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Trade and Growth in West Africa in the 1980s

by Uka Ezenwe, Zaria*

The classical school regards international trade as the main engine of growth. But modern empirical studies have failed to show any simple and generally consistent correlation between foreign trade statistics and macro-economic aggregates such as savings, investment, consumption and growth[1]. The more generally accepted view is that development through trade where it occurred was partly the consequence of favourable internal environment. What are the prospects for growth through trade in West Africa in the 1980s?

For West Africa, the internal and external factors have combined to thwart recent efforts at trade expansion and growth. On the domestic front, structural problems associated with overextended and inefficient public sector institutions, the neglect of export-oriented industries, the continuing biases in the incentive systems against agriculture and an improper mix of economic policies have militated against modernization. Similarly, an unusual bunching of unfortunate events in the external sector which started in 1973 with the oil price increases seriously hampered the post-independence drive towards consolidation and transformation. The external shocks imparted by, among other things, the world-wide recession, inflation, sluggish inflow of foreign exchange attributable largely to the deteriorating terms of trade and discouraging growth of international aid resulted in financially weak economies in most parts of the subregion by the close of the 1970s.

The First United Nations Development Decade (1960-70) was for West Africa a period of socio-economic reconstruction and consolidation after the attainment of political independence. The establishment of economic and social institutions and infrastructures conducive to economic modernization, the deliberate integration of national economies and the decolonization of economic and political goals formed the focus of policy objectives. It could therefore be argued that a large portion of investments made during the 1960s went into long-term non-self-liquidating projects whose impact on growth could not be felt in the short run. In other words, it was expected that the contributions of these projects would spill over into the 1970s, when total growth, given the expected increase in investments of the self-liquidating variety, would be appreciably higher. Unfortunately, the record of the 1970s bears no eloquent testimony to this expectation.

As can be gleaned from Table 1, most of the countries of West Africa maintained a higher average rate of growth of GDP in the 1960s than in the 1970s. The only notable exceptions are Benin, Mali, Niger and Nigeria. Guinea seems to represent a static case. Undoubtedly, Benin, Mali and Niger ended the 1960s at a relatively low economic base which tended to exaggerate marginal improvements in economic performance in the 1970s, whilst the case of Nigeria can be largely attributed to the contributions of the oil sector.

Thus, during the 1970s those internal factors that hampered growth and trade expansion in the 1960s still persisted with increased vigour in some cases. These included: political fragility, ill-suited institutions, a climate and geography hostile to development, an overextended public sector vis-à-vis the available administrative capacity, neglect of export-oriented industries, and bias against agriculture.

Post-independence Problems

Since independence all African countries except Guinea, Cape Verde, Ivory Coast and Senegal have experienced political and military turmoil of one kind or another which ultimately led to a change of government.

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[1] I. B. Kravis: Trade as a Handmaiden of Growth: Similarities between the 19th and 20th Centuries, in: Economic Journal, December 1970.

Given the existence of diverse cultures and languages in individual countries of the region, the process of national integration (i.e. building new institutions and loyalties) inevitably involved strife. This in turn resulted in political instability which invariably affected the process of socio-economic development in several negative ways. It forced post-independence leadership to give high priority to short-term political objectives; it triggered large-scale displacement of people and induced a diversion of resources to military spending. For instance, the share of GNP devoted to military purposes by the smaller countries of West Africa averaged around 4 % in the 1970s while the comparable figure for the 1960s was only a little over 2 %[2]. Surely, military spending can hardly be regarded as a form of investment in directly productive activity.

Another factor that constrained trade-induced growth over the period under consideration had to do with institutional adaptation. The institutional heritage of post-colonial West Africa needed to be adapted to the new political realities in order to meet national needs and aspirations. Governments of the region inherited many subregional organisations such as the West African Cocoa Research Institute, West African Institute for Oil Palm Research, West African Currency Board, West African Examinations Council and the Federation of French West Africa, to name a few. Most of these proved unsuitable to the new national realities and were either disbanded or reorganised. Also, at the national level the systems of local government, civil service, education and the like bequeathed by the colonial administration needed restructuring. But the reorganisation and restructuring of these institutions to render them appropriate for today's needs – both at the national and regional levels – have proved costly and difficult; and, in some areas, the search for the most suitable systems continues.

There is also the question of climate and geography. Unquestionably, some of the poor performance of the 1970s was due to bad weather. The Sahel experienced a quick succession of drought years between the late 1960s and 1972-74, with only one or two years of recovery in between. A period of satisfactory weather in the mid-1970s was then followed by a number of poor years, starting in 1977-78. These occurrences resulted in a sharp drop in crop production and severe losses in livestock across the Sahel region of West Africa. Geography, too, has had an impact. The topography and pattern of population concentrations create special transport needs and problems. The inadequacy of the existing network of roads and the dire need for developing an integrated regional transport and communications infrastructure have long been appreciated.

Recognising the role of an effective transport system in the expansion of West African trade, and the parallel need for effective communications facilities, the United Nations General Assembly (in its Resolution 32/160 of December 19, 1977) proclaimed a Transport and Communications Decade in Africa (UNTACDA) for the years 1978-1988. The principal goal of the Decade at the regional level is to integrate the national and regional transport and communications infrastructures with a view to increasing their effectiveness and to foster intra-West African trade.

Overextension of the Public Sector

Another issue concerns the overextension of the public sector. After independence, West African states inherited unevenly developed economies with rudimentary infrastructures. Markets often functioned imperfectly and foreigners dominated trade and most modern business. To capture the commanding heights of their economies and speed up development, post-independence governments expanded the public sector by moving into commercial and productive activities previously reserved for the private sector. Conceptually, this was a sound policy option but its implementation left much to be desired. It is now widely evident that most public enterprises in the region have been found to be corrupt, inefficient and heavily subsidized by the tax-

Table 1

West Africa: Growth of GDP, 1960-79

Country	Population (million) mid-1979	GNP per Capita (US $) 1979	GDP (Average) Growth Rate (%) 1960-70	GDP (Average) Growth Rate (%) 1970-79
Benin	3.4	250	2.6	3.3
Cape Verde	0.3	260	n.a	n.a
Gambia	0.6	250	5.4	2.8
Ghana	11.3	400	2.1	-0.1
Guinea	5.3	280	3.5	3.6
Guinea-Bissau	0.8	170	n.a	n.a
Ivory Coast	8.2	1,040	8.0	6.7
Liberia	1.8	500	5.1	1.8
Mali	6.8	140	3.3	5.0
Mauritania	1.6	320	n.a	1.8
Niger	5.2	270	2.9	3.7
Nigeria	82.6	670	3.1	7.5
Senegal	5.5	430	2.5	2.5
Sierra Leone	3.4	250	4.3	1.6
Togo	2.4	350	8.5	3.6
Upper Volta	5.6	180	3.0	-0.1
		(Av.)		(Av.)
Total	144.8	500	n.a	5.9

Source: World Bank and UNCTAD Data.

[2] World Bank: Accelerated Development in Sub-Saharan Africa: An Agenda for Action, Washington, August 1980, p. 2.4.

payer. To the extent that certain public enterprises, such as airways, state trading companies, manufacturing enterprises, service and supply agencies, constitute a drain on their economies, growth must have been slower than it might otherwise have been with the available resources. And this accounts in part for the comparatively poor record of the 1970s.

Improved performance of public agencies seems to be a sine-qua-non for the attainment of accelerated growth. The organisation and management of economic activities within the region require urgent reviewing to determine how the resources and energies of all economic agents can be better mobilised for development. Governments now accept the need to reorganise public policy-making institutions and procedures to render them responsible and efficient.

Furthermore, there is the problem of neglect or inadequate promotion of export industries. The main cause of rising current account deficits and shortages of foreign exchange in the 1970s was not the terms of trade per se but the slow growth of exports and the acceleration of imports. This is unmistakably demonstrated in Tables 2 and 3. Of all the 13 countries of West Africa for whom data are readily available, only two countries (Mali and Niger) experienced a faster rate of increase in their volume of exports during the 1970s than in the previous decade. For the rest the difference was clearly negative. As Table 2 shows, the average annual growth rate in volume of exports was negative in seven countries throughout the period, with Benin, Ghana, Sierra Leone and Togo being the worst hit. Over the same period a fairly high level of growth of imports

Table 2

Growth of Merchandise Trade

Country	Merchandise Trade in US $ million		Average Annual Growth Rate in Volume (%)			
	Exports	Imports	Exports		Imports	
	1979	1979	1960-70	1970-79	1960-70	1970-79
Benin	190	357	5	–11.4	7.4	6.3
Ghana	1,096	993	0.2	– 7.2	–1.5	0.1
Guinea	373	347	n.a	n.a	n.a	n.a
Ivory Coast	2,515	2,491	8.8	5.8	9.7	10.1
Liberia	506	487	18.4	2.3	2.9	2.3
Mali	177	180	3.0	6.7	–0.4	5.5
Mauritania	147	257	50.7	– 1.1	4.5	5.5
Niger	n.a	n.a	6.0	11.7	11.9	6.5
Nigeria	18,073	12,399	6.6	– 0.3	1.6	20.6
Senegal	421	756	1.2	– 0.8	2.3	4.5
Sierra Leone	205	297	0.3	– 6.5	1.9	–3.0
Togo	251	441	10.5	– 2.5	8.6	9.8
Upper Volta	81	254	15.9	3.1	8.5	5.2

Source: World Bank Data.

Table 3

West Africa: Terms of Trade, 1960-79

(1975 = 100)

Country	1960	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Benin	114	128	129	137	116	119	126	100	116	115	100	97
Gambia	106	107	109	119	125	102	99	100	93	116	113	93
Ghana	111	76	121	90	80	85	96	100	94	152	197	144
Ivory Coast	113	99	127	113	104	103	104	100	112	165	155	129
Liberia	255	143	131	131	124	110	102	100	108	103	94	88
Mali	107	118	117	119	124	115	100	100	122	119	110	95
Mauritania	149	149	133	130	119	103	92	100	104	94	80	78
Niger	98	114	109	114	128	122	113	100	96	102	102	90
Nigeria	32	28	32	34	34	39	103	100	105	110	100	119
Senegal	71	70	79	84	84	73	93	100	94	103	94	76
Sierra Leone	121	117	136	134	112	108	103	100	104	121	115	108
Togo	56	49	59	51	46	48	91	100	88	106	103	82
Upper Volta	88	124	117	118	125	115	108	100	109	109	105	94

Source: UNCTAD, Handbook of International Trade and Development Statistics, 1980.

was maintained in these countries, particularly in Nigeria, Ivory Coast and Togo. Only Sierra Leone registered a negative growth of imports over the period. It is therefore not surprising that the current account deficit as a percentage of GDP in oil-importing African countries grew from 2.4 % in 1970 to 9.5 % in 1975 and declined slightly to 9.2 % in 1980[3].

That the decline in aggregate volume of exports is the principal source of this problem can be further attested by Table 3. It clearly depicts that the terms of trade for all the countries of the region in the 1970s were not particularly worse than those of the 1960s. Using 1975 as the base year, only Liberia and Mauritania suffered a deterioration in their terms of trade while others experienced substantial improvements in the 1970s vis-à-vis the preceding decade. This was particularly the case in Nigeria, Senegal and Togo. Thus, even allowing for the statistical imperfections of trade figures, the picture which emerges is one of near-stagnant or declining export volumes for the region as a whole during the 1970s. At the same time an appreciably high level of imports was more or less maintained with the consequent worsening of the region's balances of trade and payments.

Indeed, for the continent as a whole its share of non-fuel world trade fell markedly during the 1970s. Its share of non-fuel world exports fell from 2.4 % in 1970 to 1.2 % in 1978; and its share of developing country non-fuel exports also dropped from 18.6 % in 1970 to 9.2 % in 1978. The reason for this poor record is essentially structural. Africa is more dependent on exports of primary products than is any other region. For example, thirty-two major resource commodities accounted for about 70 % of its non-fuel exports during 1976-78, compared with 35 % for all developing countries and 10 % for the world. Since world trade in most primary products grows more slowly than world trade in manufactures, Africa's share of total trade would, *ipso facto*, tend to fall.

[3] Ibid, p. 3.2.

Table 4

West Africa: Growth Rates of Agricultural Production, 1969-71 to 1977-79

(Average annual growth rate in volume)

3-4	2-3	1-2	0-1	<0
Ivory Coast	Benin	Guinea-Bissau	Gambia	Ghana
	Liberia	Mali	Guinea	Mauritania
	Upper Volta	Niger		Togo
		Nigeria		
		Senegal		
		Sierra Leone		

Source: FAO, Production Yearbook.

Poor Agricultural Record

Associated with the problem of slow growth of trade in primary products vis-à-vis manufactures is the issue of low productivity in the region's agriculture. Agriculture is at the heart of African economies. Most of the population earns its livelihood from agriculture. The transport, industrial processing and trade sectors depend on the production of agricultural commodities, and incomes earned in this sector provide markets for domestically produced goods and services. Therefore, increased agricultural output is the single most important determinant of overall economic growth.

But, with the exception of the Ivory Coast the growth rate of agricultural production in the 1970s (Table 4) was less than the rate of population growth throughout the region. Consequently, exports stagnated, food production per capita fell, commercial imports of food grains rose and more people shifted their consumption to wheat and rice thereby increasing the region's food dependency.

There are specific explanations for the poor agricultural record of the last decade. These include disruptions caused by wars and civil strife, drought and poor rainfall patterns during the 1970s, neglect of agriculture by governments and development theorists, misallocation of investment through over-emphasis on large-scale government-operated schemes. Also, agricultural and economic policies and institutional frameworks were not conducive to increasing output: official prices were often too low, marketing systems too uncertain, inefficient and uncompetitive, input supplies too irregular and participation of farmers in rural affairs too limited. The agricultural extension effort was weakened by unfavourable policies, deficient research output, and the organisational deficiencies of the public sector agencies which were responsible for spearheading rural development. Because of its critical role growth-oriented policies are urgently needed in this sector.

Growth Through Trade

World trade grew by an average of 5.7 % a year in the 1970s, after almost 8 % a year in the 1960s. Despite this slowdown of the growth of total trade, developing country non-fuel exports grew faster – over 7 % a year in the 1970s, as compared with 5 % in the 1960s. On the face of this evidence one would have expected a

corresponding level of trade-induced growth and industrialization, but that did not happen, at least not for all developing countries.

To start with, less-developed countries (LDCs) are a mixed bag, embracing the oil exporters and the non-oil exporters which are also commonly classified as middle and low-income countries respectively. The two groups faced totally different experiences during the last decade because the most striking changes in the pattern of world trade during the past ten years have resulted from the increase of fuel prices. World trade in fuels increased from US $ 29 billion in 1970 to US $ 535 billion in 1980, or from 7 % of world trade to 21 %[4].

The low-income developing countries benefitted very little from this phenomenal growth. The vast majority among them resorted to inward-oriented trade policy. They reduced their current account deficits by curbing imports (and hence growth) rather than by expanding exports. The middle-income countries (some of them oil exporters), on the other hand, were able to take advantage of the trade expansion: oil exporters increased their sales and increased their imports whilst other middle-income countries adopted a more outward-oriented trade policy and expanded exports thereby reducing their current account deficits to levels financeable in the medium term, without sacrificing growth.

Unfortunately, the vast majority of West African countries did not experience the growth of trade and economic expansion which many of the middle-income countries witnessed in the 1970s. Except for the Ivory Coast, Nigeria, Ghana, Senegal and Liberia, all the remaining eleven countries of West Africa[5] are classified by the World Bank as belonging to the 36 low-income developing countries of the world with a per capita income of $ 370 or less in 1979. This group fared badly in the 1970s.

The weakness of the low-income countries' primary export prices – as indicated earlier – reflects both their concentration on commodities for which demand is sluggish and their inability to vary their output mix as relative prices change. For example, the prices of 33 non-oil commodities of export interest to West Africa fluctuated by an average of 5 % a year in the 1950s and 1960s which increased to 12 % per annum in the 1970s. This erratic trend defies arrest, if only because a permanent and effective commodity agreement for every primary export product would be virtually impossible.

[4] World Bank: World Development Report, Washington 1981, p. 20.

Another related inflexibility issue holding back the low-income countries pertains to the level of processing of their raw materials, in contrast with what is happening in many middle-income countries. Undoubtedly, tariff and non-tariff barriers against processed products are still an obstacle to increased processing for exports but a general lack of industrial skills and capacity may be equally important. Surely, until the low-income countries' exports deepen into processed materials and more sophisticated manufactures, their export prices and earnings will continue to be closely tied to random movements of international demand.

Of course, over the longer term, their trade prospects would be primarily a question of their own policies. The export-GDP ratio of the low-income oil importers of Africa fell from 23 % in 1970 to 16 % in 1980 (Table 5). Over the same period manufactured exports dropped from 11 % to 9 % and the import of food increased from 11 % to 16 % of total imports, while oil imports catapulted from 9 % to 31 % within a decade.

Trade Policy Changes Not Sufficient

Juxtaposing the African and Asian figures, a different picture emerges (see Table 5). Some of the Asian countries, like India, by their very size can afford an inward-oriented development path which enables them to maintain a low export-GDP ratio relative to African countries, while at the same time exporting more manufactures in total than African countries. They have also managed to reduce their imports of manufactures and food over the past decade. Obviously, these are indices of development.

Most West African countries cannot afford an inward-oriented development policy in view of the small size of their domestic markets. For small countries with human and material resources outward-oriented strategy, which necessarily fosters an open economy, has often proved to be a feasible policy option. Even so, a number of West African countries have an extremely limited base of physical and human resources; in some others the existing base is in fact diminishing, for example through over-exploitation and erosion of farmland along with emigration of the younger and better trained work force.

The problem of emigration of the economically active population is of course an important issue in countries like Benin, Mali, Niger, Upper Volta and now Ghana.

[5] Eight of these (namely: Benin, Cape Verde, Gambia, Guinea, Guinea-Bissau, Mali, Niger and Upper Volta) are also among the thirty least developed countries of the world according to the United Nations General Assembly classification.

These are the net exporters of labour while the net receivers are the Ivory Coast, Nigeria and Senegal and, to a lesser extent, Sierra Leone and Liberia. It is generally acknowledged that foreign exchange remittances are a major benefit to the emigrant country. And many emigrant governments have attempted to (a) increase total remittances, (b) attract remittances through official channels, (c) encourage workers to put their savings into "productive investments". In Benin remittances grew at the rate of 26.8 % over the period 1967-77, in Mali at 19.6 % from 1967 through 1978 and in Upper Volta at 15.6 % between 1969 and 1978. Besides, the ratio of remittance inflows to merchandise exports was high in these countries. The percentage of remittances to exports was 59.6 % in Upper Volta in 1978-79, 33 % in Mali and 16.6 %in Benin[6].

In spite of the foreign earnings and other possible advantages, it is arguable whether on balance these countries really gain, particularly since most of these labour-exporters are in greater need of trained manpower than the labour-receiving states. One is therefore inclined to assert that changes in trade policy alone cannot be regarded as a sufficient condition to accelerate the development of many countries of the region. A frontal attack on poverty of resources, including human capital, must be part of the overall development strategy.

The low-income countries of West Africa ended the past decade in a mood of disillusionment. Some entered the 1980s with a worsening of external conditions and with choatic domestic policies. But provided concerted efforts are made to reverse the situation through the pursuit of appropriate domestic and foreign trade policies, the prospects for the 1980s should be somewhat more favourable for West African oil importers than the recent past. Four areas of policy manoeuvre can immediately be called to mind, namely:

- ☐ increased production of exportables,
- ☐ trade promotion strategy,
- ☐ consolidation of regional economic groupings, and
- ☐ increased foreign aid.

Increased Production of Exportables

World trade in the 22 non-fuel commodities (i.e. copper, iron ore, bauxite, phosphate, manganese, zinc, tin, lead, coffee, cocoa, sugar, tea, groundnuts, groundnut oil, palm oil, beef, bananas, maize, timber, cotton, tobacco and rubber) of greatest export interest to the region is projected to increase by 2.9 % per annum during the 1980s as against an annual average increase of 1.5 % in the 1970s for the same product group[7]. Also, the weighted price of Africa's non-fuel commodity exports is expected to rise slightly so that the average value of world trade in these commodities will increase by 3.4 % per year. There is no reason why West African countries should not try to step up their domestic production of exportables to take advantage of these encouraging forecasts.

Furthermore, although the future path of oil prices defies precise estimation, it is projected that the price of oil will increase by no more than 3 % per year in real terms during the 1980s[8]. At that rate the relative price of oil would increase by slightly over one-third during the present decade. Surely, this is small in comparison to the increases in the 1970s, though with the increased weight of oil in total imports, even relatively small price increases will have a large impact. In fact, for the typical oil-importing African country, a 3 % annual increase in the price of oil implies a 0.7 % annual decrease in the purchasing power of exports. However, not all countries will be affected; some present-day oil importers, such as Ghana, Ivory Coast and Cameroon, have prospects for

[6] G. Swamy: International Migrant Workers' Remittances: Issues and Prospects, World Bank Staff Working Paper No. 481, 1981, p. 9.

[7] World Bank: Accelerated Development . . . , op. cit., p. 3.10.

[8] Ibid, p. 3.9.

Table 5

Structure of Merchandise Trade, Low- and Middle-Income Oil Importers, 1970-80

	Export-GDP Ratio	Composition of Merchandise Exports (in %)		Composition of Merchandise Imports (in %)		
		Manufactures	Non-fuel Primary	Manufactures	Food	Fuel
1970						
Low-income Oil Importers						
Africa	23	11	86	77	11	9
Asia	7	54	43	64	21	5
Middle-income Oil Importers	22	33	58	69	12	10
1980						
Low-income Oil Importers						
Africa	16	9	80	51	16	31
Asia	9	47	50	38	14	39
Middle-income Oil Importers	24	46	36	53	11	28

Source: World Bank, World Development Report, 1981, p. 26.

developing domestic petroleum resources which will at least satisfy their domestic needs.

Since the growth of trade in Africa's main exports is lower than that of overall world trade because of Africa's dependence on primary exports, the drive to increase the volume of exports must go hand-in-hand with aggressive trade promotion and diversification. Increased output is one thing and market access is another. Certainly, the key question of the decade is how to achieve easy access to markets in the face of slow growth and mounting protectionist pressures in the industrial countries.

Export Promotion Strategy

A set of promising trade negotiations was concluded in 1979 under the aegis of the General Agreement on Tariffs and Trade (GATT). Three major results appear to have been achieved: a substantial reduction in tariffs; a refinement and improvement of international rules on non-tariff measures; and the adoption of a framework of procedural arrangements to encourage and facilitate adherence to the agreements on the part of signatory countries.

On paper these results look like major achievements but in practice they have dismally failed to allay the fears of LDCs as regards the current rising tide of protectionism. Conceivably, LDCs cannot reap the benefits of their comparative advantage in the face of protectionism. As would be expected, LDCs have expressed keen disappointment with the results on two grounds: first, that the reductions on products of special interest to LDCs fell short of the average cuts[9]; second, that the most-favoured-nation (MFN) reductions implied an erosion of the margins of preferences enjoyed by the developing countries under the general system of preferences (GSP). To these should be added two further reasons why the LDCs will continue to face problems in their efforts to export manufactures to advanced countries. Tariffs are of relatively little importance compared with non-tariff barriers to trade (i.e. subsidies and countervailing duties, technical regulations, customs valuation, import licensing, quotas etc.). Taken together these affect the volume and value of trade more than mere tariff charges. The other reason has to do with the failure of the 1979 Multinational Trade Negotiations (MTN) to agree on a safeguard code defining protective measures to deal with serious injury to domestic producers from import competition. Because measures have increasingly taken the form of quantitative restrictions rather than tariffs, and because the quantitative restrictions have increasingly been in the form of voluntary export restraints rather than formal import quotas, nothing in the field of trade policy is of greater importance to LDCs than the establishment of a more effective international discipline over safeguard measures. Normally, it is hard to see how LDCs can effectively and aggressively sell manufactures in world markets in the absence of an internationally agreed safeguard code.

Consolidation of Regionalism

Consequent upon the current gloomy international environment LDCs, and the West African ones in particular, should face the reality of shrinking opportunities to expand exports to the industrial countries. West African countries, like other LDCs, have indeed been seeking alternative strategies for economic development. It is from this standpoint that the formation of the Economic Community of West African States (ECOWAS) becomes important.

Economic integration is a hybrid strategy of development. It takes something from both the autarkic and the "outward-looking" paths of growth. It takes from autarky the protection of the integration area from outside competition through the common external tariff, and from the "outward-looking" path of development the opening of the national markets of each of the member countries to regional competition. Thus, the integration programmes involving LDCs should be seen much more as an alternative path of economic development than as a way of allowing a better allocation of a given stock of factors of production[10].

Although the success of ECOWAS would require tremendous structural adaptations and changes, including the strengthening of transport and communication links, the reduction of monetary and commercial policies that inhibit and distort intra-regional trade, the promotion of joint projects in industry, education, research and regional institutions with adequate staff and budgets that could become major instruments of cooperation and integration, its formation represents a milestone in the development of intra-regional trade in West Africa. In concrete terms, the first five years (1976-80) of ECOWAS' existence were spent establishing a functional regional structure and

[9] Average tariffs on industrial products were reduced by approximately one-third (38 % calculated as a simple average or 33 % on an import-weighted basis). But reductions on products of interest to LDCs are smaller than the average cuts – 25 % versus 33 % on a weighted basis. Cf. I. Frank: Trade Policy Issues for the Developing Countries in the 1980s, World Bank Staff Working Paper No. 478, 1981, p. 4.

[10] Cf. Eduardo Lizano: Integration of Less Developed Areas and of Areas on Different Levels of Development, in: F. Machlup (ed.): Economic Integration: Worldwide, Regional, Sectoral, London 1976, p. 276.

framework and working out and adopting the basic operational policy guidelines and measures necessary for a smooth take-off. The next five years (1981-85) will be the most trying period for the young organisation. This period will witness the actual implementation of several community plans and projects which will necessarily require a painful process of adjustment at the national level by way of adapting existing policies, systems and practices to conform to community requirements. However, given a strong political will and a firm conviction that the long-term benefits to be derived individually and collectively will clearly outweigh the short-term losses, members will consider the short-term economic sacrifices the inevitable price.

Foreign Aid

In general, Africa needs more aid than any other continent. The reasons for this are not far to seek. It has twenty of the thirty least developed countries of the world; and eight of them are in West Africa alone. Growth prospects are not very good for African countries because of over-dependence on fluctuating primary products; and these countries are also highly dependent on concessional capital (aid) because of their limited creditworthiness. The net effect of this unhappy situation has been a steady growth of current account deficits in LDCs in recent years. For low-income oil importers, the deficits grew from US $ 3.6 billion in 1970 to US $ 9.1 billion in 1980 while those of middle-income oil importers rose even faster from US $ 14.9 billion in 1970 to US $ 48.9 billion in 1980[11]. These gaps were bridged principally by aid, commercial loans and depletion of reserves.

However, since the prospects for increased aid, rapid expansion of exports and sharp reduction of imports are not particularly good, the deficit gaps are expected to widen in future. It also means the continued growth of debt-service ratios. Table 6 depicts this ugly trend up to the end of the decade. Debt-service ratios for all oil importers increase steadily from 8.4 % in 1977 to 19.8 % in 1990. Even for oil exporters a marginal increase is noticeable over the period, except for the year 1990, whose estimate shows a slight decline.

Table 6

Actual and Projected Sub-Saharan African Debt-Service Ratios

(in %)

Category	1977	1978	1980	1985	1990
Oil Importers	8.4	10.6	15.8	17.6	19.8
Low Income	8.4	10.4	19.2	19.5	19.9
Middle Income	8.1	10.1	13.6	16.2	19.3
Oil Exporters	1.8	3.3	3.5	4.6	4.1

Source: World Bank: Accelerated Development in Sub-Saharan Africa: An Agenda for Action, Washington, August 1980, p. 9.12.

Available evidence points to the urgent need for increased aid to the LDCs, particularly the low-income countries of Africa, in the 1980s. As the Brandt Commission Report emphasizes, funds for development must be recognised as a responsibility of the entire world community, and placed on a predictable and long-term basis[12].

Surely, given the interdependent nature of the economies of the developed and developing countries, one should believe that the developed countries do not want to see a further deterioration of the general environment for economic development in Africa. It is now widely recognised that economic development in one part of the world, through its spillover effects, promotes stability and growth in the other parts. The assertion that developing-country growth can directly affect developed-country well-being is supported by a report prepared for the UNCTAD by economists at the University of Pennsylvania. The report concludes that a 3 % increase in the growth rates of the non-oil exporting developing countries could result in an annual increase of 1 % in the growth rates of the OECD countries; and that this 1 % increase would, for the industrialised countries, amount to the equivalent of about $ 45 billion plus its job creation and other secondary effects[13].

To this end, the rich countries should at least try to achieve the existing aid target of 0.7 % of their GNP during the course of the present decade. In the words of Lester Pearson, "International development is a great challenge of our time. Our response to it will show whether we understand the implications of interdependence or whether we prefer to delude ourselves that the poverty and deprivation of the great majority of mankind can be ignored without tragic consequences for all"[14].

This paper has tried to show that a set of internal and external factors has inhibited the expansion of West African trade and growth. These factors have persisted sometimes with growing intensity since independence. The removal of these factors would require not just marginal changes in policy and trade relations but profound structural adjustments internally and externally.

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[11] World Bank: World Development Report, op. cit., p. 49.

[12] Willy Brandt (chairman): North-South: A Programme for Survival, London 1980, p. 273.

[13] The United States and World Development: Agenda 1979, New York 1979, p. 52.

[14] Lester Pearson (chairman): Partners in Development, London 1969, p. 11.