operation and integration must be regarded as one of its major achievements, which has substantially contributed to the wide-spread incorporation of this concept in the national strategies of the African countries. Today, the development and strengthening of inter-African co-operation is a basic strategic premise for the Africa of the 1980s.

ECA is currently playing a leading role in organizing the process of the "economic convergence" of the member countries. It is conducting its work in this area along the following basic lines:

1. The identification of opportunities for inter-African co-operation and the formulation of recommendations aimed at developing it in various areas of the economy on both a bilateral and multilateral basis;
2. The establishment of an institutional mechanism to promote the development of mutual economic ties among the African countries;
3. Assistance in the preparation of programmes and in the implementation of specific multilateral co-operation projects, and also in the creation of new economic groups through technical and other kinds of assistance;
4. The creation of the organizational prerequisites for subregional co-operation among the African countries;
5. The co-ordination of the activities in Africa of the international economic organizations of the United Nations system in matters of technical assistance for co-operation and integration;

6. The promotion of mutually advantageous economic co-operation between the African and other developing countries.

Much fruitful work has been accomplished in all these areas.

The Commission's achievements have been particularly significant in the establishment of an institutional framework for co-operation. At this time, an extensive system has been established in Africa of intergovernmental organizations engaged in promoting economic co-operation among the African nations on the basis of bilateral and multilateral agreements. The continent has in current operation 18 economic groupings of an integrationist character (consisting of three or more countries) involving the majority of the independent African nations, some of which hold simultaneous membership of more than one grouping. Particularly great interest in the expansion of these integrationist ties is being shown by the so-called "least developed countries" (of which there are 21 in Africa). The ECA member countries co-operate within numerous pan-African economic institutions, such as the African Development Bank, the Association of African Banks, the African Railways Union, the Association for the Promotion of African Trade, and others (totalling more than 20), in specialized sub-regional organizations (e.g., the West African and East African rice-growing organizations and others), and in scores of bilateral commissions and committees on economic co-operation and associations of countries exporting and producing specific commodities (e.g., the inter-African organizations grouping together the producers of coffee, peanuts, wood, etc.). Specialized multilateral organizations exist to combat diseases of cattle and agricultural crops and to control the effects of agricultural pests, in addition to which there is a large variety of joint training and research centres (e.g., the African Training and Research Centre for Management and Development, the Association for the Promotion of the Development of Agricultural Science, the Institute for Economic Development and Planning, the Centre for Industrial Design and Research, and others).

In recent years, an increasingly conspicuous role in the implementation of these programmes of co-operation has begun to be played by the special sub-regional centres, MULPOCs (Multinational Programming and Operational Centres), which the Economic Commission for Africa has established. Centres of this kind have been set up at the following cities: Yaoundé, Cameroon (servicing the countries of Central Africa: the Central African Republic, the Congo, Equatorial Guinea, Gabon, San Tome and Principe, Cameroon, and Chad); Gisenye, Rwanda (servicing the countries of the Great Lakes region: Burundi, Rwanda, and Zair); Niamey, Niger (servicing the West African countries: Benin, Cape Verde Islands, the Ivory Coast, Gambia, Ghana, Guinea, Guinea-Bissau, the Upper Volta, Liberia, Mali, Mauritania, Nigeria, Togo, Senegal, and Sierra Leone); Lusaka, Zambia

servicing the Southeast African countries: Angola, Botswana, the Comoros, Djibuti, Ethiopia, Kenya, Lesotho, Malawi, Madagascar, Mauritius, the Seychelles, Somali, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe); Tangiers, Morocco (servicing the North African countries: Egypt, Libya, Tunisia, Algeria, and the Sudan).

ECA is paying increased attention to the work of the sub-regional centres, because it believes that in the 1980s they are to become the basic mechanism for intensifying co-operation among the member countries. In this connection, the principal tasks of the centres were formulated at ECA's 16th session (in 1981) as follows: (a) the co-ordination at the sub-regional level of national development plans and programmes and of programmes of assistance received both from international organizations and, bilaterally, from developed countries; (b) assistance in the formulation and implementation of multilateral projects in the area of economic and scientific-technical co-operation. It is also planned to hold periodically seminars on sub-regional co-operation under the aegis of the centres.

Since the beginning of the 1980s, ECA has been placing substantially greater emphasis on its work to develop co-operation between the African and the other developing countries. Studies have been prepared regarding the expansion of trade between Africa and Latin America and between Africa and Asia. The Commission has dispatched missions of experts to economic associations in Latin America for the purpose of studying the opportunities for trade co-operation, and has prepared for the Arab Bank for Economic Development in Africa (BADEA) a draft document on commercial co-operation between the African and Arab countries.

An additional factor contributing to the strengthening of regional operation among the member countries is the expansion of commercial contacts with the socialist countries (the preparation of a co-operation draft was begun in 1980) and with the capitalist States (within the framework of the European Economic Community and the countries of Africa, the Caribbean, and the Pacific).

The Commission has a major role to play in the formulation of a long-term programme for the development of inter-African co-operation. The first efforts in this direction date back to the early 1970s and resulted in the inclusion in the "African Declaration on Co-operation, Development, and Economic Independence", adopted by the Organization of African Unity at its tenth assembly, of a special section setting forth the basic principles and main directions of the economic convergence of the African countries. During the next decade, the Commission's member countries held repeated discussions, at many meetings and in many forums, of the problems of their mutual co-operation. The agreed recommendations and

proposals worked out at these meetings contain a concrete programme of action to develop intra-regional co-operation and integration; this programme was adopted as an integral part of the Monrovia Strategy for the Development of Africa (1979) and the Lagos Plan of Action (1980). In its most complete form it is reflected in the Final Act of the 1982 session of the Conference of African Planners, Statisticians, and Demographers, "The Application of the Lagos Plan of Action".

As its strategic premise, the African programme for the development of intra-regional co-operation sets the task of creating, by the year 2000, an African Economic Community. This task is to be carried out in two stages. During the first ten years (1980-1990), the intention is to strengthen the existing commercial and economic groupings, followed by the creation of sub-regional communities; to intensify co-operation among African countries in the areas of agriculture, the achievement of food self-sufficiency, and the development of industry and of energy, transport, and communication systems; and finally to assist in the co-ordination of activities between the economic groupings for the purpose of creating an African Common Market. During the second stage, covering the next ten years (1990-2000), the measures taken to deepen pan-African co-operation and integration in individual sectors of the economy are to be continued, there is to be even greater co-ordination of national economic development plans, and assistance is to be given to the implementation of multinational projects in the industrial area.

In general terms, then, this is the programme for the development of mutual co-operation among the countries of the continent, a programme which is regarded as an essential instrument for the attainment of the objectives of the Lagos Plan of Action. It is a programme that distinctly reflects the African context and in which a regional focus has been brought to bear on the recommendations common to all the developing countries.

Co-operative programmes and projects are being designed for specific areas of the economy in conformity with the principles of the Lagos Plan of Action.

The ECA member countries attach major importance to the strengthening and expansion of economic co-operation in agriculture. The related problems were considered at the Fifth Conference of the Ministers of Economic Affairs, Finance, Planning and Development of the Commission's member countries, held in Rabat in 1979. That conference recommended to the African countries that they should pursue an integrated policy involving such objectives as the institution of socio-economic reforms in the countryside, the quest for self-sufficiency in agricultural commodities, the generation of additional employment and income for the rural population, the improvement of the trade network and infrastructure

in rural areas, and others. The conferees emphasized the need for stepped-up joint actions by the African nations with a view to achieving the objectives of the "Regional Food Plan for Africa" which had been adopted in 1978 as a joint ECA-FAO initiative,

A long-range plan for the development of mutual trade and co-operation for the countries of West Africa for the 1980s has been prepared, which, if it is successfully carried out, might serve as a model for similar planning to embrace the entire region.

The most important area of economic co-operation among the African countries is in the production sector. In the light of the experience of previous years when the implementation of "industrialization programmes on a regional basis" was slowed by the inadequate level of national planning (specifically by the lack of adequately mature plans for the growth of industrial and agricultural production), insufficient co-ordination of these plans at the regional level, and the failure to solve the problem of the distribution of the advantages of co-operation, the member countries of the Commission have directed their efforts towards the formulation of inter-African entrepreneurial programmes and the design of comprehensive programmes for the development of particular regions of the continent. The regional industrialization strategy which the Commission has laid down for the period through the year 2000 envisages inter-governmental industrial co-operation, multinational projects, and also the establishment of pan-African institutes of an industrial nature.

All-embracing industrial collaboration schemes have been replaced by projects calling for limited co-operation in specific sectors through the setting up of African multinational enterprises. A number of conferences of ministers of industry of the countries of Africa, beginning in 1973, have dealt with the matter of identifying these sectors and the principal modalities and directions by and in which they are to be developed. For example, at their fifth conference, held in Addis Ababa in 1979, the African ministers of industry decided to promote on a preferential basis five basic sectors, namely: 1. the food and agriculture industry, 2. construction and the production of construction materials, 3. the engineering industry, 4. the metallurgical industry, and 5. the chemical industry.

Together with the increased exchange of raw materials between the African countries, the plans for the decade of the 1980s look to an activation of co-operation among the ECA member countries in the area of the industrial development of mineral resources. This question was the subject, in particular, of the first regional conference on the development and use of mineral resources, held in February 1981. That meeting adopted recommendations to the member coun-

tries to the effect that they should organize multinational raw material enterprises and speed the establishment of co-operative ties in the area of raw material processing. Preliminary searches have already been started for sources of financing, capital investment, and insurance for the companies operating in this sector, and the results of these inquiries will be presented at the next conference, which has been planned for 1983. It is planned that during the 1980s extensive studies will be conducted into the region's available reserves of mineral resources and the possibilities for their collective processing and use.

In recent years ECA has directed particular attention to the development of African energy resources. The member countries have been given assistance in the development, planning, and effective utilization of their energy resources, and there has been research into the development and use of new energy sources, such as solar power, geothermal energy, and natural gas. The Commission has taken the initiative in the creation of a Regional Centre for the Study and Development of Solar Energy.

As a general proposition, it is fair to say that the prospects for multinational industrialization during the 1980s and through the year 2000 are linked to the establishment by the African Governments of multinational corporations to develop and exploit the continent's enormous potential natural and industrial resources to the end of achieving national and collective self-reliance. This explains why the Commission is intensifying its efforts to create a mechanism for co-operation in the area of industrial development. Such previously established pan-African institutions as the Regional Centre for Industrial Design and Production, the Centre for the Adaptation and Introduction of Industrial Technology, and others are stepping up their activities, while preparations are going forward for the establishment of an African Iron and Steel Centre, a Regional Centre for Industrial Construction, an African Multinational Projects Centre, and a West African Centre for the Development of the Petroleum Industry. Of particular importance is the creation of the African Industrial Development Fund, in which a number of international organizations will participate side by side with the African countries.

The further growth of inter-African co-operation and the expansion of its scope depend in large measure on the setting up of integrated infrastructural systems of various kinds and on all levels - bilateral, sub-regional, and pan-African. In recent years, the Commission's work to develop transport and communications has been co-ordinated through the decisions of the conferences of ministers of transport, communications, and planning of the African countries. At the second such conference, held in March 1981 and attended by the representatives of 43 African countries, the participants examined issues connected

with the implementation of the first stage (1978-1983) of the ten-year programme for the development of transport and communications in Africa, together with the preparatory work on projects for the second stage (1984-1988). In a conference resolution the delegates placed particular stress on the need to design special transport and communications programmes for the land-locked and island countries and reaffirmed their preference for regional and sub-regional projects over the purely national approach.

The plan of action for the first stage of this ten-year programme calls for the construction of 771 facilities (or, according to other data, 389 transport and 156 communications projects), estimated at a total cost of 9 billion dollars. At the present time, an agreement providing for 6 billion dollars has been reached with the creditor countries. Currently, the principal pan-African transport projects involve the construction of five trans-African highways: the Trans-Saharan Highway (Algeria-Nigeria), the Trans-African Highway (Mombasa-Lagos), the Trans-Sahelian Highway (Dakar-N'jamena), the Trans-West-African Highway (Lagos-N'jamena), and the Trans-East-African Highway (Cairo-Gaborone).

The ECA member countries are co-operating also within the framework of the African Civil Aviation Commission. This is an advisory body with responsibility for the co-ordinated development of African air transport.

Permanent and close links exist between the Commission and a number of sub-regional organizations engaged in the development of sea ports, such as the Port Authority Association of East Africa, the Port Authority Association of North Africa, and the Port Authority Association of West and Central Africa. Through their work, these associations all pursue identical goals, namely, the improvement, co-ordination, and standardization of port operations and the boosting of the effective volume of harbour work through improvements in equipment and the performance of port services.

As a result of the increased cost of liquid fuel, particular importance during the upcoming decade attaches to the co-operation of the ECA member countries in the area of rail transport. The Commission's recommendations underscore the urgency of accelerating the construction of new railroads, especially the connecting lines necessary for the completion of a unified continental rail network. The total length of the lines the construction of which has been recommended by 1988 is 15,600 km.

It is expected that the 1980s will see a rapid expansion of electric power systems on a regional scale. The first steps towards co-operation in this area among the ECA member countries have already been taken, the task now

being to establish a unified electric power grid. Regional power projects, especially those carried out by the organizations responsible for the development of the continent's river and lake basins, must play a major role in this effort.

The member countries of the Economic Commission for Africa are also engaged in bringing into being a pan-African communications system. The largest project of this kind, currently nearing completion, is the Pan-African Telecommunications System (PANAFTEL), in the implementation of which the International Telecommunications Union (ITU) and the Organization of African Unity are playing a major role. This system consists of 24,000 km of communications channels and 18 relay centres.

Also planned for the decade of the 1980s is a substantial expansion of intra-regional trade. For the first session of the committee of African ministers of international trade and finance, which met in March 1981 in Addis Abeba, ECA prepared a draft programme of action on the expansion of intra-regional trade. The development of intra-African commerce as a condition for the continent's economic development and the establishment of an African Common Market was discussed at the second symposium of ECA member countries on the development of intra-continental trade.

In recent years, together with questions pertaining to the co-ordination of the production and trading of goods, increasing attention has been given to the establishment of an intra-African marketing system that would be free of the dominance of foreign monopolies. The existing associations of countries producing specific commodities, along with the State trading organizations of the countries in the region, can provide the basis for joint export sales institutes. In ECA's view, African marketing should develop primarily through the establishment of the appropriate multinational enterprises. There are also plans to set up specialized corporations designed to act as clearing houses or chambers of commerce and furnish the countries of the region with information on prices, profits, the distribution of markets, and freight carrying conditions. The basic objective of these corporations, which will be under the control of the member countries, will be to develop intra-African trade.

From the very outset of its activities, the Commission has been greatly concerned with the development of African trade and the currency area and in the area of credit and monetary transactions. This is in line with ECA's view that these areas are of critical importance to the effort to speed the processes of economic growth and development. The outcome of the struggle for economic independence. The Commission has witnessed a considerable activation of co-operation in the economic and financial area,

at a time when this co-operation was recognized as an essential tool in implementing the policy of self-sufficiency. An increasingly conspicuous role in the economic development of the countries of the region is being played by one of ECA's first "brainchildren" - the African Development Bank. Founded in 1966, the Bank has annually increased the number and average size of the loans it grants to the participating countries. The priority in the Bank's financing activities is accorded to those projects and programmes which meet the interests of more than one member State, and also those which contribute to the development of complementary economic structures in the member countries. The Bank maintains close contacts with the regional organizations of Africa and also with international organizations. Specifically, there is a joint OAU/ECA/ADB committee, whose tasks include the co-ordination of the work programmes of these three pan-African organizations. The Bank is taking steps to become even more active. For example, at the conference held in April 1981 on the expansion of the Bank's information activities, a decision was taken to establish regional branches in order to facilitate contacts on the part of African Governments with the Bank.

Considerable experience has been gained by another pan-African financial organization - the Association of African Central Banks, which groups together 27 national and two regional banking institutions. The Association's programme of work includes the development of sub-regional payment systems; the consolidation and expansion of the role of financial institutions in the mobilization of internal resources and the funding of expert studies and private capital investment; and participation in the solution of international currency problems. The emphasis in the 1980s will be on the study of problems connected with currency control, the unconvertibility of currencies, and the extension of foreign trade credit. The purpose of all these measures is to lessen the difficulties in the development of sub-regional trade caused by currency and financing problems. The Association has lent its assistance to the establishment of the African Centre for the Study of Currency Problems (1975), whose responsibilities include the preparation of recommendations on specific international currency problems and the formulation of a unified policy for the African countries in this area.

The outlook appears to be for an activation, during the next years of the decade, of the interventions of the regional central banks, the regional development banks, and the commercial banks as they increase the levels of their funding for intergovernmental co-operation among the African countries. This subject was at the centre of a meeting of the directors of West African regional and sub-regional development financing institutions which took place in Benin in 1981. Among those projects which have already been carried out

with the help of the sub-regional financing system is the project for the integrated development of the telecommunications system in West Africa. Currently on the agenda is the question of joint funding for the establishment of a multinational maritime transport company and a highway construction project under the auspices of the Economic Community of West African States (ECCOWAS), including the Nouakchott-N'jamena Trans-Sahelian motor road and the Nouakchott-Lagos coastal road, along with sub-regional projects in the agricultural area (a seed production and distribution centre, grain storage facilities, rural water supply systems, etc.).

A decision has been adopted to establish an Association of West African Banks for the purpose of intensifying co-operation among the countries of the sub-region, with particular emphasis on exchanges of information regarding the participants' practical activities. This association would also act as the intermediary between the West African banks and the Sub-Regional Committee of the Association of African Central Banks.

In addition to the growth in co-operation for the financing of regional and sub-regional projects, co-operation is also expanding in terms of the actual currency transactions of the ECA member countries. For example, under a decision adopted at a session of the Board of Directors of the Central Bank of the Central African Countries, a sub-regional currency market will begin to operate in the 1980s. Currency and financial co-operation is also being developed within the framework of other regional groupings (the East and West African development banks, the Mutual Assistance and Guarantee Fund under the Entente Council, the Fund for Co-operation, Compensation and Development of the Economic Community of West African States).

Since 1976 there has been in operation the Pan-African Insurance Company, which was founded by 42 African States and one of the principal objectives of which is to attract capital from national companies for investment in the African economy. The member countries have undertaken to pay 5 per cent of the revenue from their insurance activities into the fund of this pan-African organization. The company is to expand its activities in the years ahead. For example, in accordance with a decision adopted at the organization's eighth conference, held in Lusaka, Zambia, in May 1981, a special committee has been set up to prepare action programmes in the area of agricultural insurance. Attention was also drawn to the need to do more in terms of training qualified insurance agents from among national personnel. This pan-African company later served as the model for the establishment, in 1978, of the Organization of East African Insurance Companies (participants: Zambia, Kenya, Madagascar, Mauritius, Malawi, Mozambique, Swaziland, and Tanzania). This organization concentrates its attention on the training of qualified personnel for the participating insurance

companies, one of its initiatives having been the establishment of the Insurance Institute of East Africa in Nairobi, Kenya.

The ECA member countries are also directing increased attention to the broadening of scientific and technical co-operation among the countries of the region. The Commission's work programme for 1982-1983 places particular stress on the co-ordination of the scientific research conducted in the African countries and on the augmentation of assistance by the Commission to the scientific research organizations operating under its aegis. For the purpose of co-ordinating research in industrial technology on a regional scale, the African Centre for Industrial Design and Production was established in 1980.

Scientific and technical co-operation among the member countries of the Economic Commission for Africa is one of the most promising trends in their intra-regional co-operation efforts. Of great importance in this connection is the question of the joint training of personnel in various specialized disciplines and at various levels. Two large regional research and training centres are already operating successfully under the Commission's aegis - The African Training and Research Centre for Management and Development (Tangiers, Morocco) and the Institute of Economic Development and Planning (Dakar, Senegal).

The accelerating process of the economic convergence of the African States is an important reality in today's Africa. The reason for this progressive phenomenon lies in the need to speed the development of the productive forces of the countries of the continent so that they may achieve a position of parity in international economic relations.

POSSIBILITIES AND PROSPECTS FOR THE USE BY
AFRICAN COUNTRIES OF SOCIALIST INDUSTRIAL-
IZATION THEORY AND PRACTICE

The elimination of economic backwardness and success by the African States in their struggle for economic independence are impossible goals unless there is a sharp increase in labour productivity based on the development of industry and on the replacement of manual labour by machines. Industrialization is the key factor to the economic growth of the nations of the African continent. "It is only on the basis of industrial development that a restructuring of international economic relations can take place and the developing countries can be integrated into the new system of the international division of labour." ^{1/}

The importance of industrialization to the socio-economic development of the African countries is recognized today by practically all the economic and political leaders of Africa and also by such international organizations as the Organization of African Unity (OAU) and the United Nations' Economic Commission for Africa (ECA). This is further evidenced by the fact that the ECA has proclaimed the 1980s as the African industrial development decade. To what degree is the Soviet experience applicable to the conditions of the developing States?

To begin with, let us consider how the very concept of industrialization is to be defined. There are various treatments of this process in the economic literature. For some writers it may be ultimately reduced to the development of manufacturing industry, others understand by it the emergence basically of heavy industry, while still others regard industrialization as the development of industry in opposition to agriculture. The Soviet economist N. S. Babintseva, taking her lead from Lenin's definition of industry in the broad sense of the word as production based on the social division of labour and the

^{1/} 'Ekonomika nezavisimyykh stran Afriki', Moscow, 1972, page 9.

use of machines and being of a commodity nature, ^{1/} notes that industrialization should be understood as a particular period in the socio-economic development of a society during which a specific system of production based on the use of machines comes into being. "...industrialization is a system of all the technical and socio-economic changes (transformations) in social production as a result and on the basis of which one of the modes of production based on machine technology and the industrial organization of social production is developed." ^{2/}

At the present time, this understanding of industrialization as a complex socio-economic phenomenon is also coming to be shared by a number of Western authors; for example, the French economist M. Humbert has emphasized that the industrial restructuring process must be viewed as an integral part of the transformation of society as a whole. ^{3/}

Thus, industrialization is a socio-economic process that may be directed at two fundamentally different goals - the establishment of a capitalist or a socialist form of production. Depending on this essential factor, there may also be distinguished the two basic kinds of industrialization - capitalist or socialist.

Socialist industrialization, which relies on the advantages of the public ownership of the means of production, is able, as the experience of the Soviet Union demonstrates, to solve the problems of the restructuring of social production within, historically speaking, a brief period of time. The plan-based development of the economy and the concentration of capital investment in certain key areas of development makes it possible to use limited resources to maximum effect. During its industrialization period, the rate of accumulation in

^{1/} See V. I. Lenin. Polnoje Sobranije Sochinenij, Vol. 3, p. 309.

^{2/} N. S. Babintseva. Industrializatsija v razvivajushchikhsja stranakh. Moscow, 1982, p. 8.

^{3/} See M. Humbert. "L'industrialisation sous contraintes", Revue Tiers-Monde, Paris, No. 87, Vol. XXII, 1981, p. 52C.

the USSR amounted to 26 - 29 per cent of national income. ^{1/} The effect of all these factors made it possible to achieve unprecedented growth rates. During the period 1928-1937, the mean-annual growth rate for national income in the Soviet Union was 16.5 per cent; during the period of the prewar five-year plans gross industrial production rose by a factor of 5, its mean-annual growth rate for the period 1928-1940 being 16.5 per cent, and for heavy industry - 20 per cent. ^{2/}

At the same time, in capitalist countries like the United States and Japan, where in comparison with other countries of the capitalist world economic growth proceeded at a fairly rapid pace, the maximum industrial growth rates during the restructuring period were 6-7 per cent and 8.5 per cent, respectively. ^{3/}

The situation in the African countries is completely different. In these countries, the economic base of the society is characterized by a state of transition and by the economic mix typical of this state. In the majority of these countries, a capitalist system of production is in the process of emerging, to the accompaniment of the integration of public production on the effective basis of State capitalism and foreign monopoly capital. Conversely, a certain number of nations have chosen the socialist approach, but here too it is still too early to speak of the emergence of socialist production relationships; at most, there is evidence of a gradual build-up of the necessary preconditions for the formation of such relationships and the establishment of progressive economic forms. In most African countries, the authority of the State is also in a period of transition, arising out of a coalition of the representatives of various classes, mainly the petite bourgeoisie and indigenous capitalists. An increasingly important role in the development of society is being played by

^{1/} V. I. Kuz'min. Istoricheskiy opyt sovetaskoj industrializatsii. Moscow, 1969, p. 132.

^{2/} N. P. Shmelev. Problemy ekonomicheskogo rosta razvivajushchikhsja stran. Moscow, 1970, p. 37.

^{3/} Ibidem, pp. 36-37.

what might be called the "bureaucratic bourgeoisie." Private ownership of the means of production is not only being preserved, but is actually expanding.

Although in the Soviet Union also, during the first years of the Soviet administration, a mixed economic system persisted (it has been described in detail in the works of V. I. Lenin), this mixed system differed radically from that which currently exists in the African States, primarily because in the USSR the socialist system predominated among the rest.

Therefore, in view of the absence of the necessary socio-economic pre-conditions, at the current stage there can hardly be any discussion of the total application by the African countries of Soviet industrialization experience.

The importance of our country's example for the nations of the African continent resides in the fact that it provides living proof of the possibility in principle of achieving a rapid industrial restructuring of the economy and points the way towards such a restructuring, namely, through a socialist revolution aimed at the building of a socialist society. "Obviously, it would be incorrect," writes Doctor of Economic Sciences N. P. Shmelev, "to attempt any simple comparison of the contemporary problems of the developing countries with the specific methods which were used to solve similar problems in the Soviet Union during its period of industrialization. There can be no question of concrete prescriptions - the times today are in many ways different, as also different are the conditions and the opportunities. What is of genuinely great importance to the newly independent developing countries is the logic of development and the principles of that social system which has produced the most effective solution in world history to the problem of industrialization." ^{1/}

There are in the economies of the African countries a number of characteristic features that distinguish them not only from the socialist countries,

^{1/} N. P. Shmelev. Op. cit., pp. 46-47.

but also from the capitalist States, and which make it impossible to bring about their industrialization along classic capitalist lines. The Marxist-Leninist analysis of the phenomena of social life requires that attention be given to the whole range of factors affecting these phenomena, including such considerations as the historical age and the international situation. As long ago as when Germany and Japan began the industrial restructuring of their economies at the end of the 19th and beginning of the 20th centuries, industrialization involved certain particular characteristics linked to changes in the world capitalist system, to the transformation in the advanced capitalist States of free competition into monopolistic capitalism, and to the intensifying influence of external factors on the process of economic development. The further expansion of foreign trade, the export of capital, and the struggle among the imperialist powers to divide up the world between them - all these factors forced the Japanese and the Germans to industrialize at a rapid rate and with the powerful support of their governments.

From the very outset, the economic development of the African countries has been marked by the far more more considerable role of the external factor in all areas of socio-economic life than was at one time the case in today's industrially advanced countries. This is the result both of particular features of the present age and of the specific historical evolution of these countries.

At the present time, no one country can develop in isolation from the rest. National economies are becoming more interdependent, the socialization of production has crossed the frontiers of national economic entities, transnational corporations have appeared, integrationist processes are gaining momentum. The African countries are also affected by all these developments. In addition, however, these countries occupy a special, subordinate and unequal position in the system of world economic relations. In many instances they have inherited from their colonial past a one-sided monoculture orientation in their foreign trade along with an extraordinarily high degree of dependence on

foreign capital. Another important consideration is the fact that the industrialization of the countries of Africa is taking place at a time when there has been a revolution in science and technology, when the science and engineering gap separating them from the advanced capitalist countries is widening rapidly, and when there is emerging a new form of dependence, namely, technological dependence.

All of these factors as they pertain to the African countries shape the specific way in which they are experiencing the industrialization process. On the one hand, these States must take into account the already established division of labour as the basis for their economic development, whereby nearly all of them have no choice but to resort to foreign capital for the industrial restructuring of their economies.

Under the conditions that prevail in the African countries, the State alone has the power to oppose the inroads of foreign capital and to mobilize the fairly sizable financial resources needed to meet the requirements of scientific and technical progress. Therefore, the role of the State in the industrialization of these countries is not simply a matter of creating favourable conditions for the operations of local private capital; rather, it is itself a major entrepreneur with an involvement in mixed enterprises operating with indigenous and foreign capital. In addition, efforts are being made to guide the process of reproduction from a single center, a fact reflected in the formulation of economic development plans.

The specific characteristics of the economic development of the African countries and the particular combination of internal and external factors are forcing African leaders to seek their own development strategy. It is important, in this connection, that this search should not lead to the creation of pseudo-scientific theories emphasizing some kind of "African exclusivity" or to the emergence of concepts of so-called "national socialisms." It is well known that individual socio-economic systems develop on the basis of general objective laws, although these laws manifest themselves in a specific way in different

countries at different times. The conscious use of mankind's accumulated valuable historical experience could greatly speed the process of the economic development of the African countries.

The thrust of their industrial policies and their desire to lessen their dependence of foreign capital is prompting the African States to turn their attention to the experience of the Soviet Union. Despite the fact that at this stage these countries cannot make full use of this experience in such areas as the socio-economic development machinery, the sources of accumulation, and the pace of economic change, certain Soviet methods for the solution of economic problems in the light of specific national characteristics are in fact applicable in these nations. Without question, greater opportunities for the use of Soviet experience exist in those countries which have opted for the socialist model and whose number on the African continent is increasing with every year.

The theoretical premises of the Soviet industrialization model were developed by V. I. Lenin and later elaborated in detail in the works of Soviet economists written during the period when history's first long-term development plan - the plan of the State Commission for the Electrification of Russia - was under preparation. In the formulation of this plan, solutions were found to such basic questions as the ratio between the growth rates in the manufacture of the means of production and those in the production of consumer goods (social production subdivisions I and II), the selection of technology, the ratio between labour-intensive and capital-intensive growth alternatives, the problem of balanced versus unbalanced economic development, and the selection of the sectoral strategy of industrialization.

On the basis of the long-term interests of the country's economic growth and the preservation of economic independence, Soviet economists successfully argued that the production of capital goods (subdivision I) should proceed at a faster pace than the production of consumer goods (subdivision II). However,

it was repeatedly emphasized in this connection that this accelerated production of the means of production (i.e., capital goods) was a temporary phenomenon required during the period of the country's industrial restructuring, and that the ultimate goal was the expansion of popular consumption. The forced development of heavy industry in subsequent years was explained, in addition to the purely economic reasons, by the complex international situation, the encirclement of the young Soviet republic by the imperialist powers, and by the need to strengthen the country's defense capability.

In opting for the capital-intensive approach to development, Soviet economists called for the combination of the massive use of only partially mechanized labour - workers operating out of their homes and small workshops - with a high level of funding in the key branches of the economy.

It will be remembered that the electric power sector was identified as one of these key branches in the plan of the State Commission for the Electrification of Russia (the so-called GOELRO Plan), although this branch was not the leader in terms of the volume of capital investment. As a so-called "integrating branch," it represented the basis on which the entire complex of branches, first in the heavy and then in the light industry, was to be built.

During the initial years of Soviet governance, the economy of the USSR, it will be recalled, was characterized by a disruption of basic proportions and linkages. This critical situation was further aggravated by the consequences of the Civil War and acts of sabotage by reactionary elements. The imbalances were both horizontal (between the demand for and supply of finished products) and vertical (i.e., along the raw material - semifinished - finished product chain). Under these conditions, the GOELRO Plan adopted as its basis the vertical imbalance alternative involving the establishment of vertical linkages with a temporary disparity between the demand for finished products and their supply. This disparity was envisaged as applying primarily to consumer goods and, in particular, to luxury items.

In formulating their socio-economic development strategies, the African countries are faced with the task of solving what are in principle the same problems, and it is here that Soviet experience could obviously be of value to them.

It is symptomatic that these States are exhibiting increasing interest in non-market methods of economic management and are devising their own economic development plans. It is true, of course, that their planning does not have, nor can it, the force of official directives, nor does it cover all the country's various economic systems and modes of production, but its basis in the form of the State sector is expanding and gaining strength.

There can be no doubt but that the question as to the selection of the key, or "industrializing," branches must be solved in the light of the specific conditions of each of this group of countries - its economic basis of departure, its historical heritage, and its geographical realities. Indeed, the very notion of "leading branches" needs to be precisely defined at the present time, since as a concept it is subject to the changes brought about by advances in science and technology. In today's world, among the sectors entering the first rank of economic importance are the electric power, electronics, and chemical industries, while the iron and steel industry is losing ground.

The development of these sectors is by no means within the reach of all African countries. While Algeria and Nigeria, for example, are capable of creating through their own efforts nearly all the leading branches engaged in the manufacture of the means of production - the petroleum and petrochemistry industries, ferrous metallurgy, the cement industry, and others - for the majority of the African States this task, at least for the time being, lies outside their capabilities. For them, the rational approach is to focus their efforts on one or two sectors.

On African soil the concept of the priority branch has experienced a certain evolution and is even now continuing to be refined. A typical colonial and neocolonial strategem was to develop agriculture and a mining and extraction

industry based on access to foreign markets. Later, import substitution by indigenous production gained wide acceptance. At the present time, the import-substituting branches in the African countries account for about 75 per cent of all value added by industry; these are mainly consumer goods. A recently popular trend has been a shift of emphasis to the export-oriented branches, requiring, however, a higher degree of processing of the raw material to be exported.

The experience of industrialization in the developing countries has shown that the development of these export-oriented sectors has no meaningful effects of the vestiges of colonialism. In addition, as real experience has shown, the development of these export-oriented sectors has no meaningful effect on the economies of the African countries, since it fails to contribute to the solution of such problems as the establishment of intersectoral linkages, the expansion of the internal market, the elimination of unemployment, and others. Against this background, there is emerging a new industrialization trend, namely, the development of so-called "structure-forming" branches or, as they are sometimes called, the "integration industries." This approach to industrial development has been given great attention in the African development strategy for the 1980s. "In Africa," writes L. I. Aleksandrovskaja, "there has arisen a new trend in industrial development - the promotion of integration industry. This approach includes the identification of certain basic (key) branches of industry capable of broadening and strengthening economic ties both within the industrial sector and between industry and agriculture. It looks to the expansion of the market within the national economies and to co-operation among the African countries. At the present stage, the basic task of integration industry is to absorb the largest possible volume of indigenous raw materials into the processing procedure." ^{1/}

The fact that the question of an integrating industry has been raised is of itself of great importance in that it can be seen as evidence of an

^{1/} Afrika v 70-e - 80-e gg. Stanovlenije natsional'noj ekonomiki i strategija razvitiija. Moscow, 1980, p. 111.

effort to approach the national economy as a single economic complex. In determining which specific branches of the economy should be selected for their integrating effect, the Governments of the African countries might well refer to Soviet experience in solving the problem of ensuring balance in economic growth, with allowance for the fact that in these countries the establishment of vertical linkages in the economy is made more difficult because of the presence of a variety of socio-economic forms of production which are largely uninterrelated, and also because of the major role that precapitalist conditions continue to play in these nations.

There is much in common between the economic conditions from which the African countries are beginning their development and those which existed in the Soviet republics of the Trans-Caucasus and Central Asia at the beginning of the Soviet era. In the Central Asian republics, for example, the economy was primarily agricultural, with industrial goods imported from European Russia. In Azerbaidzhan, the only relatively developed sector was the petroleum extraction industry, which was controlled by foreign capital. Feudal and patriarchal relations predominated in agriculture.

In formulating its sectoral strategy of industrialization in these republics, Soviet planners adopted as the basis of their policies the division of labour that already existed there. Industrialization in Central Asia began with the creation of industry to produce the tools of production for the irrigation and land-improvement systems and for light industry and the food industry; it was only after this stage that new branches began to be added to the industrial complex. In Azerbaidzhan, the task of industrial restructuring proceeded basically through the development of the oil, oil refining, and chemical industries.

In studying the industrialization experience of the Soviet East, it is essential, however, not to lose sight of the fact that industrial development in these regions was an organic part of the industrialization process of the entire Soviet Union. A substantial portion of the capital invested in this

development was financed out of the central budget, while equipment and skilled workers were sent out from the more developed regions of the country. In addition, the Soviet republics of the Trans-Caucasus and Central Asia were not confronted with the task of creating a full range of industrial branches and sectors, since their national economies were being built as part of an overall scheme based on co-operation with the other Union republics.

Despite these differences, the African States can learn valuable lessons from the practical experience gained in the industrialization of the Soviet East, if they decide to design their industrialization strategies on a regional basis, with each country's traditional areas of specialization supplemented within a framework of regional co-operation. This approach is all the more relevant since the idea of regional integration - "collective self-reliant support" - is becoming increasingly popular in Africa. A major emphasis on intra-African co-operation for the development of the basic sectors can be found in the ECA and OAU programmatic documents dealing with the formulation of an economic development strategy for the Africa of the 1980s. What is envisaged in these documents is the development of mainly small industries within the individual African countries in combination with the establishment of large "multinational" African enterprises through the efforts and resources of a few States.

This is an area in which Soviet experience in combining small-scale and large-scale production, and also simple and the most advanced technology, can be instructive.

Thus, the theory and practical experience of accelerated industrialization in the USSR contains many valuable lessons for the African States. "Despite all the differences in the original conditions in the past and present, the experience of the industrial powers is of great importance to the developing countries inasmuch as it is the record of the results of the practical effects of different economic and social systems, and of how, in specific countries, these systems made it possible to achieve a decisive turning point in economic

development. What is involved here is the very mechanics of growth in both its social and its technological aspects." ^{1/} One must merely remember that particular socio-economic prerequisites are essential for the application of specific methods of economic development. Any mechanistic transfer of these methods to unprepared soil can only harm the struggle for economic self-sufficiency. Just as any aspect of society's socio-economic life, the selection of an industrialization strategy reflects contending class interests. Therefore, the possibilities of applying advanced Soviet experience depend to a large extent on the strength, in the country in question, of the democratic forces advocating genuinely independent development, and on the consistency with which they pursue their aims.

^{1/} N. P. Shmelev. Ibidem, p. 22.