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THE THEORY AND PRACTICE OF PLANNING
FOR ECONOMIC DEVELOPMENT IN A FEDERAL STATE:
THE CASE OF CAMEROON

By: WILFRED A. NDONGKO

A Thesis Submitted To Carleton University in
partial fulfilment of the requirements for
degree of
Doctor of Philosophy in Economics

Department of Economics
Carleton University
Ottawa, Ontario
September, 1973

-i-

ABSTRACT

The purpose of this study is to develop a framework for examining the process of planning for economic development under federalism and to utilize the framework to examine the Cameroonian experience from 1960 to 1971. To this end, the study is divided into three parts: Part I consists of two chapters - Chapter 1, the introduction and Chapter 2, the conceptual framework. Part II is made up of three chapters - Chapter 3 is devoted to an assessment of the economic structure and potential for development of the two States prior to Federation in 1961. Chapter 4 examines the case for and the nature of the Cameroonian Federalism; and Chapter 5 analyses the institutional environment of the planning process in Cameroon. Part III contains two chapters - Chapter 6 is a critical evaluation of the Cameroonian experience, and Chapter 7 sets out the general policy implications and conclusions.

With respect to Part I, the introductory Chapter 1, covers the nature and scope of the study, a survey of other theoretical and case studies, data sources and related statistical problems, and the organization of the study. In Chapter 2, two central phenomena - 'federalism' and 'development' - are set up as principal objectives within the conceptual framework. The former objective is defined as a union of a number of formerly autonomous political and economic

units and the latter as a sustained secular expansion of the capacity of an economy.

The two objectives, however, are apt to conflict. 'Development' emphasizes the maximization of the total output (gross domestic product) over time, but the structural and temporal prerequisites for maximizing this aggregative variable might prove to be inconsistent with the economic goals of at least some of the regional units existing under 'federalism'. 'Planning', the third element in the framework, is defined as a continuous, coordinated process whereby different sets of policy instruments are manipulated to guide resource allocation. In a federal state pursuing development, the primary function of planning will be to try to arrive at some optimum trade-off between the two conflicting objectives. The specific trade-off made is called a goal-mix. The particular goal-mix selected will depend, not only on the preferences of the political authority but also on the objective economic reality as well as the activities and powers of federal-State institutions. As a result, a federation may become unstable, and, therefore non-viable in the long-run, if a goal-mix emerges that is not acceptable to the federated units.

In Part II, an examination of the economic structure and potential for development reveals that both East and West Cameroon could have grown as independent units. However,

the East had a greater potential than the West because the crucial supply and demand factors which were likely to determine their respective growth rates were more plentiful and further advanced in the former than in the latter. Nevertheless, there were adequate complementarities between the two States so that some form of an economic union was likely to benefit both States over time. An analysis of these preconditions for development under a Federal union in Cameroon is undertaken in Chapter 4. It is found that the optimal form of an economic union would appear to be some form of 'federalism'. The specific form of 'federalism' ultimately adopted reflected more the 'developmentalist' position of East Cameroon than the 'federalist' position of West Cameroon. This is confirmed in Chapter 5, by an examination of the nature and potential behaviour of the institutions that were set up.

To explain the consequences of these economic and institutional realities on the goal-mix finally selected, we posit the following hypotheses:

- (a) Federal institutions were potentially more powerful and therefore able to exert greater influence on the planning process than their State counterparts. The 'development' objective is therefore expected to receive greater attention than that of 'federalism'.

- (b) A lopsided allocation of developmental effort between East and West Cameroon favouring the former would emerge because of the influence of the East on the planning process.
- (c) The expected and realized benefits from federating would accrue largely to East Cameroon.
- (d) West Cameroon would fail to improve its relatively backward position with respect to per capita incomes and the general rate of development, not realizing, in consequence, the anticipated gains from federalism.

In Part III, an examination of the actual performance of Cameroon in planning for development (in Chapter 6) reveals that

- (a) Zero weight was allocated to the 'federalist' objective in the 1960-65 Plan, and little weight was given the same objective under the 1966-71 Plan.
- (b) There was a lopsided allocation of resources between the two States because the federal financial and legislative institutions carried out their activities as if there was no Federation.
- (c) The so-called growth strategy employed by the planning process, made no effort to guide the

allocation of resources between the various sectors of the economy and the two States.

- (d) The share of the West in the rapid economic development of the collectivity declined, whilst that of the East increased between 1960 and 1971.

It is apparent that the planning process in the Cameroon federation failed to address itself to the priority responsibility of selecting an appropriate goal-mix. Chapter 7 is devoted to analysing the policy implications of the Cameroonian experience, to suggesting how planning might be made effective in setting up complementary policies like industrial location and regional development planning. Appropriate institutional innovations, such as federal-State machinery for planning and implementation are discussed. All this is based on the assumption that the two objectives are to be maintained in Cameroon in the 1970's. An alternative overall approach, rejecting the goal-mix idea and pursuing single objectives is also examined. The conclusion that emerges is that in the long-run the 'developmental' objective will likely overshadow, and indeed displace that of 'federalism' from the goal-mix as West Cameroon becomes increasingly assimilated by the East in the 1970's.

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PART I

THE THEORETICAL FRAMEWORK

CHAPTER I

INTRODUCTION

1.1 Introduction:

The presence and stubborn persistence of economic and social disparities in any society at the different stages of economic development has been identified as a peculiar facet of the process of economic and social change. Generally, it would not be rational to expect economic development to take place equally in all parts of a country at the same time. Rather, within any nation, there are some places where economic and social change takes place much faster than in others. Such areas usually may have a good natural and human resource base, well integrated communications, availability of power, or a particular geographical advantage.¹ In addition, unequal rates of economic and social development may occur because private investors become attracted to more dynamic areas of a nation in the expectation of exploiting potential external economies.

As a consequence of the above, the development process can lead to political tensions because of economic and social disparities between the various regions and individual groups within a society. These disparities may reinforce geographic and linguistic differences. Such growing disparities in economic and social positions of the different regions and groups within one nation can cause a severe strain on a nation's

¹ A. O. Hirschman, The Strategy of Economic Development, (New Haven: Yale University Press, 1958), p. 184.

political framework. To avoid this situation, appropriate action will have to be taken to ensure that regional economic and social disparities are reduced over time.

One particular political arrangement that tends to give sharp focus to tensions arising from these disparities is a federal system which consists of economic and political units with varying social and economic backgrounds. The Cameroon Federation is one example of many federations in which economic and social disparities between the federated units existed long before the union came into being. However, as we shall demonstrate, economic planning since federation in 1960 has not utilized the available developmental resources to reduce disparities between the parts of the Cameroon Federation. It will be increasingly difficult for the federal political framework to function smoothly unless development programmes entail a positive and continuous effort on the part of the Federal Government to change the pattern of resource flows and the shares of the various states in national income.² Unfortunately, the theory of economic planning does not go far enough in providing a framework which can guide federal decisions regarding such an allocation of both public and private resources, and organization of economic activity in a

² For example, the breakup of the Pakistani and West Indian federations and some of the problems plaguing the Canadian, East African and Nigerian Federations, were due to lopsided distribution of benefits between the units.

federal state³ like Cameroon.

1.2 The Nature and Scope of the Problem:

In view of the unsatisfactory situation spelled out in Section 1.1 above, the problem which has been tackled in this study has two dimensions: (i) The theoretical aspect has arisen from the fact that the theory of economic planning up till now has not fully come to grips with the problems of planning in a federal state; and (ii) The applied dimension, which will be specifically focused on explaining the failures of development planning in the Federation of Cameroon.

Considering the dimensions of the problem briefly stated above, the task of this study will now be spelled out. Firstly, an attempt will be made to carry out a conceptual clarification of each of the concepts of 'federalism',

'development' and 'planning' in the light of their inter-dependence with a view to building a theoretical framework of planning for economic development in a federal state. Secondly, an analysis of the economic structure and potential for development of the two States with a view to indicating the nature of the disparities between them and the prospects for rapid economic growth under some sort of economic union will be undertaken.

³ This is because the theory of economic planning has so far ignored the constraints imposed on the planning process by federal and State institutions responsible for decision-making and economic development. Furthermore, the theory of planning has so far emphasized only one major objective - the maximization of gross national product over time, without considering the fact that regional objectives may be different as a result of disparities in the growth rates of the various regions in a country.

Thirdly, a case will be made for Cameroonian federalism, including an examination of formal structure of the Cameroon federal union and the institutional environment of the planning process in Cameroon. Fourthly, it will be demonstrated by using the suggested theoretical framework that economic planning since 1960 has not given appropriate attention to the problem of growing disparities between the Federated States and that the political system may become increasingly unstable as a result. Finally, an attempt will be made to show the policy implications of the Cameroonian experience and to suggest some complementary policies for sustaining the two objectives of 'federalism' and 'development', and for pursuing them singly.

1.3 Other Studies:

With regard to the theoretical dimension of this study, it should be noted that planning models and general frameworks for the allocation of both public and private resources for economic development in federal and unitary States have so far tended to emphasize the singular objective of maximizing the gross national income.* This narrow focus is inappropriate in federal states where it is equally important to attain the additional objective of the equitable

* For example, see Yoshitaka Oshtsuki, "Regional Allocation of Public Investment in an N-Region Economy", J.R.S., Vol. II, No. 2, 1971, and S.C. Hu; "Optimal Capital Accumulation and Regional Allocation", Metro-Economia, Vol. XXIII, 1971.

participation of the various segments of society in the process of development.

More specifically, the output maximization emphasis neither takes into account the constraints imposed on the path of 'development' by the nature of 'federalism'; the differences in the economic and social positions and preferences of separate entities in a federal state; nor the fact that the very survival of a federal state depends on the participation of the diverse federal entities in the development process, in addition to their sharing of benefits generated from development. This study will attempt to provide a broader conceptual framework for planning in a federal state.

As concerns the literature or other contributions to the applied dimension of the study, it should be noted that a few enquiries have been conducted on the socio-political or historical aspects of the Cameroon Federation.⁵ In addition, occasional surveys of a general economic nature have been carried out for specific purposes for the two Federated States of East and West Cameroon.⁶ Apart from these general studies,

⁵ For example, Edwin Ardner, Coastal Bantu of the Cameroons, London: International African Institute, 1956; P.M. Kale, The Political Evolution of Cameroon, Buea, 1967; Williard Johnson, The Cameroon Federation, Baltimore: John Hopkins University Press, 1970, (to mention a few).

⁶ K. Berrill, The Economy of the Southern Cameroons Under United Kingdom Trusteeship, Mimeograph, Buea: G.C. Billington and Païjimaüs. The Economy of the Federal Republic of Cameroon, I.B.R.D., Washington, D.C., 1963; Stanford Research Institute, The Economic Potential of West Cameroon, (7 Vols.) Menlo Park; California, June, 1965, and M.A. Mercier, Rapport Sur Les Possibilités du Développement Industriel du Cameroun, S.E.D.E.S., Paris, 1960 (for East Cameroon only).

there is no rigorous analysis of the economic structures of the two States on a comparative basis, with a view to indicating the economic differences that existed before the Federation and the potential for development of the two Federated States.

Furthermore, no comprehensive study of development planning under federalism in Cameroon, from 1960 to 1971, has been made with a view to examining what has happened to the economic disparities between the two economies.

The absence of a comprehensive study of the differences in the economic advancement of the Federated States and the role of development planning in Cameroon has been unfortunate. Most students of African political and economic development hold the view that the future of the African Continent lies in the forging of larger economic groupings since many of the countries that acceded to independence in the early part of the present decade are, to say the least, clearly unviable economic units. (The State of West Cameroon, formerly known as Southern Cameroons, found itself precisely in this position in 1960.)⁷ Although an economic grouping does not presuppose a political union of the previously separate and diverse administrative and political units, a successful political union has perhaps the greatest potential for

⁷ For a study which supported the view that the West Cameroon could not be viable as an independent State, see Sir Sidney Phillipson's report on Financial, Economic, and Administrative Consequences to Southern Cameroons of Separation from Nigeria, Lagos: Federal Government Press, 1959.

contributing to the full economic and social development of all the units.⁸ To this extent, therefore, a study of the Cameroonian experience in planning for economic development since 1960 is certainly relevant to these later developments in Africa.

1.4 Data Sources:

Like many other studies, the absence of adequate data imposes a serious limitation on an exploratory study such as this and, therefore, qualifies the validity of the conclusions upon which the suggested policy prescriptions have been based. Despite this shortcoming, other pieces of evidence do exist which help give a more complete picture of the actual state of affairs.

In addition, much of the data that do exist are plagued with problems such as unreliability and incomparability. As a result, tests of hypotheses such as those put forward in this study must be carefully qualified. A note of warning cannot, therefore, be sufficiently sounded against the reliability of the various statistical estimates that have been used in this study. The above statistical shortcomings, notwithstanding, it is hoped that they will at least be useful in serving to indicate the general magnitude of the problems and

⁸ A full development of this view is given in R.H. Green and A. Seidman, Unity or Poverty: The Economics of Pan-Africanism, Penguin, 1968. (Part IV).

the direction for the future.

In regard to specific data sources, the author was able to obtain copies of the 1960-65 and 1966-71 Five Year Economic and Social Development Plans from the Ministry of Planning in Cameroon. Additional data on the economic structure of the Federated States, was gathered during the period 1967 to 1969, when the author was in the Secretariat of State for Finance, West Cameroon. More data was also obtained from the World Bank; the United States Agency for International Development, and the French Ministry of Overseas Development. A field trip to the United States, under the auspices of a Ford Foundation Fellowship, led to a search for additional data at the Harvard University's Economic Development Library, and Boston University's Library of African Studies.

1.5 Organization of the Study:

This study consists of seven chapters which have been organized as follows: Chapter One is a general introduction to the study. It looks at the nature and scope of the problem studied, other contributions and the data sources and attendant statistical problems. In Chapter Two, a conceptual frame of reference is built following a clarification of the meanings and the relationship between the three central concepts of 'Federalism', 'Development' and 'Planning'. Chapter Three is devoted to the analysis of the economic structure and potential

for development of the two States.

An examination of the case for and the nature of the Cameroon Federal union is the subject of Chapter Four. Chapter Five is devoted to analysis of the institutional environment of the planning process in Cameroon. In Chapter Six, an evaluation of the Cameroonian experience is undertaken. The policy implications of the Cameroonian case and some policy measures is the subject matter of Chapter Seven, which is the final Chapter of the study.

PART II

THE SETTING: DEVELOPMENT, FEDERALISM AND PLANNING
IN THE CAMEROONIAN CONTEXT

CHAPTER 2

A THEORETICAL FRAMEWORK OF PLANNING FOR ECONOMIC DEVELOPMENT UNDER FEDERALISM

2.1 Introduction:

We have indicated, in Chapter One, our belief that an understanding of recent Cameroonian economic experience requires an appreciation of three central phenomena - 'federalism', 'development' and 'planning'. In this Chapter, we shall attempt to build a framework in which the relationships between these phenomena are set out. This exercise requires first a review and clarification of these concepts and more particularly, the meaning we shall choose to impart to them as a result of our regarding them interdependently.

2.2 A Review, Clarification and Definition of the Concepts:

With the framework thus established, we will be able to explore the theoretical problem of economic planning for development in a federal state. This theoretical analysis will then be tested by reference to the experience of the Cameroon Federation between 1960 and 1971.

(A) Federalism:

There are many approaches that have attempted to explain the concept of federalism. For instance, there is the institutional approach which views 'federalism' as "a method of dividing power so that the general and regional governments are each within a sphere, coordinate and independent".¹

¹ K.C. Wheare, Federal Government, (New York: Oxford University Press, 1964), p. 11.

The *sociological* approach attempts to define federalism as a phenomenon of "*social diversity rather than one of constitutional mechanics*".² The rationale underlying this approach is that all countries are characterized by social diversity. The *process* approach views federalism as "*a union of groups united by one or more common objectives but retaining their distinctive group character for other purposes*".³

Finally, the *bargaining* approach postulates that "*a constitution is federal if it provides for two levels of government, each of which has at least one area in which it is autonomous and each of which has some guarantee (even though merely in a statement of the Constitution) of its contained autonomy within the sphere*".⁴ To Riker, the Constitution is the result of a political bargain.

All these varying approaches to the concept of 'federalism' makes it difficult to select any of them for the specific purpose of this study. Regarding Wheare's approach, the requirement that each government in the federation

² W.S. Livingston, Federalism and Constitutional Change, (Oxford: Oxford University Press, 1956), p. 2.

³ C.J. Friedrich, Trends of Federalism in Theory and Practice, (New York: Praeger, 1968), p. 5. The difference between the institutional and process approach to federalism is that the former emphasizes only the distribution of power between the units whilst the latter stresses the continuity of such unique characteristics as culture, language, tradition, law, etc., by each federating unit.

⁴ W.H. Riker, Federalism: Origin, Operation and Significance, (Boxton: Little and Brown, 1964), p. 10.

function independent of each other is inappropriate because the relation between governments in old and new federations is characterized by inter-dependence rather than by separate operations of many services.⁵ If governments were to function independently, there would be no need for a constitutionally impotent and ineffective federal government whose decisions would not be binding on all the federated States. Consequently, it does not appear that Wheare's approach to 'federalism' can be successfully applied to present-day federations.

As concerns Livingston's sociological definition of 'federalism', it is true that federal institutions for the most part reflect the social diversity prevalent in the federation. But this basic feature is recognized by Friedrich and other students of federalism. As a tool of analysis, Livingston's approach is not very helpful; partly because it is difficult to establish the characteristics of members of a social category whose membership is undefined, and partly because the author is himself unable to use the conceptual framework which he outlines in the first part of his book.

Friedrich's approach can be applied not only to a federation but also to an alliance, a club or a union of

⁵ M.J.C. Vile, The Structure of American Federalism, (London: Oxford University Press, 1961). By interdependence I mean that federal government decisions regarding resource allocation affect all the federated States since all of them contribute to the financing of the federation. In addition, some projects such as inter-state highways and railways usually require some cooperation between the federated States themselves.

groups within a federated State. Nevertheless, the approach enables one to understand a political system in which the decision-making process is divided between the central authority and the lower level authorities.

Riker's approach enables him to deal with some of the social factors with which Livingston is concerned, but he (Riker) does not make them explicit. Some of these social factors include the nature and effects of regional and cultural differences, and the changing pattern of citizens' relations with the different tiers of government. His approach depends neither on the division of governmental powers, on the extent of inter-governmental activities nor on the belief in state autonomy as emphasized by Wheare, Friedrich and Livingston. Rather, according to Riker, it is the structure of political systems which determines how long the federal system will continue to exist.

It would appear from our review of the various approaches to 'federalism', that they cannot usefully be compared in respect to operational capabilities such as Wheare's discussion of constitutional problems in federations, or Riker's discussion of the requirements for the working of federalism, but rather in respect of the fact that each approach points to a number of conditions under which federalism can be created. These conditions form the basis of the motivation and desire of the States to join in a federal union and to

remain united as a federation.

According to Wheare, the desire for federalism is determined by six conditions:

- (a) a sense of military insecurity from an outside threat and the need for common protection;
- (b) a desire for independence from foreign powers for which union is necessary;
- (c) a hope of economic advantage from the union;
- (d) some earlier political association;
- (e) geographical proximity; and
- (f) similarity of political institutions.⁶

K.W. Deustch and his colleagues present nine conditions necessary for a federation to be formed. These are:

- (1) mutual compatibility of main values;
- (2) a distinctive way of life;
- (3) expectation of greater economic ties or gains;
- (4) a marked increase in political and administrative capabilities of at least one of the participating units;

⁶ Wheare's conditions (c) to (f) were present in Nigeria and conditions (b) to (f) were present in Cameroon. However, condition (e) was absent from Pakistani (defunct), West Indian and the Malaysian Federations. The lack of this condition created difficulties for Pakistan in terms of effective development. Condition (d) was absent in the now defunct Central-African Federation (Rhodesia and Nyasaland) because it was imposed by Britain. Condition (b) was present in the now defunct Central African Federation. It was, however, applicable only to white minority who favoured the federation but not to the black Africans who were solidly against the Federation from the outset.

- (5) superior economic growth on the part of at least some participating units;
- (6) unbroken links of social communications, both geographically between territories and sociologically between different social strata;
- (7) a broadening of the political elites;
- (8) mobility of persons at least among the politically relevant strata; and
- (9) a multiplicity of ranges of communications and transactions.⁷

Riker regards two conditions as pre-eminent:

- (1) a desire by the politicians who offer the bargain to expand their area of influence by peaceful means, usually either to meet an external military or diplomatic threat, or to prepare for military threat or diplomatic aggression; and
- (2) a willingness on the part of the politicians who accept the bargain to give up some independence for the sake of union, because they

⁷ K.W. Deutsch, et al., Political Community and the North Atlantic Area, (New Jersey: Princeton University Press, 1957), p. 58. All the conditions except (6) to (9) were present in Cameroon, but only conditions (3) to (5) and (9) were present in Nigeria. In Cameroon, the East and West had broken links of communication as a result of 40 years of French and British rule in the two States respectively. For Nigeria, the Muslim North have maintained a distinct way of life different from that of the Southerners. Also the set of values have been different.

desire protection from either a military or diplomatic threat.⁸

It would appear from the foregoing conditions necessary for a federal union that the expectation of economic gains from uniting with a more superior partner,⁹ and operating joint services is the important rationale behind most federations, especially in new Federal States like Cameroon, Malaysia and India. There are also political and social forces which are said to underlie the rationale for the birth of all forms of federal systems. There is the recognition of the necessity by the federating units to give up some of their autonomy to the federal government, whilst at the same time maintaining their identity. All these factors combine to produce variations in the relationship between the federated units and the federal government.

⁸ Riker, op. cit., p. 12. None of Riker's conditions are applicable to Nigeria. His citing of the expansionists ambitions of Nkrumah (Ghana) is misleading because they were directed to the achievement of Pan-African Unity. Rather, potential threats which engineered the formation of the Nigerian federation came from within not from outside. These conditions were absent from Cameroon. However, they were present in Malaysia - where the government of Malaya anticipated that Singapore may become a threat to the country; and also the possibility of attack by Indonesia on Borneo territories.

⁹ A 'superior partner' will enter such a union only if it can exploit potential economies of scale and gains from larger market size, and diversification of its economy, because it has a higher productive capacity than the other member states.

For the purpose of this study, 'federalism' will be viewed as the outcome of a union of a number of formerly autonomous political and economic units wishing to co-operate in organizing their production and distribution activities with the objective of obtaining greater economic benefits¹⁰ that must be shared between the federating units in some acceptable manner within the federal set-up. The units at the same time aim at preserving within the federal framework a measure of individuality necessitated by such divergent factors as geography, culture, laws, social values, tradition and language. Since some of these divergent factors often prevail between individuals of the same political unit, it will be assumed that these differences exist only between the federated units because within each unit all individuals are subject to the same laws and government policies. A proxy for each unit which is a member of a federation will be a 'federated State'.

¹⁰ These benefits result from the expansion of the capacity (the increase in the volume of goods and services) of the economy of the federation. The benefits are dynamic in nature rather than static. The latter refer to the welfare gains or losses from a marginal reallocation of production (trade creation and trade diversion - the inter-state substitution of trade) and consumption (inter-commodity substitution due to changes in relative prices) patterns, and terms of trade effects which are all covered in the literature on classical theory of customs unions by Viner, Meade, Lipsey and Gehrels. The dynamic effects, which accrue to the federating units in the long-run, are the main concern of the author in this study. For further analysis of these effects, see J. Viner, The Customs Union Issue, (New York: Carnegie Endowment for International Peace, 1950), and J.E. Meade, The Theory of Customs Union, (Amsterdam: North-Holland Publishing Co., 1955).

Furthermore, under 'federalism', the division of legislative and executive powers, economic and social responsibilities between the various tiers of government is carried out by means of a bargaining process which leads to the fashioning of constitutional instruments designed to preserve the trade-offs involved in the pursuit of often conflicting higher federal and state development objectives. The attainment of the trade-offs between federal and state goals, requires a distinct institutional framework within which both federal and state economic policies are designed and implemented.

To this extent, 'federalism' as viewed above has three main features:

- (1) The rights¹¹ of all federated States are constitutionally protected in the federal union by means of equal representation of all states or representation by population.
- (2) To prevent the larger and richer States from out-voting the smaller and poorer ones with a view to getting most of the benefits from federating, there must be a constitutional

¹¹ By 'right' I mean that every federated state must have the option of carrying out those policies and activities that do not impede the working of the federal union. For example, in Canada, the Federal Government respects the wishes of the Quebec province to use French as their official language; the Swiss Federal Government does not alienate Italian-speaking citizens, and the United States Federal Government is cautious and gentle in its efforts to enforce dis-segregation in the Southern States' educational institutions.

guarantee for the renegotiation of sharing additional gains as the federation evolves over time.

- (3) Whereas regional governments in a unitary State may not derive their juristic existence from the constitution of the State, under 'federalism', the constitution of a federal union is in a sense a treaty or contract which regulates the behaviour of the federal and state governments.¹² For example, federal decisions are influenced by the powers of the State government, and, on the other hand, State decisions are influenced by federal jurisdictions. Thus, federal-State decisions are constrained by the federal-state power distribution.

(B) Development:

It will probably not alarm the development economist to realize that it is difficult to give a precise meaning of 'development'. This is because there are many definitions of this concept which have appeared in the literature. For

¹² A further difference between a federated State and a region is that the former has many unique divergent features such as laws, language, culture, etc., which are more likely to be absent in the latter. In addition, federated States do have distinct political, administrative, and economic frontiers, whereas in a region these frontiers may overlap. This is particularly true of regions in unitary States where the creation of regions is merely to enable the formulation and implementation of various spheres of policy, such as economic development, education, etc.

some writers, economic development is only one aspect or dimension of general development,¹³ because although the nation-state is usually regarded as the unit of development, 'national development' is a term which includes at least social and political changes as well as economic changes.

To some writers, 'development' implies growth accompanied by change, since there are essential qualitative features in the process of development that are often absent in the quantitative growth or expansion of an economy.¹⁴ Some of these qualitative features are improved efficiency of factors of production, the development of institutions, and a change in the society's attitudes and values.

Furthermore, to some economists, 'development' means industrialization. But the entire gamut of the society may not be affected, and indeed, industrialization may only affect a small proportion of the population. Alternatively, 'development' has also been viewed as the achievement of a number of "ideals of modernization". Such ideals include:

a rise in productivity, social and economic equalization, modern knowledge, improved institutions and attitudes, and a rationally co-ordinated system of policy measures that can remove the host of undesirable conditions of the social system that perpetuate a State of under-development.¹⁵

¹³ G.M. Meier, Leading Issues in Development Economies, (Oxford: Oxford University Press, 1971), p. 5.

¹⁴ An example of an account of economic growth without development in Liberia is given in R.W. Clower, et al., Growth Without Development, (Evanston, Northwestern University Press, 1966).

¹⁵ C.E. Black, The Dynamics of Modernization, (New York: 1966), pp. 55-60.

Finally, development has also been seen as 'economic independence' which is usually echoed by leaders of the present-day developing countries or by developed countries whose economies are dominated by foreign investment. The 'dependence' of these countries on export markets and foreign capital is often regarded as "*foreign domination*" or "*exploitation*" which (as the argument goes) must be prevented by adopting import-substitution policies, and limitations on the flow of external private capital. But the emphasis on national identity and independence through inward looking policies may impede rather than stimulate 'development', narrowly defined.

The various meanings of 'development' reviewed above would seem to imply change in the economic structure and institutional framework of the society concerned. This change takes the form of rising incomes and increases in the volume of goods and services, which are associated with systematic and predictable variations in such features of the economic structure as: output composition of the gross domestic product, rates of savings and investment, income distribution pattern, per capita incomes, consumption levels, utilization of capital and labour, capital-output and labour-output ratios, and the pattern of trade.

Any deviation from the normal path of development of an economy can be made possible through the creation of new

international trade patterns, changing tastes of society, new demands and problems resulting from the process of change, or through an economic integration or union of formerly autonomous economic units with the resulting composition and diversification of output of the various units differing substantially from their pre-union internal demand for the goods and services produced.¹⁶

Since economic 'development' involves sustained rises in real incomes and the production of goods and services, the question arises as to what is the best strategy for increasing them. To this end, it has been traditionally argued that policy choices regarding the development of national economies should be guided by the principle of comparative advantage. According to this principle, regions or nations should import those goods and services they can buy more cheaply from other regions/countries, and export what they can produce at a lower cost up to a point where the marginal cost of producing an extra unit of good or service equals the price received from its sale.

However, the use of the principle of comparative advantage as a guide to development can be questioned, particularly in regard to its equilibrium assumption where

¹⁶ Such effects of economic integration are termed dynamic effects which are absent from the classical theory of customs unions developed by Viner and Meade. See also footnote 10, above.

market prices are supposed to equal opportunity costs.¹⁷ This assumption will hold under conditions of perfect competition but not in actual market situations and certainly not in nations containing regions which are not experiencing equal rates of development.

Furthermore, the principle in its traditional form, does not take account of internal as well as external economies of scale and the changes in the costs of production and new economic activities that are created as the national economy undergoes structural transformation. But, as Chenery and others have argued, any modifications will deprive the principle of its operational usefulness. To Chenery, one would have to make *"an explicit analysis of the growth process itself before it is possible to determine even, theoretically, where comparative advantage lies; market prices and current opportunity costs are no longer sufficient"*.¹⁸

Nevertheless, growth economists have relaxed the equilibrium assumptions by allowing for internal and external economies of scale, and also for changes in the quantity and quality of goods and services produced over time. Thus, in order to obtain a pattern of production and trade that will maximize the gross domestic product of the region or country,

¹⁷ G. Myrdal, Economic Theory and Under-Developed Regions, (London: Gerald Duckworth and Co. Ltd., 1959), Ch. 11.

¹⁸ H.B. Chenery, "Comparative Advantage and Development Policy", American Economic Review, (Vol. 4, March, 1961), p. 20.

it has been argued that a rapid encouragement of economic activities that are labelled "*leading sectors*"¹⁹ of the economy should be encouraged. Investment prospects will, then, hinge on the effects of the expansion of the leading sectors in complementary or related sectors of the economy.

The question as to which economic sectors can play a leading role in the development of the economy, has given rise to two schools of thought - 'balanced' and 'unbalanced' growth schools. The students of balanced growth²⁰ strategy assume that the supply of capital and labour is 'elastic' and therefore, argue for a simultaneous expansion of a number of inter-related sectors of a region or the national economy. They also assume a perfect knowledge of the constraints or such conditioning factors as technical and demand relations, the rate of capital accumulation and the rate of growth of the labour force.²¹ Furthermore, they take the above constraints as given

¹⁹ A "*leading sector*" is that sector of the national or regional economy that contributes most to the rapid transformation of the structure of the economy in question, and, therefore, to the rate of growth of the gross domestic product.

²⁰ The leading exponents of this doctrine include: R. Nurkse, "Equilibrium and Growth in the World Economy", in G. Haberler (ed.) *Economic Essays*, (Cambridge: Harvard University Press, 1961), pp. 316-22; R. Nurkse, *Problems of Capital Formation in Under-developed Countries*, (London: Oxford University Press, 1953); W.A. Lewis, *The Theory of Economic Growth*, (London: London University Press, 1955), Chapter II 3(6), II 5(a), VI 2(a) and VII 1(b), H. Chenery, *op. cit.*, pp. 20-33; R. Caves, *Trade and Economic Structure*, (Cambridge: Harvard University Press, 1960).

²¹ It should be noted that Lewis alone recognizes that the demand and output relations are to alter in unforeseeable ways. Cf., Lewis, *op. cit.*, p. 389.

data, except Nurkse who emphasizes structural interdependence among various economic sectors.

As regards the choice of the pattern of resource allocation, the balanced growth school argues that a pattern should be chosen such that at every stage of development, the available production capacity is fully utilized in all the economic sectors and therefore, no surplus or shortages should exist. The choice of production techniques under balanced growth is recognized by Lewis who discusses the problem in relation to overpopulated underdeveloped economies and regions. He contends that since social opportunity cost or the marginal productivity of labour is low, it would be advantageous for the countries in question to adopt labour intensive techniques wherever feasible.²²

Notwithstanding the practical appeal of the balanced growth strategy, to many less developed nations and regions, its underlying unrealistic assumption of elastic supplies of capital and labour has impeded its successful application. Indeed, the very existence of the 'third world' and lagging regions in the developed nations is a testimony of the fact that both capital and labour are not as readily available in terms of both quantity and quality, as was assumed by the protagonists of balanced growth.

²² Cf. W.A. Lewis, op. cit., pp. 351-2 and his "Development with Unlimited Supplies of Labour", The Manchester School, May, 1954, (pp. 139-92); "Unlimited Labour: Further Notes", The Manchester School, January, 1958, (pp. 1-32).

The imperfections inherent in the capital markets, particularly in the less developed areas, create acute bottlenecks in the implementation of any development policy.²³ Private investors in rapidly growing nations or regions may underestimate the cost advantages of directing their investments into depressed or backward areas, and may by their behaviour create a net demand for public physical and social infrastructure in the developed areas.²⁴

Secondly, the assumption of unlimited supplies of labour particularly by Lewis, and the later theoretical refinements and extensions,²⁵ is also unrealistic. In particular, nothing is said about the quality of labour from rural areas. Indeed, the fact that the absorption of surplus labour by the industrial urban sector would require the additional training of workers in order to enable them to adjust to the labour market requirements in a new setting is not recognized. The costs incurred by the employers in the

²³ W. Goldsmith, Financial Structure and Development, (New Haven: Yale University Press, 1969). A.K. Rozental, "Unorganized Financial Markets and Development Strategy", The Journal of Developing Areas, Vol. 2, No. 3, July, 1967.

²⁴ Gordon C. Cameron, Regional Economic Development: The Federal Role, (Baltimore: John Hopkins University Press, 1968). The additional infrastructure in advanced areas may increase the return on private capital and therefore attract investors.

²⁵ G. Ranis and J.C. Fei, "A Theory of Economic Development", American Economic Review, Vol. 51, No. 4, (September, 1961), pp. 533-58; G. Ranis and J.C. Fei, Development of a Labour Surplus Economy, (Homewood, Illinois: R.D. Irwin, Inc., 1964); and L.G. Reynolds, "Economic Development with Surplus Labour Source Complications", Oxford Economic Papers, (March, 1969).

training programme may be enormous, and certainly cannot be overlooked.

Furthermore, as Myrdal asserts, "the localities and regions where economic activity is expanding will attract not immigration from other parts of the country. As migration is always selective, at least with respect to the migrants' age, this movement by itself tends to favour the rapidly growing communities and disfavours the others".²⁶ In the long-run, increasingly limited supplies of labour from formerly over-populated areas could well retard their rate of growth especially if the structural changes are characterized by a shift from agricultural to manufacturing activities.²⁷

The attempts to provide the assumption of unlimited supplies of labour with an empirical foundation have not met with success in countries like Africa,²⁸ Yugoslavia,²⁹ Puerto Rico,³⁰ and India.³¹ The results from these various studies

²⁶ G. Myrdal, p. 27.

²⁷ Bernard Okun and Richard W. Richardson, "Regional Income Inequality and Internal Population Migration", Economic Development and Cultural Change, (Vol. 9, January, 1961).

²⁸ R.W.M. Johnson, "Disguised Unemployment and the Village Economy", African Social Research, (June 3, 1967), pp. 229-233; Sara S. Berry, "Economic Development with Surplus Labour: Further Complications Suggested by Contemporary African Experience", Oxford Economic Papers, (July, 1970).

²⁹ Branko Horvat, "Note on Wages and Employment in Labour Surplus Economies", The Manchester School, (March, 1968).

³⁰ L.G. Reynolds, "Wages and Employment in Labour Surplus Economy", American Economic Review, (1965).

³¹ T.W. Schultz, Transforming Traditional Agriculture, (New Haven: Yale University Press, 1959).

indicate that

- (i) there is no evidence of zero or negative marginal productivity of labour in the Indian and African rural areas where there is surplus labour; and
- (ii) wage-employment locus has actually risen upwards in Yugoslavia, Puerto Rico, and Africa, and not horizontally as assumed by Lewis and other students of balanced growth strategy.

The rise in wage rates can be explained by such institutional factors as increasing demands for higher wages by labour unions even in the presence of surplus labour and the subsequent inducement on entrepreneurs to introduce labour-saving techniques which shift the marginal productivity schedule of employed labour upwards.

The dissatisfaction with the theoretical underpinnings of the balanced growth doctrine gave rise to a new school of thought - that of unbalanced growth.³² The 'unbalanced growth' approach to economic development has an intellectual as well as a practical appeal, because it recognizes the problems of low capital supply, limited managerial ability and technological innovation and the differences in the quality of labour. The approach argues for concentrated and sequential development patterns to achieve economies of

³² A.O. Hirschman, The Strategy of Economic Development, (New Haven: Yale University Press, 1958); W.W. Rostow, The Stages of Economic Growth, (Cambridge: Cambridge University Press, 1960).

scale and significant breakthroughs which induce further development on a regional basis.

The constraints arising from the scarcity of capital and managerial talents can only be known during the growth process. Unless, therefore, the economy keeps bumping against the Hicksian ceiling,³³ it will not be possible to know the full possibilities of development under the existing conditions. It is, indeed, the *raison d'être* of unbalanced growth to modify the conditioning factors or "external frame" of the economy so as to raise the growth rate higher than that which can be attained otherwise.³⁴

The unbalanced growth doctrine provides the induce-ment mechanism for breaking through the constraints, overcoming the conditioning factors, and lifting the economy from its traditional state upwards by means of 'innovation' as conceived by Schumpeter.³⁵ Thus, the volume of investment becomes an increasing function of certain types of imbalances which have been deliberately created. An example is the imbalance between social overhead capital undertaken solely by the public sector, and directly productive activities which are carried out by the private sector.

³³ J.R. Hicks, A Contribution to the Theory of the Trade Cycle, (Oxford: Oxford University Press, 1950).

³⁴ Hirschman, op. cit., (Chapter IV).

³⁵ J. Schumpeter, The Theory of Economic Development, (Cambridge: Harvard University Press, 1961).

Concerning the choice of an investment pattern, unbalanced growth argues for development by means of excess capacity in social overhead capital during the early stages of the growth process.³⁶ The core of Hirschman's analysis of unbalanced development lies in his arguments for concentrating investment on projects with the highest combined forward and backward linkages. To him, the development of economic projects with strong forward and backward linkages is highly desirable.³⁷ The location of such projects within a less developed region may provide a stimulus to other firms, already located, in the area.

These firms can supply inputs to the newly located economic activity and also to firms which use as an input, the product of the new activity. The location of an activity, with strong linkages within a region may serve as a further incentive for user and supplier industries to locate there.³⁸ An example of an economic activity which generates both forward and backward linkages is railway transport. Firstly, it directly stimulates industries such as iron, steel and coal, and other related industries. Secondly, it indirectly opens up new areas, for commercial trade. To this extent, it has a

³⁶ Hirschman, op. cit., (p. 94).

³⁷ Ibid., (Chapter 6).

³⁸ M.E. Streit, "Spatial Associations and Economic Linkages Between Industries", Journal of Regional Science, (Vol. 9, August, 1969).

trade-creating effect, (not in the Vinerian sense) which results in profit opportunities for industries, and therefore, provides the type of inducement mechanism which Hirschman advocates.

Hirschman, as noted earlier, introduces the problem of the quality of the available labour in the backward or lagging region. To him, the choice of the production process is determined by the nature and type of labour available.

However, the unbalanced growth like the balanced growth strategy has shortcomings which have prevented its complete acceptance by policy-makers faced with development problems. Firstly, Hirschman's quantification of the linkage effects is misleading for two reasons:

- (i) his data relate only to advanced countries where the development of basic facilities, including transport, and communications, public services, etc., has reached a high level, and
- (ii) his linkages are estimated only on the basis of current output requirements and not on the basis of capital requirements.³⁹

The value of the linkages in the case of basic facilities like transport, is, therefore, low in his estimates. If his

³⁹ Ibid., (Chapter VI), and for historical experience in this matter, see Rostow, op. cit., (pp. 55-7).

estimates of linkage effects of basic facilities were appropriately done, his arguments against excess capacity creation of social overhead capital,⁴⁰ would be contradicted.

Secondly, although a deliberate strategy of unbalanced growth through the creation of shortages can generate a much faster rate of growth in less developed areas, there is the danger that imbalances beyond a point could lead to an explosive situation from an economic as well as from a social point of view. For example, there is no guarantee that by concentrating its resources in the expansion of transport and communication facilities, and, therefore, neglecting the provision of certain basic needs such as health, water supply, etc.; an underdeveloped nation will attract external private capital into the productive sectors of their economies. Consequently, in taking decisions regarding the type and extent of imbalance to be created, it will be necessary to ensure that their intensity is such as to generate a desirable corrective programme.

Notwithstanding the shortcomings outlined above, it would seem that both approaches can be compared in terms of their operational usefulness in the formulation as well as the implementation of development policies. To this end, both approaches recognize the need for the creation of excess capacity of social overhead capital in view of the assumed

⁴⁰ Hirschman, op. cit., (Chapter 5).

functional relationship between social and physical overhead capital and other directly productive investment.⁴¹

Furthermore, unbalanced growth as a strategy of development has justification only in the perspective of balanced growth.⁴² This is because balanced growth by itself is, to use Schumpeter's phrase, "*insufficiently motivated*". It is the function of unbalanced growth strategy to provide the motivation for productive investment which has to originate solely from the private sector.

Finally, both strategies are also related to the objectives or goals of many nations. The use of either approach to development involves decisions by a collective agency with adequate policy instruments at its disposal to guide the economy in a desirable direction. Such a collective agency, the need for which is recognized in both strategies,⁴³ is the State. The State has the responsibility of working out the full implications for the development objective of public policies which are set in motion to achieve that objective.

Bearing the foregoing remarks on the two strategies of development in mind, economic development shall, for the

⁴¹ Nurkse, op. cit., (pp. 267-75); Hirschman, op. cit., (p. 94).

⁴² Indeed, Hirschman's use of the input-output tables for estimating his linkages, in fact, points to the importance which he attaches to balanced development.

⁴³ Lewis, The Theory of Economic Growth, op. cit., (pp. 383-92); Hirschman, op. cit., (pp. 60-65; 202-3). It should be noted, however, that in the earlier part of his discussion, Hirschman seems to favour only initial action by the State, (pp. 60-65), but in his final Chapter he seems to recognize the need for subsequent State action too (pp. 202-3).

purpose of this study, be viewed as a sustained secular expansion of the capacity (total volume of goods and services that can be generated) of an economy.⁴⁴ The increase in the total output of goods and services resulting from the expansion of an economy, must be sustained because a short-term expansion experienced during, say a business cycle, will have a very limited and non-lasting impact on an economy. Consequently, the appropriate time units in which secular trends are measured are decades rather than years in which individual business cycles are measured. A period of say ten years can be considered as being an acceptable period within which sustained development can be observed.

By adopting an increase in current real national product and real per capita product as measures of 'development', consideration is given to the replacement of worn-out investment or capital goods which do not lead to net increase in the output of goods and services; population changes and also changes in the general price level.

The above view of 'development' does not, however, consider the messy and unsolved problem of social welfare, particularly as nothing precise can be said regarding the extent of the improvements in individual welfare as a consequence

⁴⁴ It should be noted that there is much debate regarding how to measure 'development'. For the extent of the debate, see I. Adelman and C. Morris, Society, Politics and Economic Development, (Baltimore: John Hopkins, 1967); "Performance Criteria for Evaluating Economic Development: An Operational Approach", Quarterly Journal of Economics, (Cambridge, England: Cambridge University Press, 1951); Simon Kuznets, "Some Conceptual Problems of Measurement", Economic Development and Cultural Change, (October, 1956).

of development and the problem of making comparisons between the social position of different individuals is next to impossible. For example, the extended family system may be high on the list of social values of a particular society. However, to the extent that it impedes individual or joint initiative, it will tend to discourage development.

(C) Planning:

Generally, a 'plan' has been defined as a sequence of future actions to which a person, unit or an organization is committed. To some writers,

A plan is not a catalogue of wishful statements, it is a well-organized and logically-ordered set of statements forming a coherent discourse. These statements fall into five categories, and, although some might be only implied, or put forward in any plan, all five categories of statements are essential for the definition of the plan: (i) the state of nature; (ii) the future state of nature; (iii) socio-economic rules of the game; (iv) the goals pursued; and (v) the action to be taken.⁴⁵

Planning means the process of making, changing or co-ordinating such plans.⁴⁶ Such a process calls for a continuous and regular communication between planners and the plannees.

As a guide to positive action, planning is an attempt to change or direct the course of events which are otherwise unregulated. In the words of Tinbergen and Bos, "planning

⁴⁵ T.N. Brewis and G. Paquet, "Regional Development and Planning in Canada: An Exploratory Essay", Canadian Public Administration, summer, 1968.

⁴⁶ Bertram Gross, The Managing of Organizations; (New York: Free Press, 1964), p. 774.

differs from pure forecasting in that it is based on the assumption that the future course of production and other economic variables can be influenced, and it aims at indicating the most desirable course".⁴⁷ Planning attempts to guide public policy decisions in such a way as to achieve ends which are considered optimum from a social point of view. This is, particularly true because,

An unplanned economy of the capitalistic type may be equally or far more efficient in reaching us to a particular goal but then we cannot select our ends in that set up. The economy would be driven towards the conclusion to which the inner structure leads by its own momentum. If, however, society values a different end more than the structural conclusion, without changing the structure of the system, we cannot obtain those ends. That is why planning as a theoretical tool is more helpful than an unplanned competitive set up.⁴⁸

In other words, planning is seen as a set of complex activities designed to ensure that the combined effects of policy action affecting economic activity is optimum.⁴⁹

Planning has also been viewed as a centralized activity where resource allocation is controlled for the betterment of the society as a whole or limited to the traditional bounds of the public sector. Specifically, economic planning has been defined to mean replacing the spontaneous

⁴⁷ Jan Tinbergen and H.C. Bos, Mathematical Models of Economic Growth, (New York; McGraw-Hill, 1962), p. 4.

⁴⁸ Dasgupta, Sen and Sengupta, Planning and the Plans, (Calcutta: Asian Publishing House, 1961), p. XI.

⁴⁹ Everett Hagen (ed.), Planning Economic Development, (Homewood: Illinois & Irwin, 1963).

forces of the market mechanism with deliberate and guided action; and central control over the process of decision-making in the creation and allocation of resources. In the words of Edward S. Mason, "Planning implies some substantial degree of centralized decision-making. This is true whether planning is undertaken for a firm, a municipality, a region or for the whole economy ... It is not possible to talk about decentralization planning."⁵⁰ The Norwegian and Dutch schools, in their definition of planning, have put emphasis on the co-ordination and consistency aspects. For instance, to Ragnar Frisch, "Scientific planning means co-ordinating everything in one simultaneous (and integrated) piece of analysis and doing it on some optimum basis. It is solving the whole nexus as one simultaneous problem where everything else determines everything else, much in the same way as all known in a system of equations determine each other simultaneously."⁵¹ Regarding the consistency element of planning, it has been contended that: "To assure consistency and to avoid large scale waste and disorganization, care should be taken that the component parts of the programme form a coherent and co-ordinated whole. It is the purpose of general programming to see to this coherence and co-

⁵⁰ Edward S. Mason, "Some Aspects of the Strategy of Development Planning: Centralization vs. Decentralization", in United Nations, Science Technology and Development, (Vol. VIII, No. 1, New York).

⁵¹ Ragnar Frisch, Planning for India: Selected Explorations in the Methodology, (Bombay: Asian Publishing House, 1960), p. 2.

ordination. The essence of programming is the avoidance of inconsistencies."⁵²

Finally, planning has also been viewed as an organized intelligent attempt to select the best alternatives with a view to achieving specified goals. According to this school, planning is, "The rational application of human knowledge to the process of reaching decisions which are to serve as the basis of human action. ... The central core of the meaning remains the establishment of relationships between ends and means with one object of achieving the latter by the most efficient use of the former."⁵³

It would seem from the foregoing meanings of the concept of 'planning' that it is dominated by such phrases as 'change the course of events', 'guide public action', 'involves some degree of centralization', 'replace market forces with guided action', and 'co-ordination and consistency'. In a nutshell, then, planning as conceived above, involves deliberate but co-ordinated intervention in the normal operation of the market system.

Since planning intervenes with the normal working of the market system, the various policy consequences can be better

⁵² Jan. Tinbergen, The Design of Development, (Baltimore: John Hopkins University Press, 1958), pp. 9 and 24.

⁵³ Sociedad Interamericana de Planificación, Enseñanza de la Planificación en la América Latina, (San Juan, Puerto Rico, 1960), pp. 101-102.

understood by examining the different approaches to planning.

These approaches include:

- (i) comprehensive planning;
- (ii) normative planning;
- (iii) process planning; and
- (iv) 'disjointed incrementalism'.

Comprehensive planning has two basic features:

- a) the 'integration of parts' in which an attempt is made to influence all relevant variables of the system; and
- b) the projection into the future.

Comprehensive planning has been defined as the logical consequence of the idea of rationality.⁵⁴ Other schools of thought have used the term "*social planning*" as being the same as comprehensive planning. This implies that economic and physical measures can be regarded as elements of a social plan.⁵⁵

There is, however, the danger of confusing 'comprehensive planning' with 'social welfare planning'⁵⁶ which is concerned with the planning of social institutions, for which the term 'social architecture'⁵⁷ has been used. Further, the

⁵⁴ P. Davidoff and T.A. Reiner, "A Choice Theory of Planning", J.A.I.P., (Vol. 28, 1962), pp. 103-115.

⁵⁵ H.S. Perloff, "New Directions in Social Planning", J.A.I.P., (Vol. 31, 1965), pp. 297-305.

⁵⁶ R. Perlman, "Social Welfare Planning and Physical Planning", J.A.I.P., (Vol. 32, 1964), pp. 237-241.

⁵⁷ "Social Architecture" has been defined as the building of institutions that are considered as indispensable. For an exploration into the development of a conceptual framework for this organization, see H.V. Perlmutter, Towards A Theory of Social Architecture - The Building of Indispensable Institutions, (London: Tavistock Institute, 1965).

emphasis on the social aspects of planning is within the context of increasing social urban problems which have been headaches in some nations.⁵⁸

Notwithstanding its rational basis, can comprehensive planning foresee all the consequences? It does not seem plausible. Since any society contains complex and multiple social values, it would be extremely difficult to predict with any kind of certainty and precision the innumerable consequences and effects of any one policy-decision even over a short period of time.

Furthermore, the elaboration of a comprehensive plan may be detrimental to decision-making. This may be because of the planner's sensitivity to react to unpredictable problems and certain discrepancies in the economy. As Hirschman and Lindblom put it; *"This essential ability to react and to improvise readily and imaginatively can be stultified by an undue preoccupation with, and consequent pretense at, advance elimination of these problems and difficulties through 'integrated planning'."*⁵⁹

Under comprehensive planning, how much freedom of judgement ought individual decision-makers be allowed? After all, as pointed out above, the consequences of any one decision can be expected to interact with the consequences of other

⁵⁸ It may be worthwhile for physical planners to bear in mind that the Watts riots in Los Angeles, the first in a series of 'hot summers', was in 1964, i.e., after ten years of efforts for urban renewal, efforts, which were not all fruitless if measured in terms of physical impact. Unfortunately, the inhabitants of urban ghettos in affluent America did not define their problems in quite the same terms as the planners had anticipated.

⁵⁹ A.O. Hirschman and C.E. Lindblom, "Economic Development, Research and Development, Policy-Making: Some Converging Views", Behavioural Science, (April, 1962), p. 218.

decisions, with important differences in the resulting outcome from that which would be expected in the absence of those other decisions. Related decisions may, therefore, be mutually reinforcing in some of their consequences on the others; decisions taken by one administrator can contribute to the relative success or failure of the decisions of other administrators.

Thus, the problem of co-ordination will arise. Co-ordination is the attempt to ensure that decisions are taken such that they result in an optimum set of net consequences. The common presumption again is that only through central action can the various decision-makers be so co-ordinated; only from the central vantage point can the relationships be adequately foreseen and the decision-makers appropriately controlled.

*The multitude of activities and effects of the various parts and levels of government can themselves be planned only if there is some central planning agency which co-ordinates and directs planning for the government as a whole.*⁶¹

*Somewhere on top there must be an ultimate authority whose responsibility it is to see that the various tasks are properly assigned, that the persons and agencies responsible for them are doing their jobs as well as circumstances permit, that implementation of the various programme elements are kept in responsible balance and that, in general, plan execution is proceeding satisfactorily.*⁶²

This presumption is unjustified because the interaction

⁶⁰ To this extent, planning and co-ordination are inseparable. If to plan is to guide activity with a view to the future and according to some notion of preferred direction, then 'to plan' implies 'to co-ordinate'.

⁶¹ Gerhard Colm and Theodore Geiger, "Public Planning and Private Decision-Making in Economic and Social Development", Science, Technology, and Development, (Vol. VII, No. 16).

⁶² Louis J. Walinsky, The Planning and Execution of Economic Development, (New York: McGraw-Hill, 1963), p. 66.

of decision consequences cannot be perfectly foreseen. In particular, erroneous predictions which are often of considerable magnitude, might be expected because central planners may not be in a position to provide those public goods and services which reflect the preferences of a geographical subset of the population.

With regard to normative approach to planning, the objectives of development are explicitly taken into consideration. This approach to economic planning is an attempt to bring *"the paths of historical evolution under a comprehensive intelligence and thus make it possible for man to gain social control of himself"*.⁶³ Normative planning opts for a particular alternative and its specific bundle of predictable consequences. For example, in public planning, the choices are made under the constraint or assumption that public interest ought in some sense to be optimized, whilst in private planning it is the interest of the organization that is at stake.

In the process approach to planning, there is the introduction of a flow of feed-back from the implementation to the formulation-phase of plans. A re-evaluation of the features of the plan, including the objectives and priorities, is done on a continuous basis as need arises. The emphasis on planning as a continuous process dominates the United States' literature on planning. This can be explained by (i) the fast pace of social and economic changes which have made themselves rapidly felt in the American environment where more goods and services are channelled through the market place which, it is

⁶³ J.R.P. Friedmann, "Planning As A Vocation", in Plan Canada, (Vol. 6, No. 3), (1966).

argued, in that society is more responsive to changing conditions than the public agencies, and (ii) a very limited amount of coercive power is invested in American planners as compared, say, to their British counterparts who have legislation to fall back on.

The 'disjointed incrementalism' approach to planning by Braybrook and Lindblom⁶⁴ regards decision-making as being only incremental, remedial, exploratory, fragmented, limited and disjointed. One of the central arguments of Lindblom is that this planning strategy is in keeping with the principles of democracy. However, the whole concept of disjointed incrementalism is only a straightforward rationalization of what is possible in the context of a highly fragmented and diffuse government system, which is characteristic of the United States.⁶⁵ Consequently, Braybrook and Lindblom's thesis and the conclusions deduced therefrom, do not imply a universal approach to planning but reflect the particular institutional structure prevailing in one nation.

The question that concerns us is: What from an economic point of view are the major problems of economic planning under a federal system of government? An adequate discussion

⁶⁴ D. Braybrook and C.E. Lindblom, A Strategy of Decision-Policy Evaluation as a Political Process, (Glencoe: The Free Press, 1963).

⁶⁵ M. Broady, "The Social Context of Urban Planning", op. cit., (1968).

of this question would appear to be greatly handicapped by a number of factors.

Firstly, the nature of the problem seems to restrict the scope for drawing general propositions as to their solutions, given the well enunciated organizational characteristics of 'federalism' as indicated earlier above. For example, notable features of federalism are the intergovernmental division of rights and responsibility regarding public management of the relevant economy, and the variable degrees of interdependence among unit or constituent governments. As a result, the problem of planning under a federal system displays international differences, in general, so that policy prescriptions in one federal context would hardly be universally applicable. This is partly because political priorities on economic policies and development tend to differ among federal unions,⁶⁶ and partly because none of the various approaches to planning are directly relevant to the task of planning in a federal state.

Secondly, the available tools of fiscal analysis would appear to be inadequately geared to the problem of federalism since they have been typically formulated under the implicit assumption of a unitary political framework.⁶⁷

⁶⁶ U.K. Hicks, 'Introduction' in U.K. Hicks, et al., (eds.), Federalism and Economic Growth in Unverdeveloped Countries, (London: George Allen and Urwin, 1961), p. 2.

⁶⁷ See R.A. Musgrave, 'Introduction' in R.A. Musgrave (ed.), Essays in Fiscal Federalism, (Washington, D.C.: Brookings Institution, 1965), pp. 1-2.

In particular, the general theory of fiscal policy gives virtually no explicit attention to the economics of planning in a federal state. The few scattered attempts to build the concept of federalism clearly into a macro-fiscal model,⁶⁸ contain general institutional assumptions which would appear on the whole to be more relevant to old (advanced) federations than to new (developing) federations in part because most students of federalism tend to draw their examples from developed nations. As a result, a federal system of government is apt to pose a wide variety of organizational and operational problems of planning for which traditional fiscal policy provides little guidance as to their solutions.

Although students of economic planning have been aware of the need for plan implementation, little attention has been paid to the practical problems of plan implementation which many nations have found more challenging than those arising from plan formulation:

This emphasis on formulation ignores the fact that the conclusions reached through planning must be properly conveyed to the individuals and institutions responsible for the implementation exercise.⁶⁹ Unless the institutions for

⁶⁸ R.A. Musgrave, The Theory of Public Finance, (New York: McGraw Hill Book Co. Inc., 1959), pp. 132-133 and 139-183. For an extension of Musgrave's model, see W.E. Oates, "The Theory of Public Finance in a Federal System", in Canadian Journal of Economics, (February, 1968), pp. 37-54.

⁶⁹ Planning conclusions can be put in the form of 'Master Plans', 'X' Years plans; budgets, concrete work assignments, etc. However, the freedom of the planning body is restricted not only to certain substantive recommendations, but also to specific forms of presenting the conclusions, and communicating them to the decision-making and plan-implementing agencies.

plan implementation are well acquainted with the unwritten spirit of the plan, for example, plan-execution will definitely diverge from the intentions or expectations of the planners. Thus, the planners, as Merle Fainsod points out, will continue to run the risk of "*spinning visions in a vacuum*".⁷⁰

The problem, therefore, is no longer merely the ability to devise the best plan in the abstract sense but rather the best implementable plan. In this regard, while some people who favour executive powers for central planning departments believe that it should be responsible for implementing plans,⁷¹ others advocate that an autonomous body be set up to perform this function. This school of thought holds the view that plan formulation as an advisory function, cannot be effectively undertaken together with the execution responsibilities inherent in co-ordinating the implementation of development plans.⁷²

⁷⁰ Merle Fainsod, "The Structure of Development Administration", in Development Administration: Concepts, and Problems, (ed.), (London: Oxford University Press, 1968), p. 12.

⁷¹ Indeed, nearly every administrative unit or agency engages in both planning and plan-implementation - the difference is one of degrees. Similarly, the distinction between planning and plan-implementation is an analytical one; there are marginal activities that can be regarded as belonging to both categories.

⁷² For example, see Barbara Ward, Plan Under Pressure, (London: Asia Publishing House, 1963). Here, in referring to the process of plan implementation in India, she asked "whether a sub-committee of the cabinet or some other high-level body reporting directly to the Prime Minister should not undertake the responsibility of seeing month-by-month, that planned development is going forward at a coherent pace and that the various schemes and sectors hang together. Could the bottlenecks of basic industries have developed so far if a strong cabinet body had been breathing down the neck of the Minister responsible for coal mines and demanding why, month after month, his figures were below the target?", (p. 31)..

The continuous character of both the planning process and plan-implementation, and the distribution of planning and implementation functions between the various institutions and agencies on different levels of action is in fact crucial to the success or failure of any development planning.⁷³ For example, there can be

- (a) 'delegation planning' which constitutes plan execution from the point of view of the higher planning agency, and
- (b) 'autonomous planning' which is pursued not as part of any higher level planning agency.

⁷³ In this connection, it may be noted that the Regional Development Committees created by the Commonwealth of Australia in 1944 failed to formulate and implement regional plans because they were imposed by the Federal Government of Australia. C.f., Regional Planning in Australia, Commonwealth Department of Post-War Reconstruction, (Canberra, 1949), pp. 16-17. Also in the former Pakistani Federation, programmes like the Industrial Development Programme, for regional and municipal development failed in 1958 because of the absence of an institutional link between the central and lower level governments. A rectification of this shortcoming during the Pakistan Second Five Year Plan, 1960-65, December, 1960, through the decentralization of planning and implementation functions "caught the imagination of the rural people and kindled their enthusiasm and hope for development". C.f., Pakistan Planning Commission, Final Evaluation of the Second Five Year Plan, (p. 135). Furthermore, in the Indian Federation, early national development plans did not outline any specific responsibilities for the State Government institutions. As a consequence, it was difficult for the Indian Federal Government to get the State Governments to co-operate in the implementation of the Plan. (C.f., Krishnamachari, V.T., Planning in India, Bombay: Orient Longmans, 1961).

Decentralized planning procedures and decision-making assume that the central authorities cannot solve the planning problem directly. Either the authorities do not possess all the necessary information regarding technology (and possibly individual preferences) or even if they did, they might not be able to solve directly the overall optimization problem. Consequently, there must be an exchange of information between the centre and the periphery (or the various units into which the economy is divided) and typically some calculations must be carried out in the periphery by the units.⁷⁴

Thus the appropriate partitioning of the economy for decentralized planning and decision-making purposes is an important first step. Generally, central planners do have a great deal of latitude for choice in this regard.⁷⁵ They are relatively free to reshuffle ministries, dissolve or create industrial organizations, break up or amalgamate enterprises and re-organize the lines of authority and communication defining the administrative hierarchy.

⁷⁴ For some treatment of this problem, see K. Arrow and L. Hurwicz, "Decentralization and Computation in Resource Allocation", in R. Pfouts (ed.), Essays in Economic Econometrics in Honour of H. Hotelling.

⁷⁵ F. Bessière, "The Concept of Seperability and the Optimatization of Economic Organization", European Economic Review, (Fall, 1966), pp. 74-91.

E. Malinvaud, "Decentralized Procedures for Planning", in E. Malinvaud and M. Bacharach (ed.), Activity Analysis in the Theory of Growth and Planning.

The number of levels and the number of units at each level, will affect the desirable degree of aggregation as information passes from one level to the next. Many of the difficulties which limit the generality and applicability of various decentralized planning and decision-making procedures could be alleviated by changes in the partitioning of the economy into feasible units for planning purposes.

Although the existence of a federal state places some limits on the flexibility of creating ideal partitions, the individual States do constitute vehicles for some degree of decentralized planning and decision-making. In other words, the kinds of considerations which favour decentralization of planning will carry some weight in analyzing the planning system of a Federal system.

For the purpose of this study, 'planning' will be viewed as a continuous, deliberate co-ordinated process whereby different sets of instruments of economic policy are manipulated to guide the allocation of public and private resources with a view to achieving some specified structural targets⁷⁶ which are consistent with a certain spatial-sectoral production and distribution pattern which is different from that produced by free market forces, during a given period. Its main features consist of the identification and delineation of the economic

⁷⁶ By structural targets, I mean those variables that are considered relevant for sustained development. Some examples are real national income, real per capita income, the volume of employment, investment and savings rates, or the distribution of national income.

and social problems facing the society in question; setting production, investment, income and resource allocation targets, and the devising of appropriate institutions for plan formulation and implementations and adapting them to the changing circumstances.

2.3 The Inter-Relationships Between: Federalism-Development; Federalism-Planning; & Planning-Development:

Our review of the literature on the three concepts that are central to our analysis helps establish the building blocks. As has been suggested at several points already, however, each of these concepts acquires new meaning when viewed in combination with the others. Since the Cameroonian experience features the interdependence of all three ideas, we must attempt to understand their inter-relationship more fully. To do so, we begin with an analysis of the three pairwise sets of relationships that exist, and conclude with a three-dimensional interjection of the concepts.

(A) Federalism-Development:

In examining the relationship between 'federalism' and 'development', the assumption underlying each objective, is the desire for greater economic improvement in the positions of the federated units and the steady increase over time of the capacity of the economy of the federation as a whole, respectively. The relationship between these two objectives can be

examined by using the two dimensional diagram shown by Fig. 2-1, where F_1 and F_2 represent two federated states, whilst D_1 and D_2 denote development levels in years 1 and 2, respectively.

		Temporal Units	
		D_1	D_2
Spatial Units	F_1	$F_1 D_1$	$F_1 D_2$
	F_2	$F_2 D_1$	$F_2 D_2$

Figure 2-1 'Federalism' Vs. 'Development'

It is apparent that the objectives of 'federalism' and 'development' will conflict since the former stresses the spatial dimension of the distribution of the benefits from federating, whilst the latter emphasizes only the temporal aspect of the expansion of the capacity of the economy without considering where the expansion is taking place. For example, an optimal developmental programme might be concentrated in only say F_1 (if it is the most productive State) but such development will not take place in a spatially "balanced" manner, acceptable to both States.

We shall attempt to illustrate more formally the extent and nature of the problem involved in pursuing policies that may lead both to the realization of optimal 'development' and the desired sharing of gains from 'federalism'. Firstly, it will be assumed that in a Federation, F_1 is a richer State,

subject to rapid productivity advance whilst F_2 is poorer, with lagging productivity growth. Alternatively, it will also be assumed that both F_1 and F_2 have the potential for economic development but it is greater in F_1 than in F_2 . To this extent, therefore, the two federated States will be experiencing different rates of development before the union - with F_1 having a higher growth rate than F_2 .

In the circumstances, therefore, the conventionally - measured GDP of a genuine federation of F_1 and F_2 will be smaller than that of a unitary state. The difference may be termed the 'opportunity cost' of federating. This opportunity cost arises from the fact that under a federal system there is need for decentralized production of economic activity and population that may well be opposed to what an efficient market solution would yield.⁷⁷ Thus, if the GDP of a unitary state is denoted as Y_u and that of a federation of unitary states F_1 and F_2 is denoted as Y_F , the economic cost of establishing a federation becomes $Y_u - Y_F = A$. The size of 'A' is larger in the case of the first than the second assumption regarding the economic positions of the federating States.

However, a collection of Balkan states, F_1 and F_2 , each maximizing its own GDP, after allowing for price-level differentials, would have a total product of Y_b . Thus, the

⁷⁷ This is because state autonomy in a wide range of economic areas, the existing state of labour mobility which is influenced by such factors as traditional ties to lands, linguistic differences, historical enmities, etc., may prevent complete centralization of production.

economic gain to F_1 and F_2 as a collectivity from federating rather than Balkanizing can be stated as $Y_f - Y_b = X$. The economic gain⁷⁸ (positive X) would arise from economies of scale brought about by the enlargement of the size of the market for firms producing below optimum capacity prior to the union, external economies which shift specific or general cost curves downward, trade-encouraging fiscal and monetary harmonization and factor mobility in the long-run.

Such mobility may redistribute incomes amongst F_1 and F_2 , so that one may progress and the other may remain backward. To this extent, the question of sharing the economic benefits generated in the federation will have to be given very careful attention. Whatever is the situation with respect to the comparative advantages of the various federated States regarding the sites for industrial projects and other economic activities, no progress can be expected to be made with development policies which imply that some states will be almost exclusively importers whilst others will be predominantly exporters of sub-regionally produced goods and services.

Consequently, a negotiated group of development projects containing many second-best solutions of the location problem will be preferable to locational decisions that are

⁷⁸ From the point of economic efficiency, it would seem that X will be positive. However, this may be at the expense of the poorer State F_2 . To this extent, there will be a possible loss from the point of view of the distribution of economic activities.

based purely on efficiency criterion. A choice of the latter, may lead to an unacceptable degree of polarization⁷⁹ and a subsequent breakdown of the joint co-operation which necessitated the formation of the federation with a view to bolstering the development effort of the member-States.

Unfortunately, at the present time, the evolution of opinion regarding multi-state economic development within a federal set-up, has not gone far enough to show the existence of potential or possible industrial linkages, à la Hirschman, which should influence the planning of the pattern of spatial development of a federation. Rather, the attempt to deal mainly with final goods and services, has led the various contributions to end up with conclusions like State (region) F_1 should develop economic activity Y .⁸⁰ Instead, what is required in order to ensure spatial development in a federal system, is the establishment of economic activities with a view to bringing

⁷⁹ Such polarization effect refers to the cumulative worsening of the relative or absolute, economic position of a member state due to concentrated economic activity or attractiveness of labour and capital.

⁸⁰ A glaring example of this type of thinking is the debate over the location of the iron and steel plant in the Nigerian Federation where it was suggested that even on economic grounds, the rough category - 'iron and steel industry' should be broken down into finer industrial components and that different parts of it should be located in different regions. C.f., C.C. Oyememkeve, Problems of Industrial Planning and Management in Nigeria, (London: Longmans, 1966); W.F. Stolper, Planning Without Facts, (Cambridge: Harvard University Press, 1966). For a similar controversy over the location of such mills in the Indian Federation, see George Rosen, Democracy and Economic Change: India, (Berkeley: University of California Press, 1967).

out the complementarity inherent in the projects located in the different federated States.⁸¹

To this extent, therefore, spatial development in a federal context should be guided by the basic objective of integrating all the economies of the federated States since the rationale for federalism is to exploit the economies of scale and share the benefits arising from a larger market size. In this regard, a certain inter-state balance in the level of development must be maintained, at least sufficient to preserve the political support that is absolutely a *sine qua non* for the viability of the federation.

(B) Federalism-Planning:

The problem of planning in a federal system follows from the above. 'Federalism' is used here as an objective whilst 'Planning' as a process whereby policy instruments are manipulated to allocate resources. Thus, 'planning' in a federation is the technique of allocating public and private resources among the key sectors of the economy (designated as S_1 , S_2 , and S_3) to meet spatial objectives, specifically those of the federated States (F_1 and F_2).

This dual allocation problem, between spatial units F_1 and F_2 (or federated States) and the conventional economic sectors, S_1 , S_2 , and S_3 (such as agriculture, industry, etc.)

⁸¹ The extent of the complementarity between projects is determined by the highest combined forward and backward linkages à la Hirschman.

can be illustrated with the aid of a two dimensional matrix -
Figure 2-2.

		Economic Sectors		
		S_1	S_2	S_3
Spatial Units	F_1	F_1S_1	F_1S_2	F_1S_3
	F_2	F_2S_1	F_2S_2	F_2S_3

Figure 2-2 'Planning' under 'Federalism'

Under a federal set-up, the planning process and the relevant policy instruments employed by it, are no longer guided by efficiency considerations alone which may demand the allocation of more resources to the most productive sector of the economy (which may be sited in only one State) but also by spatial considerations which emphasize a greater dispersion of resources between the federated States.

Spatial considerations will, therefore, require the process of 'planning' under 'federalism' to recognize and take into account certain constraints as given data. The most basic constraints include the extent of federal and state of autonomy in a wide range of economic matters, the existing state of factor mobility, political attitudes to migration; the economic and social incentives and obstacles to mobility and the influences of federal and state development institutions.

As a consequence of these constraints, the planning

process under a federal system will always impose a different bias in the regional allocation of economic activities from that of a unitary state with the same basic original factor and geographic endowment.⁸² To this extent, the planning process will attempt to produce a viable mix, of sectors S_1 , S_2 , and S_3 , that is relevant to local conditions in each federated State.

The issue of where to locate economic activity in a federal setting is confronted directly in the planning process in the disaggregation of the federal development plan into sectoral and State plans. This is to ensure that spatial development which results from the trade-offs between federalism and development objectives is achieved during the planning period. To this extent, planning attempts to improve the organization of production and distribution activities within the given federal territorial space which includes all the member States.

(C) Planning-Development:

'Development' was defined earlier as an increase in the capacity of the economy of the federation. The 'planning' process was seen as a technique which makes use of certain policy instruments to allocate resources among sectors.

⁸² This is because the political boundaries of federated states and optimum administrative economic regions may not coincide. States have their own ideas about optimum fiscal, economic structures and income redistribution whereas unitary states may not indulge in fiscal systems that are geographically discriminating.

Planning for development therefore requires the allocation of these resources between the various economic sectors such as agriculture, industry, trade, education, etc. so as to optimally foster the expansion of the capacity of the economy.

The nature of the issues involved in planning for economic development can be shown with the aid of a two dimensional matrix diagram - Figure 2-3 - where D_1 and D_2 stand for developmental levels in years 1 and 2, and S_1 , S_2 and S_3 indicate economic sectors to which resources are being allocated.

		Economic Sectors		
		S_1	S_2	S_3
Temporal Units	D_1	$D_1 S_1$	$D_1 S_2$	$D_1 S_3$
	D_2	$D_2 S_1$	$D_2 S_2$	$D_2 S_3$

Figure 2-3 'Planning' for 'Development'

From Figure 2-3, it can be observed that in order for the planning process to lead to the desirable development objective, resources would have to be allocated to the economic sectors S_1 , S_2 , and S_3 in the light of the potential forward and backward linkages which each of them can generate.

Certain structural problems inherent in the development process may influence the scope and direction of the planning process. For example, the prevalence of structural rigidities which hamper productive activity, limited capital

resources, shortages of manpower and transport difficulties, etc., would require that 'planning', in being used to attain the objective of 'development', should also adopt specific remedial measures that will be directed to tackling the above obstacles which may indeed hold back the desirable pace at which development can be achieved.

To this extent, it will be recalled from our review of the 'balanced' and 'unbalanced' growth approaches to development that, the former approach assumed away the structural bottlenecks which usually impede the rate of economic development whilst the latter recognized them. Consequently, the use of 'unbalanced' growth strategy as a guide to development policy would appear to be more appealing to the planning process when decisions are taken with respect to the allocation of public and private resources between sectors S_1 , S_2 , and S_3 . However, the 'unbalanced' growth strategy may not be the appropriate principle that the planning process would follow in accomplishing its task of allocating resources between national economic sectors S_1 , S_2 , and S_3 , since development may not occur at all in those sectors which are not the potential generators of the highest combined forward and backward linkages a la Hirschman, thereby creating serious structural deficiencies.

Another feature of the relationship between 'development' and 'planning', is the constraint which various Federal and State developmental institutions such as Development Banks,

Finance Corporations and Development Agencies, can in general impose on the planning process. These institutions are often the major sources of domestic funds for implementation of the development plan. The targets which are projected in the plan often reflect the direction of the activities of these institutions which at times have conflicting goals and horizons much shorter than those of the planning authorities. As a consequence, the planning process must be able to reconcile these conflicting goals of different development institutions.

Having attempted in this section to show the inter-relationships between 'Federalism-Development'; 'Federalism-Planning'; and 'Planning-Development', we will now proceed in the next section to carry out a synthesis of the concepts in which a complete 'network' of the relationships between 'federalism', 'development' and 'planning' will be examined.

2.4 An Integration of the Concepts:

The purpose of this synthesis is to show simultaneously the network of the relationships between the three concepts of 'federalism', 'development' and 'planning'. To this end, it will be assumed that the organization and distribution of economic activities under 'federalism', with a view to realizing economic 'development', calls for the employment of a set of tools or machinery which directly intervenes in the manner in which the federated units had hitherto carried out their activities.

The complete network of the relationship between these three phenomena, 'federalism', 'development' and 'planning' can be shown with the aid of a three dimensional matrix which is presented in Figure 2-4. 'Federalism' necessitates spatial 'development' which requires that resources be allocated among economic sectors so as to provide some acceptable sharing of benefits between the federated states F_1 and F_2 . On the other hand, economic 'development' requires the allocation of resources among sectors to optimize the expansion of the economic capacity of the federation as a whole. Since these two goals will in all likelihood conflict, the planning problem is to arrive at a sectoral allocation of resources that permits "acceptable" attainment levels for the spatial and developmental goals.

In diagrammatic terms, this means that developmental targets D_2 ($>D_1 > D_0$) might have to be compromised by allocating resources among sectors in a way that is more consistent with the desires of the various regions (the six middle boxes containing D_1 labels). Note that this is not necessarily consistent with the spatial objectives taken by themselves, which, if followed, would imply an even lower rate of development, D_0 .

The conflict between objectives can be shown with the aid of Figure 2-5. It will be observed from Figure 2-5 that the conflicting objectives of 'federalism' and 'development' must be reconciled by the 'planning' process which requires that a trade-off be made between them. The trade-off is indicated

Figure 2-4 A Synthesis of 'Federalism', 'Development' and 'Planning'

by the goal-mix - GM - which contains the sectoral allocation of resources between spatial units (federated States) as determined by the planning process. The attainment of an acceptable goal-mix implies a simultaneous realization of acceptable targets for the objectives of 'federalism' and 'development'. It should be noted, however, that the position of the goal-mix box -

Figure 2-5 A Complete Network of Relationships Between 'Federalism', 'Development' and 'Planning'

GM - does not remain stable over time. It can shift more to the right towards the objective of 'development' if greater emphasis is later placed on efficiency considerations by the planning process or to the left towards the goal of 'federalism', if spatial considerations overshadow those of efficiency, during the process of planning. A movement of the goal-mix box **GM** to the left would imply a high 'opportunity cost' of federating, particularly for the richer States. On the other hand, a movement to the right would imply a greater rate of expansion of the economies of the most productive States, at the cost of lower developmental rates in the poorer and less productive States.

Furthermore, it will be observed from Figure 2-5 that the planning process is also subject to the institutional constraints which were noted earlier. The constraints would limit its ability to produce an appropriate goal-mix. In particular, the choice of relevant instruments of policy by the planning process is also subject to the other influences we indicated earlier.

These influences result from those individuals and states which may lobby to protect their special economic interests during the planning process.

This is an important problem because at the federal level, the objectives of a development institution such as the Central Bank which is responsible for federal monetary policy may conflict with those of a State Development Bank whose

objectives are to foster the economic development of the State in question through providing easy credit facilities to indigenous entrepreneurs, joint ventures and equity participation in capital investments. For example, in order to achieve their respective goals, the Central Bank may want to raise the interest rate for stability reasons, while the State Development Bank may want to reduce the interest rate in order to stimulate private investment.⁸³

This conflict of objectives can certainly create difficulties in the choice of, for example, appropriate instruments by the Federal planning agency to achieve the objectives of the development plan. The importance of these development institutions and, therefore, the magnitude of their conflicting goals, is directly related to their role in the development of the country in question.

The greater their role in shaping the economic destiny of a nation in relation to that of the private sector, the higher the probability that their objectives will conflict with regard to their timing of their choice of instruments of policy. To limit these conflicts, the planning process must be able to condition and co-ordinate the different policy objectives and the relevant policy instruments of State and Federal development institutions. This is essential because institutions which "only have to do with part of a society are more likely to make

⁸³ For a further discussion of the stabilization problem under a decentralized form of government see W. Oates, Fiscal Federalism, (New York: Harcourt Brace, 1972), particularly Chapter I.

*erroneous assumptions about other parts of society".*⁸⁴

It would appear, therefore, that there is a great deal of interdependence between 'federalism', 'development' and 'planning', particularly in view of the trade-offs involved in the 'federalism-development' relationship, and the constraints to which 'planning' is subject, in its attempt to foster the overall 'development' and at the same time produce an acceptable division of the potential benefits from 'federalism' between the federating units.

To complete our task, a final comment is required regarding a problem mentioned briefly, earlier, specifically, the stability of 'federalism'.

In regard to 'planning' under 'federalism', it can be reasonably postulated that the federal planning agency or commission would tend to plan spatial and sectoral distribution of investment resources so as to meet the needs of the federated states and therefore promote the stability of the federation. In its attempt to keep the federation together, and by so doing foster the continual functioning of the federal government, the federal planning agency must select an appropriate goal-mix that would maintain long-term stability.⁸⁵

⁸⁴ J. Tinbergen, Centralization and Decentralization in Economic Policy, (Amsterdam: North-Holland; 1954), p. 22.

⁸⁵ This is feasible only if the prefederation economic disparities between the states do not continue to prevail, because after the union the forces of competition, suasion, and emulation will generate pressure for change within each state in response to the level of development, per capita incomes, living standards, etc., existing in other states.

This is important because in order for each federated state to co-operate wholeheartedly as a member of a federation, it must be able to acquire public and private goods and services produced in the federation. This ability is determined by the organization of production activities and pattern of income distribution⁸⁶ between the federated States. (It should, however, be pointed out that although income distribution between the citizens of each federated State may be inequitable, we are concerned here with only the income disparity existing between the federated States at the time of federation.) Thus, for a federation to remain stable, an acceptable pattern of distribution of the benefits generated from 'development' must be maintained between the federated States.

2.5 'Federalism', 'Development' and 'Planning' in relation to Cameroon:

Having provided a conceptual frame of reference, concise definitions and the stability relations between the concepts of 'federalism', 'development' and 'planning', the final task of this Chapter will be to relate them to the particular case of Cameroon with a view to setting the stage for the subject matter of the subsequent Chapters of this study.

With regard to the concept of 'development', both federated States experienced different rates of growth prior to

⁸⁶ Specifically, I am referring here to the proportion of total income of the federation that is generated in each individual federated State.

the federation and in particular the East Cameroon was far more developed than West Cameroon. To this extent, the economic structure and potential for development in each of the two States will be examined in Chapter 3 with a view to analyzing the economic implications of some sort of economic arrangement that could benefit both States.

That 'federalism' in Cameroon could have led to an acceptable pattern of the distribution of benefits from economic 'development' between the two federated States, will be established in Chapter 4. However, in the formal structure of the Cameroon Federation, the developmentalist objective was given a greater emphasis than the federalist objective. The institutional environment of the planning process, which gave rise to this Goal Mix, is examined in Chapter 5.

An evaluation of the Cameroonian experience in Chapter 6 will reveal that as hypothesized, the emphasis on the temporal dimension of development has not generated proportionate benefits to the two Federated States of Cameroon. It will become clear, particularly from Chapter 6, that 'planning' for 'development' under 'federalism' in Cameroon needs a new direction, considering the fact that the underlying rationale for 'federalism' was to improve the economic position of both States. To this end, Chapter 7 will be devoted to the examination of some policy measures that are necessary for sustaining the two objectives or for pursuing them singly.

PART II

THE SETTING

CHAPTER 3

THE ECONOMIC STRUCTURE AND DEVELOPMENT POTENTIAL OF THE TWO STATES

3.1 Introduction:

It will be recalled from our theoretical framework in Chapter 2 that 'development' was viewed as an expansion of the capacity of an economy over time - that is, an increase in the total output of goods and services. For an increase in the output of goods and services to take place, the relevant economy must have the potential for development. Thus, to understand the pattern of the development of East and West Cameroon over time, we must firstly examine the potential for economic growth in each of the States in the absence of a federation, and secondly, how the economy of the collectivity was to develop over time.

Taking changes in GDP and per capita GDP as appropriate indices of the rate of growth, we should be able to examine the size of GDP, its growth rate and composition, the sectoral contributions, sectoral shifts and linkages, and the various sources of economic growth with respect to East and West Cameroon economies between 1950 and 1960. By concentrating on the structural aspects of development, we could then be able to explain the variations in the capacity expansion of the various sectors of West and East Cameroon economies before federation and the probable pattern of future sectoral and aggregate shifts

of their production possibility frontiers under some sort of co-operation between them.

3.2 Gross Domestic Product:

It can be observed from Table 3-1(a), which gives the GDP for the period 1951-1959 in current francs,¹ that the GDP of East Cameroon increased from 61.6 billion francs in 1951 to 96.1 billion francs in 1959 whilst that of West Cameroon rose from 11.6 billion francs to 16.3 billion francs during the same period. This was equivalent to an average annual growth rate of 7% for East Cameroon and 5% for West Cameroon between 1951 and 1959.

With respect to the distribution of the total GDP between East and West Cameroon, the percentage share of the former increased from 84.1% in 1951 to 85.4% in 1959, whilst that of the latter decreased from 15.9% in 1951 to 14.6% in 1959. If one takes 1951 as 100, the per capita income of East Cameroon was of the order of 106, as compared to only 53 in West Cameroon.²

¹ It should be noted that 1951-57 and 1957-59 are not fully comparable, especially as to the sectoral breakdown. Approximate calculations are based on incomplete Nigerian region accounts for 1951, 1957. Non-comparability may account for 1957-59 shifts in sectoral contributions or 1959 calculations may have been allocated inconsistently. Furthermore, the GDP estimates are derived from the familiar U.N. System of National Accounts. The annual increase in the general price level was approximately 3.5%.

² R.H. Green, "The Economy of the Cameroon Federal Republic", in D. Lury and P. Robson, (eds.), The Economies of Africa. (London: George Allen and Unwin, 1969), p. 278.

Table 3-1(a)

Cameroon - Gross Domestic Product (1951-59)
(Value in Billion francs CFA)

<u>A - EAST CAMEROON:</u>	1951 (% Share)	1957 (% Share)	1959 (% Share)
Primary	37.0 (60)	44.7 (50)	45.8 (47)
Secondary	4.4 (8)	8.2 (9)	9.3 (9.4)
Tertiary	17.2 (27)	27.7 (31)	31.4 (32.6)
Government	2.7 (4)	7.0 (7.8)	8.3 (8.3)
Domestic Services	0.3 (1)	1.2 (2.2)	1.3 (2.7)
Total	61.6 (100)	88.8	96.1 (100)
<u>B - WEST CAMEROON:</u>			
Primary	7.7 (66)	9.0 (58.4)	8.2 (50.3)
Secondary	0.8 (6.8)	1.4 (9.0)	2.0 (12.2)
Tertiary	2.5 (21.5)	3.9 (25.3)	4.9 (30.0)
Government	0.4 (3.4)	0.8 (5.1)	0.8 (4.9)
Domestic Services	0.2 (2.3)	0.3 (2.2)	0.4 (2.6)
Total	11.6 (100)	15.4	16.3 (100)
<u>C - ALL CAMEROON:</u>			
Primary	44.7 (61.0)	53.7 (51.5)	54.0 (48.0)
Secondary	5.2 (7.1)	9.6 (9.2)	11.3 (10.0)
Tertiary	19.7 (26.9)	31.6 (30.3)	36.3 (32.2)
Government	3.1 (4.2)	7.8 (7.4)	9.1 (8.0)
Domestic Services	0.5 (.8)	1.5 (1.6)	1.7 (1.8)
Total	73.2 (100)	104.2	112.8 (100)

Source: Comptes Economique 1963 and 1965 for East Cameroon and, Nigerian National Accounts, 1962; for West Cameroon.

3.3 Sectoral Contribution to GDP:

The composition of the GDP (see Table 3-1(a)) of East and West Cameroon, was made up of five economic sectors - primary (agriculture, forestry, and hunting), secondary (manufacturing, power mining and construction), tertiary (commerce, communication, transportation, health, education, and the various services), government (administration) and domestic services. The traditional economic sectors - namely, primary, secondary and tertiary - altogether accounted for approximately 90% of the GDP of both West and East Cameroon between 1951 and 1959.

The output of the primary sector (see Tables 3-1(a) and 3-1(b)), increased in East Cameroon from 37.0 billion francs in 1951 to 45.8 billion francs in 1959 - an increase of 25.5%, and in the West from 7.7 billion francs to 8.2 billion francs during the same period - an increase of 10.6%. From Table 3-1 (b), it will also be observed that this sector grew at an average annual rate of 2.6% in East Cameroon and only .8% in West Cameroon.

Regarding the secondary sector, its output in East Cameroon increased from 4.4 billion francs in 1951 to 9.3 billion in 1959 - an average annual rate of growth of 14%. However, in West Cameroon, the output of the secondary sector increased at a slightly faster rate than in East Cameroon, rising from .8 billion francs in 1951 to 2.0 billion francs in 1959 - an increase of 150%. Its average annual growth rate was approximately 19%.

Table 3-1(b)

Cameroon GDP - Sectoral Growth (1951 to 1959)

<u>State/Sector</u>	<u>Total Increase Billion francs (1951-59)</u>	<u>% of Total Increase</u>	<u>Total % Increase (1951-59)</u>	<u>Average Annual % Growth Rate (1951-59)</u>
<u>EAST CAMEROON:</u>				
Primary	8.8	25.5	21	2.6
Secondary	4.9	14.2	111.3	14
Tertiary	14.2	41.2	82.6	10.3
Government	5.6	16.2	207	26
Domestic Services	1.1	2.9	333	42
Total Increase:	34.5	100.0	56	7
<u>WEST CAMEROON:</u>				
Primary	.5	10.6	6.5	.8
Secondary	1.2	25.5	150	19
Tertiary	2.4	51.1	96	12
Government	.4	8.5	100	12.5
Domestic Services	.2	4.3	100	12.5
Total Increase:	4.7	100.0	40	5
<u>ALL CAMEROON:</u>				
Primary	9.3	23.5	20.8	2.6
Secondary	6.1	17.9	117.3	14.7
Tertiary	16.6	40.9	84.2	10.5
Government	6	15.1	194	24.25
Domestic Services	1.2	2.6	240	30
Total Increase:	39.6	100.0	40.8	5.1

Source: Calculations are made from Table 3-1(a).

For the tertiary sector, the growth rate was 12% for the West as compared to 10.3% for the East. However, the growth rate of the government sector in East Cameroon almost doubled that in West Cameroon - 26% as compared to 12.5%. The domestic services sector experienced a greater increase in the West than in East Cameroon.

Our examination of the development process in West and East Cameroon between 1951 - 1959 in structural terms has revealed two important trends. Firstly, with respect to the various sectoral contributions to the GDP, the secondary, tertiary and domestic services sectors played a greater role in the economic growth of West Cameroon than that of East Cameroon. However, the primary and government sectors made a greater contribution to the GDP of East than to that of the West. Secondly, with respect to the general pattern of the growth process in both States, the shifts in their production possibility curves were not parallel. Rather, there were substantial differences in the expansion rates of the various sectors of the two economies as indicated in Table 3-1(b) and Figure 3-1.

Figure 3-1 is a three-dimensional surface which shows the changing structure of the gross domestic products of East and West Cameroon. With respect to the three dominant economic sectors, let the P axis indicate primary sector, S axis the secondary and T axis the tertiary, in each State. The inner surfaces in (a) and (b) represent the economic structure of East

(a) East Cameroon

(b) West Cameroon

Figure 3-1 Sectoral Shifts in West and East Cameroon Between 1951 and 1959.

and West Cameroon respectively in 1951. The outer surfaces indicate the extent of the shifts in the growth rate of three sectors in the two economies by 1959. It will be observed from Figure 3-1 that the primary sector in West Cameroon declined in importance with respect to its growth rate and share contribution to the GDP.

However, in the case of East, forward linkages, a la Hirschman, were present in its primary sector because of the increasing demand for such agricultural crops as cocoa, coffee, tea, palm oil by expanding food processing and chemical industries. The result was an increase in the value of primary output in East Cameroon from 37.0 billion francs in 1951 to 45.8 billion francs in 1959 - an increase of 8.8 billion francs (21%) as compared to only an increase of 0.5 billion (6.5%) in West Cameroon during the same period. (See Table 3-1(b).)

An examination of the pattern of primary production in the two States before 1961, reveals that the primary sector of West Cameroon was dominated by plantations, most of which were owned and managed by the Cameroon Development Corporation. These plantations produced primarily oil palm products, such as palm oil, palm kernels, and soap, bananas, rubber, tea and pepper. The CDC controlled almost 18% of the cultivated land in West Cameroon, and accounted for over a third of the agricultural exports of that State. In contrast to West Cameroon, primary production in the East Cameroon was carried out mainly by inde-

pendent farmers. Most of the cocoa, coffee, cotton and ground-nuts were produced in this State on small privately owned farms.

As concerns the primary products for export, the relationship between the economies of the East and West Cameroon was competitive rather than complementary since both produced the same export crops in 1960-61. However, it will be observed from Table 3-2 that there were few exceptions. For example, cotton, pineapples and peanut shells were produced exclusively in the East Cameroon, whilst tea and pepper were produced predominantly in West Cameroon.

Considering the importance of some primary products in the economy of each State (especially as major sources of foreign exchange, employment, and as the basis of industrialization), it will be appropriate to make a few remarks on each of the crops which were produced for export. Among the export crops of East Cameroon, cocoa came first, particularly in terms of tonnage. However, in value terms, it was almost equal to coffee. Cocoa accounted for over one-third of the total export revenue of that State.

In the case of coffee, it will be observed from Table 3-2 that, East Cameroon produced 90% of the coffee crop whilst the West Cameroon produced only 10%. Although both States together were the second largest producers among the French-speaking African countries (led by the Ivory Coast), coffee processing was limited to roasting which was mainly carried out in factories

Table 3-2

Cameroon Agricultural Products Mainly for Export 1960/61
(in thousand metric tons)

<u>Crop</u>	<u>East</u>	<u>West</u>	<u>Total</u>
Cocoa	66.9	7.5	74.4
Coffee (Arabica)	6.9	1.5	8.4
Coffee (Robusta)	30.2	2.9	33.1
Cotton	29.2	---	29.2
Bananas	52.0	86.3	138.3
Palm Oil & Kernels	14.5	9.0	23.5
Rubber	4.3	4.6	8.9
Groundnuts	57.0	---	57.0

Sources: Ministry of National Economy, West Cameroon
Digest of Statistics, (Yaounde, 1963).

Direction de l'Agriculture du Cameroun
Oriental, Statistiques Agricoles, (Yaounde,
1963/64).

in western parts of East Cameroon and in Bamenda in West Cameroon.

Bananas were the mainstay of the West Cameroon economy, and accounted for nearly 50% of the export earnings of this State up to 1961. The total revenue from the sale of bananas by the CDC alone was 1,278 million francs CFA. In 1960, there were some 17,662 wage earners employed in the banana plantations of West Cameroon.

³ Cameroon Development Corporation, Annual Report, 1968, (Edea, West Cameroon).

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With respect to the secondary sector, it will be observed from Table 3-1(a) that although its share as a percentage of GDP increased faster in West Cameroon than in East Cameroon, the value of industrial output, in the latter, was on the average five times than that in the former. This is because the East was a larger state and in addition, possessed a relatively more developed manufacturing sector than the West.

The existence of a more developed industrial base in East Cameroon was owing to very strong combined forward and backward linkages, a la Hirschman, in this State. For example, oil palm processing industries produced refined oil for domestic consumption (final demand), and at the same time for use as an intermediate input in the production of soap and chemicals. Similar forward and backward linkages existed in cocoa processing industry, which produced cocoa beverage for final demand and cocoa butter which is an intermediate input in the manufacture of milk chocolate. Also in the aluminum industry, aluminum sheets were used as roofing material and at the same time as an intermediate input in the manufacturing of household utensils.

Because of the existence of these linkages, there were 120 plants engaged in the manufacture of consumer goods in East Cameroon by 1960.⁴ The ALUCAM aluminum manufacturing complex at Edea, using low-cost hydroelectric power from Edea Falls and

⁴ Federal Republic of Cameroon: Background Notes, (U.S. Department of State, Washington, D.C., September, 1969), p. 4.

bauxite imported from Guinea was producing about 50,000 metric tons of aluminum annually. The output accounted for about 90% of exports of East Cameroon manufactured goods, and about 10% of total exports.⁵ The output of some industries in 1959 is given in Table 3-3.

Table 3-3

East Cameroon Industrial Production - 1959

<u>Industry</u>	<u>Output</u>
Aluminum Production (tons)	42,300
Bicycles (units)	9,500
Metal Furniture (units)	6,000
Nails (tons)	400
Shoes (pairs)	120,000
Clothing (articles)	200,000
Beer (hectolitres)	61,500
Fish (tons)	3,000
Insecticides (litres)	3,000
Soap (tons)	4,000
Cocoa Butter	2,000

Source: Cameroon Federal Ministry of Information, Yaounde, 1970.
(pp. 123-124).

⁵ C. Legum and T. Drysdale, African Contemporary Record: 1968-69, (London: 1969), p. 420.

Although the secondary sector of West Cameroon was relatively larger and growing more rapidly than that of East Cameroon, combined forward and backward linkages were very weak. This was because the few industries in operation - timber, rubber processing, palm oil extraction, banana drying and coffee pulping produced entirely intermediate products which were exported to other countries for use in the manufacturing of goods for final demand.

With respect to the tertiary and government sectors of the East Cameroon, backward linkages were important not only from secondary back to primary production but also from tertiary back to both secondary and primary sectors. Thus, the existence of more developed industrial and agricultural sectors in that State could be explained by the presence of better transportation, communication, power, educational, health, and tourism facilities which were limited in West Cameroon.⁶

To the extent that our examination of the three main economic sectors - primary, secondary, and tertiary - has revealed that combined forward and backward linkages were much stronger in East Cameroon than in West Cameroon between 1951 and 1959, the question arises as to what were the major sources of growth which accounted for the differential shifts in the production possibility frontiers of the two economies.

⁶ These supply factors which were major determinants of the differences between the West and East Cameroon economies, will be analyzed later when we examine specific sources of growth in both States.

3.4 Sources of Sectoral Growth:

(A) Demand Factors:

The demand factors that were growth-inducing, with differential impacts on the East and West economies were: population, incomes, inter-state trade barriers, export trade, and urbanization. Each of these factors will be examined in turn.

(i) Population:

Recent studies on development patterns⁷ have found population to be a useful proxy for the internal market size of a region. Therefore, the greater aggregate expansion of primary, secondary, tertiary output and government services in value terms in East Cameroon than in West Cameroon can, to some extent, be explained by the fact that in 1961 the population of the former was 3,300,000 whilst that of the latter was 826,000.

On the other hand, population growth was faster in the West (Table 3-4). East Cameroon had about four-fifths of the total population, with an annual growth rate of .1% whilst West Cameroon which contained about one-fifth, had an average annual growth of 6.3%.⁸

⁷ H.B. Chenery and L. Taylor, "Development Patterns: Among Countries and Over Time", Review of Economics and Statistics, (Vol. L, November, 1968), pp. 391 - 416.

⁸ West African Directory 1967-68, (London: Thomas Kinner and Company Ltd., 1968), p. 4. The difference in population growth rates could be due to the migration of Nigerians to West Cameroon. As a consequence, by 1959, there were 155,000 Southern Nigerians in the West, that is approximately 21% of the total West Cameroon population which was 716,000 in 1959. (cf., G.P. Murdock, Africa: Its Peoples and Their Cultural History, (New York: McGraw Hill, 1959), p. 12. Furthermore, between 1947 and 1960, some 20%, on the average, of the Cameroon Development Corporation workers each year were Nigerians. (See Annual Reports of the CDC 1947-1961, Bots, West Cameroon). It may be noted that Eastern Nigerians are known to be very productive and this additional factor could have influenced the population growth rate of West Cameroon prior to 1961.

The implication of the higher population growth rate of West Cameroon was that in order to meet the increase in the demand for goods and services by the expanding population, the economy of the former would have to develop at a faster rate than that of the latter.

Table 3-4

Population Growth and Distribution in Cameroon (1950-61)

	<u>1950</u>	<u>1961</u>
West Cameroon	482,000	826,000
East Cameroon	3,180,000	3,300,000
Federal Republic	3,662,000	4,126,000

Source: West African Directory 1967-68, (London: Kinner and Company Ltd., 1968), p. 4.

(ii) Income (Wages and Salaries):

Another factor which influenced the sectoral growth in the two States was income. In West Cameroon, there were no statutory minimum wages in 1960, although the Wages Board Ordinance required the Secretary of State for Labour to establish a Wages Board with a view to fixing statutory minimum wages for any categories of workers.

In East Cameroon, minimum wages were based on the cost of living, but there was no legal obligation to increase these rates if there was a rise in the cost of living. There were four geographical wage zones and different minimum rates applied

within each zone, to agricultural workers (salaire minimum agricole garanti - S.M.A.G.), and to all other workers (salaire minimum interprofessionnel garanti - S.M.I.G.). Rates for agricultural workers were based on an eight-hour working day, while those for other workers were on a day of six hours and forty minutes.

Wages paid in the private sector in West Cameroon were invariably influenced by the rates and conditions of employment in the Government service. Table 3-5 presents the daily wage rates of the various categories of labour in West Cameroon for the year 1960.

Table 3-5

West Cameroon - Daily Wage Rates (1960)

(francs per day)

(Increments accrue at two-yearly intervals)

	<u>Victoria Division</u>	<u>Kumba Division</u>	<u>Bamenda, Mamfe, Nkambe and Wum Divisions</u>
General Labour	135	125	120
Special Labour (Grade III)	140	130	125
Special Labour (Grade II)	180	165	155
Special Labour (Grade I)	220	200	190

Source: Ministry of Labour, Functions of and Notes on the Laws Administered by the Department of Labour, Memo. (Buea, West Cameroon, 1960), p. 2.

The divisional wage differentials between the categories of labour reflected the geographical differences in the cost of living and the relative influences of organized labour on the wage rates. For East Cameroon, the minimum wages for the period 1958-60 are given in Table 3-6. As in West Cameroon, the zonal differences in wage rates in East Cameroon indicated the differences in the cost of living between the zones, and probably the differences in the marginal productivities of agricultural and non-agricultural workers.

The implication of the zonal and sectoral wage rate differences in East Cameroon first, resulted in labour migration from the low wage rate zones to high wage rate zone,⁹ and secondly, to the movement of people from the primary to secondary, tertiary and government sectors. In West Cameroon the differences in the divisional and unskilled labour category wage rates led to similar labour shifts.

It should be noted, however, that the increase in the value of the output from secondary, tertiary and government sectors was far greater in East than in West Cameroon, because the percentage of local demand for industrial goods from local manufacturers was 32% in the former as compared to less than 1% in the latter.¹⁰

⁹ As a partial consequence of such labour migration, unemployment in Douala (which belongs to 1st Zone - see Table 3-6) rose from 12,000 in 1957 to 25,000 in 1960. (Cf., Levine, op. cit., p. 57).

¹⁰ Ministere de la Cooperation, Economie et Plan de Developpement: Cameroon, (Paris, 1962).

Table 3-6

East Cameroon: Minimum Wage Rates (1958-60)
(in CFA francs per hour)

Category of Labour	July 1958	Jan. 1959	July 1959	Feb. 1960
+Non-agricultural workers (S.M.A.G.)				
1st Zone	24.50	26.75	31.00	33.00
2nd Zone	20.75	22.50	26.00	27.00
3rd Zone	18.35	18.50	21.00	22.00
4th Zone	15.90	16.00	17.00	18.00
+Agricultural workers (S.M.I.G.)				
1st Zone	21.25	22.00	23.10	25.00
2nd Zone	18.00	18.50	19.45	21.00
3rd Zone	16.00	15.00	15.75	17.00
4th Zone	13.20	12.50	13.15	15.00

Source: Ministry of Labour and Social Welfare,
Yaoundé, 1968.

+The first wage zone included the cities of Douala, Edea and Yaoundé; the second comprised the towns of Ebolowa, Kribi, Mbalmayo, Nkongsamba, and Sangmelima and the Department of Wouri (in which Douala is situated); the third zone included the eight southern and western Departments of East Cameroon; and the fourth zone comprised the rest of East Cameroon.

(iii) Inter-State Trade:

Traditionally, economic integration has been viewed as
"that branch of tariff theory which deals with the effects of

geographically discriminatory changes in trade barriers".¹¹

There are two potential economic effects that can arise from economic integration. Firstly, it can result in "*trade creation*" - that is the removal of internal customs barriers between member states may switch the direction of trade from a relatively high-cost producing third nation to relatively low-cost producing states. Secondly, economic integration can give rise to 'trade diversion' - that is a member state which had been importing from a low-cost producing third nation outside the union, as a consequence of economic integration, would be expected to import from a high-cost producing member state.

Considering 'trade creation' in the context of the economic integration of West and East Cameroon new trade was expected to be created inasmuch as the removal of inter-state tariffs was to lead to the possible exploitation of the differences in production costs that had hitherto been prevented by reason of the existence of internal duties between the two states. In the case of 'trade diversion', economic integration was expected to be positively harmful and would result in a reduction in the consumption level since trade would be diverted from a more efficient producer to a more costly one. In the context of the economic integration of West and East Cameroon, the resource cost to the former of importing high priced goods from the latter (which belonged to a traditionally high cost producing

¹¹ R.G. Lipsey, "The Theory of Customs Unions? A General Survey", Economic Journal, September, 1960, p. 261.

Franc Zone) were expected to increase. To this extent, the newly created discrimination between the commodities of the two states and the goods from the United Kingdom (which belongs to a low cost producing sterling zone) in the market of West Cameroon, would reduce total welfare.

The available data on inter-state trade between East and West Cameroon is very unreliable because of the illegal smuggling of goods across the frontier. Consequently, it is difficult to determine precisely, (assuming the volume of inter-state was small), whether the small volume of trade was due to internal trade barriers or whether the trade barriers operated against West Cameroon thereby limited the expansion of its economy. However, the available information which is provided in Table 3-7, suggests that West Cameroon depended more on inter-state trade than East Cameroon.

It will be observed from Table 3-7(a) that there was a sharp relative increase in trade between the States during the period 1960 and 1962. West Cameroon imported far more from East Cameroon than it exported to this State between 1960 and 1962. The major imports of West Cameroon from East Cameroon consisted of beer, mineral water, aluminum pots and ware, soap, footwear, and cigarettes,¹² all of which were produced locally, in the latter.

¹² West Cameroon imported manufacturers from East Cameroon to the value of 30,000 million francs in December, 1961 and January and March, 1962 and 65 million francs in August, 1962. (Information obtained from files on Inter-State trade - Ministry of Finance, Buea, Cameroon.)

Table 3-7(a)

Inter-State Trade Flows (1960-62)

(Values in million francs)

	<u>1960</u>	<u>1961</u>	<u>1962</u>
West Cameroon <u>Imports</u> from East Cameroon	72	76	390
West Cameroon <u>Exports</u> to East Cameroon	6	12	14

Source: Service Statistique Generale,
Ministere de l'Economie
Nationale, (Yaounde, 1960,
1961, 1962 and 1964).

This was partly because all the small-scale manufacturing and processing industries were located in East Cameroon. The unbalanced trade flow between the two States helped in stimulating the expansion of the secondary and tertiary sectors of the East Cameroon economy more than it did for the same potential sectors in West Cameroon. On the other hand, the limited volume of primary exports to East Cameroon from the West reflected the competitiveness between the primary sectors of the two States. However, the low demand for agricultural products of West Cameroon in the East, did not lead to any substantial shifts in the production frontier of the former with respect to the primary section.

Amongst the most important factors which are said to determine trade creation and trade diversion effects are the extent of the competitiveness and complementarity of the integrating economies. According to Viner, competitiveness (rivalry)

Table 3-7(b)

Inter-State Trade as a Share of External Trade

<u>State</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
	%	%	%
<u>WEST CAMEROON:</u>			
<u>Imports from East as % of</u> <u>West's total imports</u>	2.0	2.1	12.3
<u>Exports to East as a % of</u> <u>West's total exports</u>	.01	.2	.35
<u>EAST CAMEROON:</u>			
<u>Imports from West as % of</u> <u>of East's total imports</u>	.004	.05	.06
<u>Exports to West as % of</u> <u>East's total exports</u>	.3	.33	1.5

Source: Service Statistique Generale,
Ministere de l'Economie
Nationale, (Yaounde, 1960,
1961, 1962, and 1964).

can be characterized as correspondence in the kind of products of the range of high-cost industries between the different parts of the union which were protected by tariffs in both member states before the union was established. Thus, competitiveness implies a considerable degree of overlapping in the range of protected goods produced in the State's that participate in the union.

In the context of the economic union of West and East Cameroon, the two states were competitive in primary products. Nevertheless they expected to obtain considerable gains since for both of them, although there was overlapping in the production

of bananas, timber, cocoa, coffee, palm oil and palm kernels - (see Table 3-18) all of which had enjoyed protection in the Commonwealth and the European Common Markets.

However, if the economies of the member States are complementary, that is if they produce a different range of commodities, then one would expect trade diversion to prevail. In the case of the Cameroon union, the two economies were complementary to some extent since East Cameroon alone produced tobacco, cotton, and groundnuts (see Table 3-18), and such industrial goods as aluminum utensils, bicycles, metal furniture, nails, shoes, clothing, soap, cocoa, butter (see Table 3-3),; whilst West Cameroon alone produced tea and pepper (see Table 3-3). To the extent that East Cameroon belonged to a high-cost producing Franc Zone, complementarity was expected, as we have seen, to give rise to trade diversion.

A further factor determining trade effects of a customs union is the degree of trade among perspective member states. That is, the case for a union is stronger in fact, when the member countries have little external trade in proportion to their internal with their union members. According to this proposition, the existence of intensive trade relation among perspective member states, will indicate possibilities of further specialization. In the case of the Cameroon union, the immediate gains were to be minimal since the actual volume of trade between East and West Cameroon in 1960 (see Tables 3-7(a) and 3-7(b)) was

small in relation to their trade with the rest of the world.

Indeed, if we examine the volume of inter-state flows as a percentage of external trade of each State, it will be revealed from Table 3-7(b) that the share of West Cameroon's total imports from the East was far larger than the share of the latter's total imports originating from the former between 1960 and 1962.¹³

In fact, West Cameroon's expenditure (resource cost) on goods from the East had increased by over four times to approximately 313 million francs CFA in 1962 over the amount in 1961. By 1964, West Cameroon had purchased only 3% of the total exports of East Cameroon, which represented a significant share (19%) of the former's total imports. As a result, West Cameroon in 1964 channelled some 20% of its total expenditures on imports on goods originating from East Cameroon.¹⁴

On the other hand, the market for West Cameroon products in the East was very limited - only 1% of total exports of the West was purchased by the East. The implications of this type of imbalanced trade flow between the two States prior to the removal of the internal tariff was obvious. Firstly, the barrier had

¹³ The rapid increase in import trade was because of the elimination of the internal customs barrier in July, 1961. Indeed, British and Nigerian share of West Cameroon imports was gradually replaced by imports from the East Cameroon. In particular, the British share fell from 45% in 1960 to 20% in 1964.

¹⁴ This 20% of total import expenditure of West Cameroon on East Cameroon goods is equivalent to the fall in the British share of West Cameroon imports.

moderated and dampened the economic impact of the union on West Cameroon; and secondly, the gains propounded by the classical customs unions theory were diverted to the East Cameroon particularly as the shift in the sources of supply of goods to West Cameroon was from low price producers (British Commonwealth) to a high-priced Franc Zone. To this extent, the removal of the internal customs barrier between West and East Cameroon led to what has been termed the "wrong kind of customs union" or "trade diversion".¹⁵⁻¹⁶

(iv) External Trade:

The importance of foreign demand for exports and the subsequent effect it had on the shifting of the production possibility frontiers of East and West Cameroon, was because they (exports) were essential for the financing of import goods such as raw materials, machinery and equipment needed to support productive activities.

Furthermore, since 'exportability' (to use Hirschman's terminology) was high in both West and East Cameroon before 1961, economic development in both States did not lead to balance of payment difficulties and pressures. Rather, development accompanied by export surplus, as can be observed in Tables 3-8 for West Cameroon and 3-9 for East Cameroon. The dominant factor which determined 'exportability' was the existence of protected

¹⁵⁻¹⁶ Joseph Nye, Pan-Africanism and East African Integration, (Cambridge: Harvard University Press, 1966), p. 142.

external markets which assured West and East Cameroon of a steady demand for their exports.

About 75% of the West's total exports in 1958 went to the United Kingdom.¹⁷ For specific exports like bananas, rubber and timber, the United Kingdom alone absorbed 60% of the total export production of these commodities from West Cameroon.

Although the import picture showed a more diversified market, it was nevertheless dominated by the U.K. For example, in 1959, some 65% of that State's imports came from Great Britain.

East Cameroon's external trade was dominated by the European Economic Community, (particularly by France) which was that State's principal market for its bananas, cotton and coffee products.

The import market was dominated by France to a much greater extent than the export market. For example, in 1969, France alone accounted for a total import value of 14,000 million CFA francs, out of an approximate total of 19,000 million francs CFA worth of imports into East Cameroon.¹⁸ However, in 1960, the Netherlands supplanted France as East Cameroon's principal purchaser of cocoa and timber. Other important buyers which emerged from within the E.E.C. included West Germany, Italy and

¹⁷ Documentation Francaise, Notes et Etudes Documentaires, Le Cameroun Sous tutelle Britannique a l'heure du Plebisite, Etud No. 2756, (Paris: March 1, 1961), p. 9. The reason for the U.K. as the dominant trading partner of West Cameroon was the existence of the Commonwealth Preference which the latter enjoyed as a member of the Commonwealth.

¹⁸ Victor LeVine, "The Cameroon Federal Republic", G. Carter (ed), Five African States, op. cit., (p. 288).

Belgium. Outside the E.E.C., the main trading partners were the United States and Switzerland.

A further insight regarding the performance and development of the external trade can be obtained by examining the trade balances of the two States. Table 3-8 represents the trade balance of West Cameroon for the period 1956 to 1961. It will be observed from Table 3-8 that between 1956 and 1961, West Cameroon had a favourable balance of trade, which more than doubled between 1956 and 1960, because of the steady demand for West Cameroon products by other Commonwealth countries.

The development of the external trade balance of East Cameroon between 1958 and 1961 is shown in Table 3-9. It will be observed from Table 3-8, that that state experienced a surplus in its external trade between 1958 and 1961. However, this surplus fell from 6,614 million francs in 1959 to 442 in 1961. This was owing to a decrease in the world prices of cocoa, coffee, rubber, palm kernels and cotton which constituted a large proportion of primary exports of that State. For example, the drop in the f.o.b. price for cocoa between 1960 and 1961 was of the order of 30.4 francs per kilogram. This resulted in a loss of 2.96 million francs CFA in foreign exchange earnings.

Another feature of foreign trade which reveals that the economy of East Cameroon was more diversified than that of West Cameroon, is the structure of export trade of both states between 1955 and 1960. This can be observed from Table 3-10

Table 3-8

West Cameroon External Trade Balance - 1956-61
(values in thousand pounds Sterling).

<u>Item</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>
	£	£	£	£	£	£
Exports	4,237	5,321	6,913	7,298	8,619	8,844
Imports	2,011	2,370	2,961	2,543	3,442	5,500
Balance	+2,226	+2,951	+3,952	+4,755	+5,177	+3,344

Sources: Data for 1956 to 1961 obtained from the Federal Republic of Cameroon: Estimates

Table 3-9

East Cameroon External Trade Balance - 1958-61
(value in million francs CFA).

	1958		1959		1960		1961	
	<u>Tonnage</u>	<u>Value</u>	<u>Tonnage</u>	<u>Value</u>	<u>Tonnage</u>	<u>Value</u>	<u>Tonnage</u>	<u>Value</u>
Exports	395,474	24321	407,735	26767	382,400	23951	432,059	24202
Imports	432,616	22444	429,329	20153	303,566	20849	488,805	23760
Trade Balance		+1877		+6614		+3102		+ 442

Sources: Federal Estimates, 1962-63, (p. 1x)

which indicates that East Cameroon exported more products (in terms of volume) and derived more foreign exchange than West Cameroon except in the case of bananas (1960) and palm oil. In addition, East Cameroon alone produced and exported cotton, groundnuts and aluminum.

It would seem from our examination of various features of the external trade of East and West Cameroon that the growth of the primary sector of the economy in both East and West Cameroon was predominantly influenced by existence of the Commonwealth Preference in the case of the latter and partly by the associate status granted to the former by the European Economic Community.

(v) Urbanization:

This demand-factor influenced sectoral shifts in the production possibility frontiers of East and West Cameroon in at least the following manner. Since urbanization encourages the growth of financial institutions which can mobilize resources for investment, the higher wage rates and incomes paid to workers in such urban centres as Douala, Yaounde and Edea in East Cameroon,¹⁹ and Victoria, Tiko and Buea in West Cameroon, (see Tables 3-6 and 3-5, respectively), than in other parts of both States, led

¹⁹ The population of Douala, for example, increased from 40,000 in 1945 to 130,000 in 1960, because of labour migration from depressed areas. Cf., N. Rubin, Cameroon: An African Federation, (London: Pall Mall Press, 1971), p. 58.

Table 3-10

East and West Cameroon Exports - 1955 and 1960

(Volume in '000 metric tons and values in million francs)

EXPORT CROP	1955		1960	
	EAST Vol.	EAST Value	WEST Vol.	WEST Value
Cocoa	55.6	8,128	3.9	459
Coffee	13.9	2,322	0.2	23
Bananas	76.2	1,229	68.1	1,153
Palm Kernels	16.3	377	2.0	44
Palm Oil	n.a.	3	3.3	119
Timber	102.0	803	1.0	30
Rubber	3.5	454	1.5	107
Cotton	4.1	588	---	---
Tobacco	n.a.	1,204	---	---
Groundnuts	7.9	286	---	---
Cocoa Butter	n.a.	872	---	---
Aluminum	---	---	---	---

Source: Ministry of Economic Affairs and Planning: Quarterly Economic Bulletin, Yaounde, 1963.

to an increase in savings.²⁰

The investment of the increased urban savings in the two States could have led to a higher rate of capital formation. This was probably more apparent in East Cameroon where there were more financial institutions and urban centres with larger populations than in West Cameroon, especially as, the population of Douala (East Cameroon) in 1960 was five times that of Victoria - the principal urban area in West Cameroon.

Furthermore, urban centres in both States, also served partly as markets and partly as a source of information for the primary sector. To this extent, the more urbanized centres of East Cameroon provided a better stimulus for the expansion of the primary sector than in West Cameroon - the outputs of which were absorbed by the more rapidly expanding urban population and the industrial labour force.

Further, since the pattern of demand of the urban population was generally biased toward non-agricultural goods and services, and since the income elasticity of demand for these goods and services was generally greater than that for agricultural products,²¹ increasing urban population could have led to an

²⁰ For example, in such urban areas as Douala and Yaounde, African savings increased on the average by 27% each year between 1956 and 1960. In 1960, African savings accounted for 55.5% of the total private savings as compared to 39.4% in 1958. In West Cameroon, indigenous African savings accounted for 52.2% of the total in 1960. Cf., Bulletin des Banque Centrale de l'Afrique Equatoriale et Cameroun, Supplements No. 76, Bank Deposits in Cameroon on August 31st, 1962.

²¹ Cf., R. Nurkse, Patterns of Trade and Development, (New York: Oxford University Press, 1961).

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increase in the share of such non-primary sectors as secondary, tertiary and government in the GDP of East and West Cameroon (see Table 3-1(b)), particularly in the former where the rate of urbanization was higher than in the latter.

To sum up; our analysis of the various demand factors that influenced sectoral shifts in the production possibility frontiers has revealed that these factors were more powerful in East Cameroon than in West Cameroon, except in the case of external trade where both States enjoyed protected foreign markets. Thus, the relative degrees of impact of the demand factors on the economies of the two States accounted for the substantial differences in the shifts in the sectoral production possibility frontiers.

(B) Supply Factors:

The supply factors to be examined were provided either directly by the governments of the two States or by private agencies which were subject to public control. This was particularly true of such supply factors as capital investment, education, health, power and communications. Furthermore, investments in most of the factors were characterized by lumpiness or technical indivisibilities as well as high capital-output ratios.²²

²² For a general treatment of these features of supply factors, in the literature on economic development see, A.O. Hirschman, The Strategy of Economic Development, op. cit., Harvey Leibenstein, Economic Backwardness and Economic Growth; (New York: John Wiley & Son Inc., 1957).

Other supply factors were labour, capital investment (public and private), human capital (education and health), and physical overhead capital (transportation and communications and power).

(i) Labour:

The total labour force of the two States by 1960 was in the order of 2 million.²³ ~~Of this~~ total, there were 155,000 wage earners in East Cameroon and 41,000 in West Cameroon. A large proportion of the labour force was engaged exclusively in agriculture, either in the form of subsistence farming, small scale cultivation or commercial plantations.²⁴ In the countryside, a major proportion of these non-salaried workers were sporadic producers who lived off a few plots of land by consuming most of what they cultivated. The unconsumed output was either sold in the immediate vicinity or traded to middlemen for eventual export to urban areas.

The sectoral distribution of paid employment in the two States, reveals that about 50% of wage and salary earners were engaged in primary production, 16.5% in secondary sector (some 3% in industry, 4% in crafts and repairs, 6% in construction, and 3% in services and mining), 16.5% in the tertiary sector and 17% in the government. The distribution of the total labour force shows

²³ Marchés Tropicaux et Méditerranéens, The Cameroonian Market, (Paris, 1966), p. 10.

²⁴ For example, in 1960 the 'Cameroon Development Corporation' in West Cameroon employed 18,000 of the 41,000 wageearners in that State alone.

that some 70% were employed in the primary sector, 10% in secondary, 17% in tertiary, 2.4% in government and .6% in (paid) domestic services.²⁵

Although no unemployment figures existed for West and East Cameroon, labour migration from the less developed Northern parts of both States to urban centres, like Douala and Yaoundé (East) and Victoria, Tiko and Kumba (West), which experienced tremendous industrial growth, led to congestion and pressure on housing and other urban amenities. In Douala, for example, the population rose from 40,000 in 1945 to 124,000 in 1957.²⁶

This increase in population probably contributed to a substantial number of unemployed people which grew from 12,000 in 1957 (10% of the town's population) to 25,000 by 1960 in Douala.²⁷ At the same time, out-migration from rural areas led to the influx of large numbers of people who were not indigenous to the big towns. In Douala, for example, the indigenous inhabitants who were 46% of the city's population in 1947 were reduced to some 20% by 1955.²⁸

²⁵ R.H. Green, "The Economy of Cameroon Federal Republic", L. Lury and P. Robson, (ed.), The Economies of Africa, op. cit., (p. 278).

²⁶ Neville Rubin, Cameroon: An African Federation, (London: Pall Mall Press, 1971), p. 58.

²⁷ This was approximately 19% of the Douala population which stood at 130,000 in 1960.

²⁸ N. Rubin, op. cit., (p. 59).

What was true of migration of labour to Douala in the East, was also true of population movement from the backward northern areas of West Cameroon to such plantation centres as Victoria and Tiko in the south. Because of this migration and the subsequent bananas decline in the late fifties, employment fell in these urban areas from 25,569 in 1952 to 15,575 in 1960; thus adding to unemployment by approximately 10,000 people in these centres.²⁹

The rapid expansion of the secondary and tertiary sectors of the economies of the two States was due to the presence of surplus labour and the increasing demand for services in the major urban centres. For example, some of the unemployed were probably absorbed by service industries or became engaged in private commercial activities. The growth of the domestic service sector in both States could also be explained by the presence of increasing numbers of unemployed workers in the urban areas.

(ii) Human Capital:

Closely related to the labour factor, was the creation of human capital through the expansion of education and training facilities. The expansion of the primary, secondary and technical and higher educational training in both States before 1961 was an indication of the importance of human capital as a factor that influenced the sectoral shifts of the production possibility

²⁹ Sanford H. Bederman, The Cameroon Development Corporations: Partner in National Growth, (Bota, West Cameroon, 1968), p. 25. This was because the plantations were the dominant sources of employment for those people who migrated to Victoria and Tiko from the less developed parts of the State.

frontiers.

Thus, with respect to enrollment at the primary educational level in both States up to 1961, attention is drawn to Table 3-11.

Table 3-11

East and West Cameroon Primary School Enrollment (1955-1961)

<u>Year</u>	<u>West</u>	<u>East</u>	<u>Total</u>
1955	44,600	216,061	260,616
1956	48,800	246,223	293,023
1957	50,600	269,599	320,199
1958	54,900	294,221	349,121
1959	64,000	330,983	394,983
1960	73,400	377,089	450,489
1961	86,200	330,393	416,593

Sources: Data for West Cameroon for 1955-61 from Statistical Annual Report of West Cameroon: 1965/66 - 1966/67, (Buea, 1968), p. 17. For East Cameroon, data for 1955-61 obtained from Report of the Camerounian Education Planning Group, UNESCO, (Paris, 1960).

It will be observed from Table 3-11 that primary school enrollment almost doubled in West Cameroon between 1955 and 1961 and grew by 50% in the East Cameroon during the same period. In the East Cameroon, primary education accounted for some 96.8% of the total enrollment in that State's schools,³⁰ and had reached

³⁰ Victor Levine and M'Ballam, "Federal Republic of Cameroon", in Kitchen (ed.), The Educated African, (New York: Frederick A. Praeger Publishers, 1962), p. 523.

.77.4% of the 7-14 age group by 1961.

In the absence of a federation of East and West Cameroon, primary enrollment would have probably continued to expand at the rate of approximately 16% per annum in West Cameroon and 5% in the East. The greater expansion in West Cameroon reflected the rapid growth of secondary, tertiary and government sectors which employed most of the school leavers.

The development of secondary school enrollment in both States between 1951 and 1961 is given in Table 3-12. It will be observed that secondary enrollment more than tripled in East Cameroon between 1953 and 1961. However, for West Cameroon, secondary enrollment increased by approximately 75% between 1954 and 1961. Total secondary enrollment was 5.8 per 1,000 population in the East and only 2.0 in the West by 1961. The limited size of the secondary sector in West Cameroon could be explained in part by the absence of adequate personnel with secondary training, especially as these same sectors were manned mainly by secondary leavers in the East.

Technical and commercial education, like all other levels of education, led to the acquisition of basic skills in different areas of endeavour in both States. In 1961, there were some 1,401 students enrolled in technical schools in the West and 5,667 in the East.³¹ In West Cameroon, technical education was

³¹ Cameroon 1968/69: *Economique, op. cit.*, (p. 7).

Table 3-12
East and West Cameroon Secondary School Enrollment:
1953 - 1961

<u>Year</u>	<u>East</u>	<u>West</u>	<u>Total</u>
1953	3,242	n.a.	n.a.
1954	4,233	426	4,659
1955	5,700	431	6,131
1956	6,100	468	6,568
1957	6,340	460	4,800
1958	7,553	513	8,066
1959	9,449	571	10,020
1960	8,688	660	9,348
1961	10,843	780	11,623

Source: UNESCO, Report of the Advisory Commission for the Development of Higher Education in Cameroon, (Paris, 1962), pp. 28 - 29, (n.a. = not available).

restricted to the various programmes that were conducted at the Ombe College. Commercial education on the other hand was limited to the activities of several privately operated colleges in Kumba, Bamenda and Mamfe.

However, in East Cameroon, there were some 4,359 pupils enrolled in sixty-seven technical schools in 1960. Training was provided in thirty-five tax-supported establishments, including one lycee and seven apprenticeship centres.³²

³² Victor Levine and M'ballam, op. cit., (p. 524).

Furthermore, more than 50% of the students received instruction in 24 private technical colleges, including thirteen homemaking schools, three commercial schools and six centres for handicraft workers and industrial technicians.³³ The remaining 50% (or a little bit less) were enrolled in public technical schools, as compared to approximately 12% in West Cameroon.

As concerns higher and university education in the two States, there were no facilities for pursuing post-secondary education leading to a recognized university degree prior to 1961. In 1961, with UNESCO assistance, the University of Yaounde was established in East Cameroon. It was an amalgamation of the National Institute of University Studies, the East Cameroon School of Agriculture, and the Teacher Training College.

In West Cameroon, there were no higher educational establishments up until 1962, when the Cameroon College of Arts, Science and Technology was opened with an enrollment of 48 students. This college was established to prepare students for the London University Advanced Level Examination which was the equivalent to the Baccalaureat in the East.

Apart from the above higher educational institutions in East and West Cameroon, there were very many Cameroonian students from both States pursuing various courses of studies in foreign universities. In 1961, out of more than 1,000 East Cameroonians who were in foreign technical schools and universities,

³³ Ibid., (p. 524).

504, were on scholarships in France.³⁴ In the case of West Cameroon, there were some 63 students enrolled in foreign universities for various degrees.³⁵ Thus, it would seem from our examination of educational facilities and the level of manpower skills available in the two States, that West Cameroon in 1961 had less human capital beyond the primary school level than East Cameroon.

(iii) Overhead Capital:

It has been traditionally argued in the literature on economic development that if there is any place for government activity in the development process, it is in the field of essential public works and services³⁶ which range from roads and railways to power plants and expansion of seaports. The importance of the overhead capital can be seen from the fact that *"it provides a skeleton structure into which the economy must be encouraged to grow through less lumpy and more widely diffused investment"*.³⁷

To this extent, therefore, the supply of the transport communication and hydro-electric power facilities in East and

³⁴ Ibid., (p.. 524).

³⁵ Ibid., (Table 3), (p. 531).

³⁶ This is part of Hirschman's thesis of unbalanced growth, where the provision of social overhead capital is solely a government responsibility.

³⁷ R. Nurkse, Problems of Capital Formation in Under-developed Countries, (New York: Oxford University Press, 1967), p. 154.

West Cameroon was instrumental in the transformation of the traditional economic structures of the two areas. By 1961, there were some 3,750 miles of roads in the East and 625 miles in the West. With respect to railway facilities, the East had 300 miles of one metre gauge rail tracks. In the West there were some 600 miles of narrow gauge rail tracks which were built by the Cameroon Development Corporation to transport export crops to Tiko and Bota ports.

Maritime transport recorded more substantial advances in the East than in the West, particularly as the Douala port (East Cameroon) alone by 1961 was handling 90% of the two States' port traffic. For example, in East Cameroon ports, the tonnage of goods landed in 1961 was 492,000 as compared to 411,000 tons in 1960 - an increase of 20%; whilst the tonnage of goods shipped was 440,000 tons in 1961 as compared to 356,000 tons in 1960 - an increase of 25%. As for West Cameroon ports, the tonnage of goods landed rose from 56,000 tons in 1959 to 64,000 tons in 1960 - a 15% increase; whilst the tonnage of goods shipped rose from 195,000 tons in 1959 to 229,000 tons in 1960 - an approximate increase of 20%.³⁸

In the case of power supply, East Cameroon by 1960 was generating approximately 1,000 million k.w.h. of hydro-electric power per annum whilst only .8 million k.w.h. were being produced

³⁸ Cameroun 1968-69: Economique, Secretariat D'etat Aux Affaires Etrangeres, (Paris, September, 1970), and Department of National Accounts, Statistical Annual Report of West Cameroon, 1965/66 - 1966/67, (Buea).

in the West. In East Cameroon, most of that State's hydro-electric power was utilized in producing aluminum for export. For example, of the 1,000 million k.w.h. produced in 1960, 93% went to the aluminum smelter at Edea. A mere 61 million km. was consumed by the rest of the economy - 43 million k.w.h., in Douala, 12 million k.w.h. in Yaoundé and 6 million k.w.h. elsewhere.³⁹ However, in the West Cameroon, of the .8 million k.w.h. produced in 1960, more than 50% went into commercial use, .37 million k.w.h. for industrial use, and the rest for residential use.⁴⁰

To sum up, our analysis of the transportation facilities and power supply in the East and West Cameroon, reveals that in general, the slower expansion of physical infrastructure impeded the rapid development of processing and manufacturing industries in the latter State. The result was that West Cameroon had a smaller industrial and tertiary base than East Cameroon, and in particular, a primary sector with a low growth rate.⁴¹

³⁹ R.H. Green, op. cit., (p. 272).

⁴⁰ Statistical Annual Report of West Cameroon: 1965/66 to 1966/67, (Buea, 1968).

⁴¹ The absence of good road network in the rural areas prevented the exploitation of the agricultural resources of that State, and also impeded the transportation of rural output to urban areas. As a result, farmers did not see the rationale for increasing the production of crops that could not be sold in urban areas where prices were higher. The upshot of this trend was that most farmers were contented to produce just enough for immediate family consumption, and to meeting rural demand.

(iv) Capital Investment:

An examination of the magnitude of foreign (public and private) and domestic capital investment in the two States will broaden our understanding of the various sectoral shifts that occurred in their economies. To this extent, foreign capital in both States performed two functions - 'pressure-relieving' and 'pressure inducing' to use Hirschman's terminology.

In East Cameroon, post-war development was accompanied by heavy doses of both French public and private capital investment; much more than Nigeria and Britain together had invested in West Cameroon. During the first decade of the trusteeship rule in East Cameroon, France contributed some 71.5 billion francs CFA (\$286 million U.S.) towards the budgets of that State - over 95% of the total government expenditures.⁴² In particular, during the period 1946-1958, France contributed some 77 billion French Francs towards the capital budget of East Cameroon.⁴³

In addition to direct French public aid, there was also investment by such para-public agencies as the Bureau de la Recherche des Petrole, which poured 5 billion francs into East Cameroon during the same period. Furthermore, private investment

⁴² United Nations Document, No. T/1441, p. 10, paragraph 41.

⁴³ The administration of these funds was done by the French agency for external aid: Fonds d'Investissements pour le Developpement Economique et Sociales Territoires d'Outremer (F.I.D.E.S.). It was later named Fonds d'Aide et de Co-operation (F.A.C.).

in that State from France was about 2 billion French francs.⁴⁴

A breakdown of total French capital flows to East Cameroon, (including private investment) which represented approximately 10% of the GDP of that State annually during the entire trusteeship period, is present in Table 3-13.

Table 3-13
French Aid to East Cameroon, 1946-1958
(in Billion French Francs)

Year	Metrop. Budget*	French Treasury	FIDES	CCFOM**	BRP #	Total
1946						
1950	2,570	---	25,841	3,222	---	31,633
1951	1,248	---	7,721	2,060	180	11,209
1952	2,246	---	3,873	3,454	217	9,419
1953	1,925	---	7,772	3,393	253	13,343
1954	2,188	780	4,731	14,359	398	22,447
1955	2,504	1,259	8,509	3,355	1,526	17,154
1956	3,432	2,506	6,817	2,009	1,080	15,843
1957	8,632	1,393	7,084	3,924	775	21,560
1958	8,792	2,000	4,997	318	454	16,426
Total	33,545	7,938	76,956	36,094	4,874	159,426
Grants	33,545		56,428		4,874	94,847
Loans		7,938	20,547	36,094		64,579

Source: W. Johnson, The Cameroon Federation, (Baltimore: John Hopkins University Press, 1970).

Table 3-14 *Excludes military expenditures,
**Caisse Centrale de la France d'Outre-Mer
later renamed Caisse Centrale de la Cooperation
Economique. # Bureau de la Recherche des
Petroles.

⁴⁴ Kjeil Andersen, op. cit., (p. 29).

In East Cameroon, public development projects were financed mainly by the Investment Fund for Economic and Social Development (hereafter known as F.I.D.E.S.).⁴⁵ Under the guidance of F.I.D.E.S., two development plans were put together between 1947 and 1959 for East Cameroon. Capital projects undertaken in this State during the period 1947 to 1959 amounted to 96 billions CFA francs.⁴⁶ The basic principles and methods of the operation of the new development drive were laid down in the Law of April, 1946, which defined the methods of planning, financing and executing investment programmes.

A public institution, namely Central Finance Corporation for Overseas France (hereafter known as C.F.C.O.M.)⁴⁷ was set up as the financial agent for F.I.D.E.S. The Finance Corporation had more than the mere passive functions of a financial agent.

"It was to help the territories to cover investments expenditure under the development plans; to help local authorities, public firms, and united companies with their development projects, and finally to provide financial aid for the extension or creation of private firms".⁴⁸

⁴⁵ The French translation of F.I.D.E.S. is "Fond d'Investissement pour le Développement Economique et Sociale".

⁴⁶ Cameroon Chamber of Commerce, The Cameroon Federal Republic 1963-64, (Douala, 1965), p. 30.

⁴⁷ The French translation of C.F.C.O.M. is "Caisse Centrale de la France d'Outre-mer".

⁴⁸ H. Holleaux, Rôle de la C.F.C.O.M. dans le Financement des places de Développement Economique et Sociale, No. 148, (Paris: 1950).

The annual plans of the East Cameroon formed part of the development programmes of France. At first, France contributed about 55 per cent to aid the financing of each project. Later, between 1953 and 1954, the grants rose to about 90 per cent, since it became apparent that East Cameroon with its heavy long term commitments for economic and social development and modernization had little resources left to pay loans. Local resources from East Cameroon, during the same period included 4,200 million francs CFA provided in the State Budgets, 1,800 million francs from railway revenues and 250 million francs CFA from postal services.

Table 3-14 shows the planned expenditures, in general categories, in East Cameroon. The main purpose of the first plan was to endow the territory with an economic infrastructure - roads, railways, ports, bridges, air fields, telecommunications - which would permit the transportation of its products both to internal and external markets. In contrast to the first plan, the second plan gave greater attention to the expansion of production through social and educational advancement as well as through agricultural improvements.

Government policy towards the private sector consisted of agreements with private firms - some of the important ones included S.C.O.A. (Commercial Company of West Africa) and C.F.A.O. (French West Africa Company).⁴⁹ Some of these agreements

⁴⁹ Cf., R.H. Green, "The Economy of the Federal Republic of Cameroon", in P. Robson and D. Lury (eds.), op. cit., (p. 245).

Table 3-14
East Cameroon: Development Plans (1947-59)
(value in Millions CFA francs)

Sector	First Plan		Second Plan		Total	
	1947-53	%	1954-59	%		%
Production	733	4.0	7,129.6	39.3	7,862.6	21
Infrastructure	15,547	85.1	7,406.5	40.7	22,953.5	62
Social Equipment	1,762	9.8	3,544.7	19.6	5,306.7	16.2
Studies & Research	197	1.1	76	.4	273	0.8
Total:	18,239	100	18,156.8	100	36,395.8	100

Source: Ministere de la Cooperation, Economie et Plan de Developpement: Republique Federale du Cameroon, (Paris, 1962)

included tariffs and tax concessions which were designed to favour French investment and export trade. This led to French private investment of 15,000 million francs CFA during the period 1947 to 1954, as compared with public investment of 18,239 million francs CFA during the same period.

With respect to the role of external capital in West Cameroon, the budget of this State during the first financial year, (after it separated from Nigeria) showed a deficit of about £286,000 (197,912,000 francs CFA).⁵⁰ The upshot was that Federal

⁵⁰ Southern Cameroon, Budget Estimates, 1955-56; (Buea, March, 1955).

Nigerian government constitutional grant was instituted with a view to paying to the West Cameroon government every penny which that government (Nigerian) got from the territory and did not expend on the Federal services in that territory.⁵¹ Apart from the constitutional grant, a special advance of £300,000 was also earmarked for West Cameroon.

Furthermore, the Nigerian Federal government made significant contributions towards capital expenditures. The financial allocation to West Cameroon by the Nigerian government averaged £300,000 per annum between 1955 and 1958.⁵² The development and construction of the road network in West Cameroon also depended heavily on financial support from Nigeria, to the extent that the 1959 Nigerian Economic Programmes earmarked an additional sum of £1,200,000 for the construction of Victoria-Bamenda roads.⁵³

As concerns foreign capital investment in West Cameroon the only major para - public corporation was the Commonwealth

⁵¹ United Nations Report on the Cameroons Under British Administration, (New York: 1956), U.N. Document No. T/1239, p. 25, para. 214. The 1954 system of revenue allocation for the then Southern Cameroons is embodied in Section 163 of the Nigerian (constitutional) Order-in-Council, 1954. The grant was necessary because despite West Cameroon's separation from Nigeria, the administrative affairs of the former were still under the jurisdiction of the Nigerian Governor-General (in Lagos) to whom the Commissioner of West Cameroon was responsible.

⁵² Cf., Sir Sidney Phillipson, Report on Financial Economic and Administrative Consequences to the Southern Cameroons of Separation from the Federation of Nigeria, (Lagos: Federal Government Printer, 1959), Passion.

⁵³ F. Okitie-Oboh, Speech to the Nigerian House of Representatives, Lagos, February 17, 1959.

Development Corporation (now known as Cameroon Development Corporation - C.D.C.) which emerged after 1945 as the leading producer of primary crops for export. The emergence of the C.D.C. came not as a direct result of any general policy of ownership or economic planning, but rather from the British confiscation of German plantations in 1939. The C.D.C., which is now an autonomous development organization, played an important role in the transforming of the stagnant structure of the West Cameroon economy.⁵⁴

Although British public capital investment in West Cameroon increased, the approach remained a glaring example of the "*shopping list*" plan, especially when compared with the French development policy in East Cameroon. Between 1955 and 1960, grants made by the "United Kingdom Colonial Development and Welfare Fund"⁵⁵ (hereafter known as C.D.W.F.) to West Cameroon amounted to £2,283,000⁵⁶ (approximately 1,150 million

⁵⁴ Although the C.D.C. employed more than 50% of the West Cameroon labour force, it did not help industrialize the State, as long as it was engaged only in primary production and no food processing, except tea, palm oil, and rubber.

⁵⁵ The C.D.W.F. was the counterpart of the French F.I.D.E.S., and C.F.C.O.M. The only difference is that there was no explicit planning in the case of C.D.W.F.

⁵⁶ Ministère de la Coopération, Economie et Plan de Développement: République fédérale du Cameroun, (Paris, 1962), p. 71. The amount of grants made to West Cameroon by the C.D.W.F. during 1955-60 was approximately 6.2% of the funds invested by F.I.D.E.S. in East Cameroon during the periods 1947-53 or 1954-59. The differences in public investments in the States by France and Britain partially accounted for the differences in their growth rates, particularly as France also encouraged private investments in East Cameroon through various incentives.

francs CFA as compared with 18,000 million francs CFA made by France in East Cameroon during a comparable period - see Table 3-14 above).

During the period 1959-60, out of a total capital expenditure of £702,000 in West Cameroon, the C.D.W.F. provided £518,000, that is 70% of the total. On a comparative basis, British capital grants in West Cameroon amounted to between 300 and 400 francs CFA per head per year, as against 3,000 francs CFA per head per annum in East Cameroon.⁵⁷ The allocation of the capital investment by C.D.W.F. in West Cameroon between 1955 and 1960 is given in Table 3-15.

Table 3-15

West Cameroon: Capital Investments by C.D.W.F. (1955-60)

<u>Expenditure Item</u>	<u>Amount (in Sterling)</u>	<u>(Percentage of) (Total Investment)</u>
Road Transportation	£ 915,000	45 %
Public Health	£ 225,000	11 %
Education	£ 333,000	17 %
Forestry Development	£ 58,000	2.5 %
Agriculture	£ 221,000	10.5 %
Livestock	£ 71,000	3.5 %
Water Supply	£ 140,000	6.5 %
Community Development	£ 90,000	4 %
TOTAL	£2,053,000	100 %

Source: Ministere de la Cooperation, op. cit., (p. 72).

⁵⁷ These disparities in capital expenditure per head in the two States help to shed light on the differences in the subsequent growth of per capita incomes in the two States.

As in the case of F.I.D.E.S. capital investment in East Cameroon, the bulk of the funds provided by C.D.W.F. went into road transportation development.⁵⁸ However, they represented only 45% of total C.D.W.F. capital expenditure in West Cameroon, as compared with 62% of French capital investments in East Cameroon during the same period. On the other hand, agriculture and community development which needed a large proportion of the investments received only 10.5% and 4% of C.D.W.F. total capital investments, respectively. During the period 1955-60, the West Cameroon Government accounted for approximately £942,000 - 17% of the total capital expenditures in West Cameroon annually. Private foreign investors accounted for £1,248,000 (22%) whilst domestic private firms were responsible for only £12,000.⁵⁹

In contrast to French economic development policy in the East, the United Kingdom made no attempt in its policy to encourage the inflow of private investment from Britain to West Cameroon. In particular, there were no directly productive investments undertaken to induce a further expansion of the limited physical infrastructure that was provided through grants made by C.D.W.F. The result was that the West Cameroon remained

⁵⁸ Most of the road transportation improvements were concentrated in the southern part of West Cameroon and in addition they never reached the hinterland or the backward rural areas. They ran parallel to one another from south to north till they hit the coastal areas where the C.D.C. plantations are concentrated.

⁵⁹ Both foreign and domestic private investors were engaged in mainly export activities, cocoa, coffee, bananas, etc.

largely a producer of primary products for export. Hence, the dependence of that State's economy on agriculture.

All in all, France did more through both public and private investments and within the framework of the Plans for overseas territories to foster the economic growth of East Cameroon. On the other hand, the United Kingdom, as a result of unplanned capital development programmes, and in particular the absence of private investment, did not initiate an industrial development programme for West Cameroon.

The differences in the magnitude of funds made available for development by F.I.D.E.S. in West Cameroon, and by C.D.W.F. in West Cameroon, laid the foundation for the economic disparities between the two States. Tables 3-16 and 3-17 present a summary of the comparative economic positions of East and West Cameroon in 1960. It will be observed from Table 3-16 that the East was far more developed than the West. Table 3-17 reveals that East Cameroon produced a wider variety of agricultural crops for export than West Cameroon. Further, the East Cameroon also produced larger quantities of all crops than West Cameroon produced for export, except in the case of bananas which in 1960 was the backbone of the latter's economy.

We have, in our examination of the supply and demand factors that accounted for the differences in the growth of the economies of West and East Cameroon, seen that the East had a superior economic structure and a larger industrial base than

Table '3216

Main Economic Data on East and West Cameroon: 1960

	<u>EAST</u>	<u>(% Share)</u>	<u>WEST</u>	<u>(% Share)</u>	<u>FEDERATION</u>
Area (Sq. Km.)	432,000	(90)	43,500	(10)	475,500 Km. ²
<u>I - POPULATION:</u>					
Population Size	3,225,000	(80)	870,000	(20)	4,095,000 hab.
Population Density	7.5	(88)	20	(222)	8.6 Inh./Km. ²
<u>II - INCOME & EMPLOYMENT:</u>					
Salaried Workers	155,000	(77.5)	45,000	(22.5)	200,000
Gross Domestic Product	96 Billion francs	(83.5)	9.8 Billion francs	(16.5)	•
Per Capita Income	32,500 francs	(106)	16,000	(53)	30,000 F.CFA
<u>III - PUBLIC HEALTH:</u>					
No. of Hospital Beds	10,000	(89)	1,230	(11)	11,470
No. of People per Bed	318		708		357
No. of Doctors	86	(87.8)	12	(12.2)	98

Table 3-16
(Cont'd.)

	<u>EAST</u>	<u>(% Share)</u>	<u>WEST</u>	<u>(% Share)</u>	<u>FEDERATION</u>
<u>IV - TRANSPORTATION:</u>					
Miles of Roads	5,859	(85)	1,000	(15)	6,859 Km.
No. of Vehicles	30,000	(95)	1,330	(5)	31,330
<u>V - PUBLIC FINANCE:</u>					
State Government Revenue	16,860 (mill. fr.)	(90)	1,760 (mill. fr.)	(10)	18,620 (mill. fr.)
State Government Expenditure	18,745 (mill. fr.)	(90)	-2,000 (mill. fr.)	(10)	20,745 (mill. fr.)
Deficit	1,885 (mill. fr.)		240 (mill. fr.)		2,125 (mill. fr.)
<u>VI - EXTERNAL TRADE:</u>					
Exports (million francs)	23,950	(81)	5,530	(19)	29,480
Imports (million francs)	20,440	(89)	2,310	(11)	22,750
Balance of Trade	3,510	(52)	3,220	(48)	6,750

Source: Ministere de la Cooperation Economie et Plan de Developpement,
(Paris, 1962).

Table 3-17

East and West Cameroon Principal Agricultural Export Crops (1960)

(Volume in metric tons and Value in million francs CFA)

<u>A. Main Exports</u>	<u>East</u>	<u>(% Share)</u>	<u>West</u>	<u>(% Share)</u>	<u>Total</u>	<u>Value</u>
Cocoa	68,000	(92)	6,000	(8)	74,000	8,781
Coffee	40,000	(95)	2,200	(5)	42,200	5,018
Bananas	52,000	(37)	85,000	(63)	137,000	2,425
Rubber	3,600	(55)	2,900	(45)	6,500	1,179
Palm Oil	1,100	(20)	4,200	(80)	5,300	2,581
Palm Kernels	13,800	(86)	2,200	(14)	16,000	617
Tobacco	1,300	(100)	--	(0)	1,300	823
Tea	--	(0)	34	(100)	34	n.a.
Pepper	--	(0)	18	(100)	38	n.a.
Timber	208,000	(62)	125,000	(38)	333,000	2,107
Cotton	11,000	(100)	--	(0)	11,000	1,047
Groundnuts	10,000	(100)	--	(0)	10,000	135
<u>B. Domestic Consumption</u>						
Foodstuff	2,510,000	(98.4)	508,000	(1.6)	3,118,000	n.a.

Source: Ministere de la Cooperation Economie et Plan de Developpement,
(Paris, 1962), p. 76.

the West. The question, therefore, arises as to what was the potential for the future development of the two economies if they had continued to grow separately.

3.5 The Potential For Separate Development:

With respect to the potential for the growth of the primary sector in the two States, almost any crop could grow in Cameroon because of the wide variety of soils, altitude and climatic conditions. This was true not only of tropical crops but also of sub-tropical crops. Specifically, prior to 1961 there was a rising consumption of oils and fats in Western Europe. This trend would have led to the world demand for palm products which were produced in East and West Cameroon. There was also a good outlook for rubber output because of the expanded CDC plantings which could have enabled West Cameroon to compete successfully in synthetics.

Furthermore, the demand for bananas was expanding faster than the per capita incomes in European countries, indicating an annual increase of 5% to 6%.⁶⁰ This trend would have led to the continuous expansion of bananas production in both West and East Cameroon. However, whilst West Cameroon could have continued to enjoy the Commonwealth Preference of £7.10 per ton bananas in all Commonwealth countries, East Cameroon's market

⁶⁰ Stanford Research Institute, Agriculture Potential of West Cameroon, (Menlo Park, California, 1965).

for bananas in France was limited to 55,000 tons a year.

With regard to the future development of industry in the West and East Cameroon, there was the potential for the manufacturing of inner tubes, tires for use in automobiles, and bicycles since both States produced rubber. These domestically produced rubber goods could satisfy the East and West Cameroon markets - the relatively large size of which was reflected by the fact that in 1960 the former imported 760 million francs of these goods whilst the latter imported 29.3 million francs.

Despite the large number of cattle that were being slaughtered and the possibility for recovering of hides offered by the Pastoral Slaughter houses, neither the East nor the West Cameroon had any facilities for tanning leather and hides. Considering the fact that in 1961, East Cameroon imported 180 tons of leather goods worth 79.9 million francs whilst West Cameroon imported 9.8 million francs worth, it would seem that both States had the potential markets for the production and consumption of leather goods from domestic hides that were exported.

As concerns the potential for textile manufacturing, there were no projects in the foreseeable future for large scale production in West Cameroon, especially as cotton, the major raw material input, was not grown in this State. However, in East Cameroon there was the potential for domestic manufacturing of textiles, since large quantities of cotton were being produced in that State (see Table 3-2). In the case of paper, printing and

publishing industries, the size of the market in East and West Cameroon is indicated in Appendix 'B'. Despite the competition for plastic wrapping papers, the market could have grown fairly rapidly as the economy developed.

In the area of food processing industries, an examination of Appendix 'B' will reveal that in both States there was a substantial market for domestic canning and consumption of meat (which could have arrested the declining cattle population and provided a steady market for cattle). Food and vegetable canning could have taken the advantage of the productive potential of Ndop Plain in West Cameroon and fish drying and smoking could have helped replace West Cameroon stock fish imports which were valued at 258 million francs CFA.

For cocoa processing, the future of cocoa butter production in East Cameroon looked good in 1960, because the production of ordinary chocolate was dwindling in relation to the production of milk chocolate in which cocoa butter was a primary input. For example, new customers apart from France (which imported some 57% of total cocoa butter exports as compared to 90% in 1961), included Japan, United States, United Kingdom and Sweden.

In 1960, the various service industries in both East and West Cameroon, included construction industries and related trades such as plumbing, painting, electrical wiring, supply of gravel and sand, etc. The principal development effort in

West Cameroon in the area of these specialized functions was undertaken solely by the West Government and by the plantation companies such as the C.D.C. The pattern set by these large organizations was followed unwillingly or willingly by the private establishments.

Thus, with the expansion of the private sector, there was a great potential for the growth of these services in the same sector, since those supplied by the public sector were probably to become inadequate. However, in East Cameroon, the picture was different because the service industries were supplied mainly by the private sector, and this trend would have continued in the future especially as those supplied by the East Cameroon Government were limited to Government Departments.

Concerning the mining industry, the mineral resources of both East and West Cameroon were not very varied. Investigations which were carried out to ascertain the mineral potential, indicate that deposits were known to exist in the form of bauxite, diamonds, gold, iron, copper, tungsten, uranium and petroleum and to consider the practical problems of commercial recovery and transportation. In East Cameroon, there were large reserves of iron, particularly in the north, in the Mayo-Darfe Area, where cassiterite deposits were known to be more productive. The only really big reserves were disthene, estimated at 100,000 tons, and in particular bauxite, with more than 1,000

million tons of deposits of a 44% alumina content at Minim-Martap and at Ngaoundere in the Adamawa mountains.

In the West Cameroon, there were some 40,000 thousand tons of bauxite at Fonga-Tonga, and iron deposits. Petroleum oil deposits were known to be located in the coastal creeks of Victoria and three international companies were involved in the exploitation. They were Societe de Recherches et d'Exploitation des Petroles du Cameroun (SEREPCA); Mobil Exploration Equatorial Africa Info, and the Gulf Oil Company of Cameroon. On the basis of the above information, it would appear that both States had potential sources for mineral exploitation, especially in the East Cameroon.

As concerns the future expansion and improvement of the transport system and power supply in West Cameroon, there is no doubt that future road and rail requirements would have been generated in the southern plantation region by expanding the C.D.C. plantations and the marketing cooperatives which were serving private growers of cocoa, bananas, palm oil, coffee, and locally consumed food crops. The future demand for hydro-electric power could far exceed the generating capacity in the areas which were already electrified, especially in Victoria and Tiko areas where commercial activities and the population were expanding. The growth of processing and manufacturing industries, and in particular, the movement of agricultural crops from inaccessible areas to the urban centres,

would generate the greatest demand for power and transportation.

Although the East Cameroon transportation and hydro-electric power system was far more developed than that of West Cameroon, there was, nevertheless, the potential for future expansion of these services in the former because of its expanding industrial sector. In particular, the improvement of road and rail transport in the East could permit access to the bauxite deposits at Martap-Tibati, and could have redressed the old regional economic imbalance, between the northern and southern areas of that State. The increase in power production would have enabled further industrial development and food processing.

Notwithstanding the inadequacy of tourist facilities in West Cameroon,⁶¹ this State did have the potential for future tourist development. The existing tourist attractions included the Mount Cameroon, (the highest active volcanic peak in Africa), the mountainous Savannah grasslands to the north, game and several natural lakes, such as the Barombi Lake in Kumba, Lake Bambulume near Santa in Bamenda, and Lake Wum in the northern grassland area. Further, there were always the well organized displays of tribal dancing attended by over 20,000 people in each major urban area during the Annual Youth Day Celebrations.

⁶¹ Information obtained from the immigration offices of West and East Cameroon indicates, that in 1962, 2,000 and 8,000 tourists visited the two States, respectively. However, there were only 7 hotels with 180 beds in West as compared to 29 hotels with 1,025 beds in the East.

Tourists with scientific and cultural interests could see the C.D.C., the Victoria Botanical Gardens, the Palace of the Fon of Bafut and the Bamenda Museum. Although not so much an attraction for Africans, the cool temperatures of Buea (50°F to 70°F all year round), and the northern grassland, could provide a pleasant change for the 52,000 expatriate inhabitants in the nearby East Cameroon.⁶²

In East Cameroon, the northern part of this State, offered to a tourist a complete panorama of Africa, which was characterized by mountainous grasslands of Adamawa, the Benue Plain, a village named Owarik with an industry of its own (here the natives smelt - iron ore in mini-furnaces, forging spear and arrow heads and crude tools), and the Benue reserve which was rich in wild life. In addition, there was the famous Waza Park - twenty-five times the size of Paris - covering 170,000 hectares. This Park was the home of the monkey, elephant, lion, wart-hog, hyena, and all species of antelope and giraffe, which numbered some 40,000 in 1961.

Our analysis of the economic growth potential of East and West Cameroon in Section 3.5 has revealed for the most part, that the prospects were encouraging. It has also brought to light the fact that the economic potential of East Cameroon was far superior than that of West Cameroon, particularly

⁶² Stanford Research Institute, Vol. V, Tourism - The Economic Potential of West Cameroon, (Menlo Park, 1965), p. 3.

in the area of agricultural, health, infrastructure, and educational (secondary and university) development. The mainstay of the West's economy was still agriculture, despite the rapidly expanding industrial sector.

Given the economic potential of each state, the question arises as to whether both of them could have increased their capability, of exploiting their respective resources for development by entering into some form of loose co-operative economic union⁶³ in which West Cameroon would produce mainly agricultural commodities whilst East Cameroon would produce industrial goods.

3.6 The Likely Future Expansion of the Economic Union:

The potential for industrial and agricultural development in the two States can be illustrated with the aid of Figures 3-2(a) and 3-2(b) - the former showing the existence of greater agricultural than industrial potential, whilst the latter indicating the reverse in the case of East Cameroon.

This was because East Cameroon had such fast growing urban centres as Douala, Edea and Yaoundé, where the industrial atmosphere was coming into being with its special receptivity to business and enterprise. But apart from Victoria and Tiko, which were predominantly plantation urban centres, and with

⁶³ For ease of analysis, we will assume that such an arrangement calls for elimination of internal trade barriers, free movement of capital and labour, and the free operation of market forces with little or no government interference. There is a common external tariff for both States.

Figure 3-2(a) West Cameroon Development Pattern

Figure 3-2(b) East Cameroon Development Pattern

mainly a commercial atmosphere, such industrial centres were just developing in West Cameroon. Further, the two economies were complementary to the extent that the already expanding food processing and manufacturing industries of the East could use West Cameroon primary products - coffee, cocoa, rubber, palm oil, timber, bananas, etc., as raw materials inputs for the production of goods for final demand.

Before we proceed to analyze the likely shifts in the two production possibility frontiers, let us bring the productive capacities of the two States into one diagram (see Figure 3-3). Let FF represent the collective frontier for the two States in 1960, and FF_1 that of West Cameroon, FF_2 that of the East in, say, 1970. It is assumed that West Cameroon was to specialize mainly in primary production and East Cameroon in industrial production.⁶⁴

To the extent that the two economies were complementary, the expanding industrial sector of the East Cameroon economy, could have set in motion positive forces or "trickling-down" effects (a la Hirschman) could have transmitted growth from the East to the West, in the form of increasing purchases of raw materials from the latter (perhaps at lower prices than

⁶⁴ This is because the foundation for future rapid industrial expansion was already laid in East Cameroon. Further, West Cameroon had a smaller industrial base since combined forward and backward linkages were much stronger in the East than in the West. The West had a good potential for agricultural development, even though its secondary sector grew much faster than its primary sector between 1951 and 1959, as can be observed from Figure 3-2(a).

Figure 3-3 Development Pattern of East and West Cameroon.

before). The East could have absorbed some of the 'disguised unemployment' in the agricultural sector of the West and thereby raising the marginal physical productivity of labour and the per capita income and consumption levels in West Cameroon.⁶⁵ These spillover effects would have shifted FF_1 outwards from FF_1 to say FF_1^1 , and FF_2 to FF_2^1 .

However, existing small-size and inefficient, yet income-generating West Cameroon processing industries such as palm oil, rubber, tea, etc., and export products could have been depressed because of the competition from similar but larger and efficient activities in East Cameroon. Since the latter would have produced the goods and services which the former would have purchased, it is possible that the West would have had a bad bargain because prices of these goods and services were higher in the East than in the West.⁶⁶

Economic growth in East Cameroon, could have resulted in inter-state skilled labour migration from the West to the East, if there were no cultural and linguistic differences impeding labour mobility between the two areas. Instead of absorbing 'disguised unemployment', the industrial expansion of East Cameroon could have denuded the West of its already limited

⁶⁵ This could have been possible because of salary and wage differentials between the two States. (See Section 3.4 A (ii) above).

⁶⁶ For example, in 1960 the cost of living index computed on the basis of 129 locally produced goods in Yaounde (East Cameroon) was 100.8 and only 73.0 in Victoria (West Cameroon). Cf., Cameroon 1968-69: Economique, op. cit., p. 38.

technicians, and potential business managers, as well as the more enterprising segment of the population. Whatever little capital the West had, could have migrated to the East because of the existence of high rates of return on capital in the latter. All these forces could have generated inhibiting or 'polarization effects' (a la Hirschman), which would have caused the FF_1 to shift to FF_1^{11} in the case of West Cameroon, and FF_2 to FF_2^{11} with respect to East Cameroon (see Figure 3-3). Thus, a loose cooperative union could have resulted in negative growth in West Cameroon, and to more rapid positive development in East Cameroon. Consequently, a loose cooperative union of East and West Cameroon could have hampered the development of the latter state, particularly as the former had a greater resource endowment and productive capacity. To this extent, therefore, the new production possibility frontiers FF_1^{11} and FF_2^{11} could prevail in the long-run.

There is no doubt that such an outcome from a loose cooperative arrangement, would have been undesirable on the part of West Cameroon. Consequently, the question arises as to what type of acceptable arrangement could have prevented the undesirable effects generated by a loose economic union on the West Cameroon, and at the same time enable each individual State to exploit both its industrial and agricultural potential.

3.7 Conclusion:

We have in the course of examining the economies of the two States seen both of them had the potential for future development, particularly in the area of agricultural, commercial and industrial development. To this extent, a reasonable economic arrangement would have to be some form of what we could term "*developmental federalism*" between East and West Cameroon. The objective of such an arrangement would be to set up joint policies of economic co-operation and co-ordination which would be designed to accelerate the rate of development of both member-States and the collectivity. It is to the examination of the basis of '*developmental federalism*' in Cameroon that we will devote the following chapter.

CHAPTER 4

THE PRE-CONDITIONS FOR DEVELOPMENT UNDER FEDERALISM IN CAMEROON

4.1 Introduction:

In Chapter 3 we examined the potential for development in East and West Cameroon - separately and as a collectivity. The purpose of this chapter is to analyse the pre-conditions for development under federalism in Cameroon. Specifically, we shall undertake an examination of the potential economic benefits and costs of federalism to both East and West Cameroon, a comparative analysis of the expectations of East and West Cameroon regarding the form of the federal system that was to evolve, and finally an analysis of the formal structure of the Cameroon Federation.

4.2 Conditions for Federalism and Development in Cameroon:

Amongst the dominant prevailing conditions for 'federalism' in Cameroon, were Livingston's conditions of ethnic, social, cultural, linguistic, and legal *diversities* between East and West Cameroon. Legal and linguistic differences between the two States were more visible between them because of the relative impact of the French and the British influences and policies in the two States, respectively. These foreign influences led to a decline of traditional legal systems, and in particular, the use of indigenous languages in government and

educational institutions in both West and East Cameroon.

Both East and West Cameroon presented an unusually fragmentary ethnic picture at the time of federation. It has been estimated that there were over 136 identifiable ethnic and linguistic groups in East Cameroon and about one hundred vernaculars in West Cameroon.¹ Following Murdock,² a rough breakdown of the principal ethnic groups in both states is given in Table 4-1.

It will be observed from Table 4-1 that the Ibos who were, and are still more aggressive and commercially adept, numbered some 25,000 of the 155,000 Southern Nigerians who were found mainly in the Federated State of West Cameroon. Because the Ibos increasingly tended to dominate the retail trade of West Cameroon, their presence became a constant source of discontent and resentment by many indigenous West Cameroonians. The threat of domination by the Ibos became a national issue which was skilfully utilized by the former Prime Minister of West Cameroon, John N. Foncha, as an argument for unification with the former Cameroon Republic.³

¹ Victor LeVine, "The Cameroon Federal Republic" in G. Carter (ed.), Five African States, (New York: Cornell University Press, 1968), p. 289.

² George P. Murdock, Africa: Its People and Their Culture History, (New York: McGraw Hill, 1959), pp. 12 ff.

³ It may be noted that the domination by the Ibos could be regarded as being analogous to Riker's condition of military or diplomatic threat, except that in the case of West Cameroon, it was an economic threat.

Table 4-1

Principal Ethnic Groups in Cameroon 1959

GROUPS	WEST	EAST
Southern Nigerians	155,000	-
North Western and Coastal Bantu	24,000	267,000
Equatorial Bantu	-	773,000
Pygmy	-	6,500
Cameroon Highlanders	375,000	728,071
Plateau Nigerians	12,500	28,000
Eastern Nigritic	20,000	248,000
"Kirdi" (Northern Animists)	?	550,000
Islmize Pagans	-	65,000
Chadic	15,000	55,000
Fulani	15,000	400,000
Non-Cameroon Africans	100,000	80,000
Total:	716,000	3,200,571.

Source: G.P. Murdock, Africa: Its People and Their Culture History, (New York: McGraw Hill, 1959), pp. 12 ff

In East Cameroon, the Northwestern and Coastal Bantu groups were made up of the Doualas, who numbered some 45,000 strong, and the Bassa-Bakoko, a grouping of some 195,000 people who occupied the general area of the Sanaga River Valley of that State. The most influential component of the equatorial

Bantu was the Beti-Pahouin agglomerate, a widely dispersed grouping which included the tribes inhabiting the Yaoundé area (the Capital of the Federal Republic). The Pygmies, although once the original settlers of the Southern forest area, were dispersed in small villages and isolated in the equatorial forest of the Southeast.

The Cameroon Highlanders comprised the largest ethnic grouping in both East and West Cameroon. The group was dominated principally by the Bamileke (about 700,000 in number) in East Cameroon and the various related tribes in the Bamenda plateau of West Cameroon - most of them of Tikar origin (about 300,000); and the Banoum (80,000). A large proportion of the Bamilekes lived in the five Bamileke "*departments*" (divisions) of the East. The Bamums were of particular interest in East Cameroon because they represented a cultural development differing greatly from that found among the Bamileke and the Tikar.

The Plateau Nigerians, Eastern Nigritic tribes, and the "*Kirdi*" were different agglomerates of what were essentially numerous small communities of animist peoples living in West Cameroon. Most of these ethnic groups, particularly the Kirdi, rejected or resisted any kind of changes that involved modernization contacts. The Islamic group and the Chadic peoples were found mainly near Lake Chad. The principal group of the latter classification were the Arabs, the Kanuri and the Hausa.

Finally, the Falani, of which there were over some 415,000 in Cameroon were mainly pastoralists and presented the dominant ethnic group in the north. Indeed, the condition of ethnic diversity existed not only between East and West Cameroon, but also within each State.⁴ Although there was considerable overlapping of ethnic groups between the States, this did not lead to a desire for complete national unity through the federation.

Apart from the presence of legal and linguistic diversities between East and West Cameroon, there were also differences in the administrative systems operating in both States. West Cameroon was divided into six administrative areas - each under the supervision of a District Officer who was directly responsible to the High Commissioner of the then Southern Cameroons. On the other hand, East Cameroon was divided into two administrative regions - headed by Inspectors of Administration, one for the north and one for the south.⁵

However, on the question of the locus of authority, the British system differed fundamentally from the French system.

⁴ Thus, the assessment by Johnson of the situation is clearly relevant: "In terms of the basic indigenous and cultural features, not only is there no single community that embraces the whole of the territory of the old Kamerun but neither does such a community exist within either of the two federated States". Cf., W.R. Johnson, The Cameroon Federation, (New Jersey: Princeton University Press, 1970), p. 46.

⁵ It may be noted that the office of Inspector of Administrative Affairs was created in 1958: (Decree No. 58 - 12/CAB/PM of February 8, 1958). This was modified in 1960: (Decree No. 60-252 of December 31, 1960). The powers of the Inspectors were similar to those described here, but the Inspectors were responsible to the Prime Minister, not the President. They were also responsible for supervising the finances of local government institutions.

Briefly, the British administration in West Cameroon was intended to stimulate and support local initiative and full participation in the decision-making process, through Native Authorities and elected representatives, from whom authority flowed to the centre. This was the theory that efficient and representative local government provided the foundation on which central administration was based.

On the other hand, the French system relied not on development from below but on direction and decision-making from the centre. The High Commissioner, 'as depositaire des pouvoirs de la République', governed through 'arretes' according to general policy directives from Paris. The 'Conseil de Notables' and 'Commune Rurales Mixtes' introduced in East Cameroon never at any time achieved the importance of their West Cameroon counterparts since local government was subject to directives from the centre.

The foregoing analysis of administrative systems, reveals that the two States were trained in variant concepts of administration. To the West Cameroonian politicians, the Native Authority and Local Council formed the basis of central government, whilst to an East Cameroon politician local administration was to be subjected to detailed supervision by prefects and sub-prefects who were agents of the central government.

Deutsch's condition of "*mutual compatibility of main values*"⁶ was present in Cameroon. This condition was reflected

⁶ K. Deutsch, et. al., op. cit., (p. 58).

in the existence of earlier ethnic and traditional ties, similar customs and traditional values between East and West Cameroon before and during the period (1884-1914) when both States were ruled as one German Colony.⁷ For instance, Chiefs among the Bakweri (West Cameroon) and Douala (East Cameroon) usually functioned more as lineage symbols than as decision-makers: the most important decisions were made by local assemblies with village elders providing informal leadership.⁸

Wheare's requirement, of the existence of "*some earlier political association*", between the Federated States was present in Cameroon because during the period of the German Colonial rule (1884-1914) both West and East Cameroon were known together as the 'German Kameruns' - which was one administrative and political unit.

Deutsch's condition of "*superior economic growth on the part of at least some of the participating units*" was also present in Cameroon. For example, between 1951 and 1960, the gross domestic product of East Cameroon grew at an annual rate of approximately 7% whilst that of West Cameroon grew at the rate of 5%. In 1960, the West Cameroon's share of the total

⁷ This past political association of East and West Cameroon formed the basis of nationalistic feelings between the two States. For a further development of Cameroonian nationalism see E. Ardener, "The Kamerun Idea", West Africa, No. 2148, (London, June, 1958).

⁸ Edwin Ardener, The Coastal Bantu of the Cameroons, (London: International African Institute, 1956).

gross domestic product for both States was 16.5% as compared to 83.5% for the East. The per capita income of the East was 32,000 francs as compared to 16,000 francs for the West.

With regard to the crops produced for domestic consumption, West Cameroon in 1960 produced only 1.63% of the total 3,118,000 metric tons for both States. Regarding the distribution of transportation and power, West Cameroon had only 14% of the 4,375 miles of roads in the two States combined, and produced only .8% of 1,080.4 million k.w.h. of hydro-electric power generated in Cameroon.⁹ As we argued previously, East Cameroon clearly had a superior economic structure and growth rates than West Cameroon.

Finally, Wheare's condition of "*a hope of economic advantage from union*", and Deutsch's condition of "*expectation of greater economic ties or gains*" were present in Cameroon. To this extent, it was anticipated that the existing ethnic ties between the two States would provide the basis of coordination of inter-state economic policies for the rapid development of the Federation, to the benefit of the two States, particularly for West Cameroon whose economy was, indeed, backward in comparison to that of the East.¹⁰

⁹ Ministère de la Coopération, Cameroun: Economie et Plan et Développement, (Paris, 1962), p. 76.

¹⁰ The reasons for this view are examined in Section 3.4 B(iv) (Chapter 3) which deals with the extent of public and private capital investment in both States prior to the formation of the federal union.

Having established the existence of the pre-conditions for economic development under Federalism in Cameroon, and considering President Ahidjo's contention that "*Federalism was the only solution because linguistic, cultural, administrative, and economic differences do not permit us to envisage seriously and reasonably a state of the unitary and centralized type*",¹¹ the next question that comes to mind is what were the potential economic benefits and costs for both East and West Cameroon of forming a federation?

4.3 The Potential Benefits and Costs of Federating to East and West Cameroon:

For both East and West Cameroon, the Federation was expected to generate those advantages of a larger economic base which are important for new industries benefiting from scale economies, and those advantages resulting from the relatively free flow of factors of production - labour and capital between the two States. It was also anticipated by both States that an additional economic advantage from federating was to arise from the conduct of external affairs by the Federal government.¹² Further, it was argued that a government representing both East

¹¹ ~~Report~~ 'cited in La Press du Cameroun, (Douala, August 1961), p. 5. It should be noted that the President's view is consistent with the conditions that are said to underlie the rationale for Federalism.

¹² For a documentation of these advantages, see Claude E. Welch, Dream of Unity, (Ithaca: Cornell University Press, 1961), especially Chapter 5.

and West Cameroon would have a better and greater 'bargaining power' in the international arena than any government representing East and West Cameroon separately,¹³ particularly with regard to the setting of export quotas and tariffs, and import quotas.

For the East Cameroon, a federation with the West was to lead to the removal of the internal customs barrier between the two States. The removal of the barrier, as demonstrated in Chapter 3, was to result in the subsequent replacement of British and Nigerian goods in the West Cameroon markets by goods from the East, particularly as the presence of the internal tariff wall had impeded the flow of goods and services between the two States.¹⁴

For West Cameroon, a federation with the East was to provide a stable and strong financial foundation for that State, since it had depended heavily on Nigeria and Britain for ad hoc grants-in-aid to operate its economic and social services. Indeed, the uncertainties surrounding the weak and retarded economy of West Cameroon were expected to be remedied in a union in which one of the members had a more developed economy.¹⁵

¹³ S. Mentshikoff, "Federalism and Economic Growth", in D.P. Currie (ed.), Federalism and the New Nations of Africa, (Chicago: The University of Chicago Press, 1964), pp. 196 - 197.

¹⁴ United Nations, (Document No. T/798), Report of the United Nations Visiting Mission to Trust Territories in West Africa, (New York, 1949), p. 18.

¹⁵ Kamerun National Democratic Party, Newsletter, July, 1957.

The cost of federating to both West and East Cameroon was to include the loss of all or part of their external customs and tariff revenues, and some of their domestic sources revenue, especially revenue from those Ministries and Departments that were to become Federal. For the East Cameroon, a federal union with the West was to lead to the diverting of some of the former's public and private investments to develop the latter State.

On the other hand, to West Cameroon, federation was to mean the loss of the Commonwealth Preference,¹⁶ higher domestic prices of imported goods from East Cameroon which belonged to a high-cost producing Franc Zone,¹⁷ and a cutback in those exports, particularly bananas, that could not be absorbed by the East and the European Common Market member countries.¹⁸

It would appear from the above analysis of the potential costs of federating, that they were higher for West Cameroon than for East Cameroon. However, it would seem that

¹⁶ In the case of such major exports as bananas, cocoa and coffee, the Commonwealth Tariffs were 15%, .8% and 1.8% as compared to EEC tariffs of 20%, 9% and 16%, respectively. East Cameroon was then associated with the EEC. Cf., EEC Document No. 2.227, p. 1165, (Brussels, 1965).

¹⁷ For instance, in East Cameroon the price of printed cloth was 33% to 35% higher than English cloth, machine tools were 40% to 60% higher than American tools, and the prices of trucks were 100% higher than American trucks, in West Cameroon. Cf., V. Thompson and R. Adloff, French West Africa, (London: Oxford University Press, 1958), p. 265.

¹⁸ It may be noted that the Common Market countries' imports of bananas were about one million tons a year, that is between one-quarter and one-third of world consumption. In particular, France could not absorb all the bananas in the Franc Zone.

the prospects for rapid development of the West Cameroon in the long-run were greater since federal capital expenditures and grants were to overshadow short-run costs which included the loss of the Commonwealth Preference, high import prices, loss of internal customs revenue and the economic dislocation resulting from the union.

4.4 The Expectations of the Federating States Regarding the Form of the Federation:

The expectations of the West and East Cameroon elites, politicians and the population at large regarding the form of the federal system that was to be set up in October, 1961, were neither identical nor unanimous. In addition, the reactions of the people in each State towards the idea of federalism were different.

To the extent that the politicians and the elite groups in the two States were faced with the task of building a new Federation and integration of the two economies through viable Federal development policies, it is pertinent to identify the patterns and nature of opinions, conflicts and complementarity in the values relating to the form of the federal system that was to evolve.

To this end, some very important questions that are crucial in understanding the mechanism of the federal system can be posed. For example, was there any agreement among the political leaders of the two former colonies about the form of

the federal union? Further, what form did each leader or politically important group expect the distribution of power between the Federal and State governments to take?

Firstly, there were important differences within the values of the two states' elites regarding the inter-level distribution of power and legislative responsibilities. For example, East Cameroon leaders opted for a "*strongly centralized federal structure*", whilst the West Cameroonians desired a loose and "*cooperative*" federation with a rational and balanced distribution of power between local, state and federal governments.¹⁹

Specifically, many West Cameroonians found it difficult to picture a new reunified State as a unitary State. Rather, their conception of the federation was that of a loose co-operative alliance between two states that had been subjected to different colonial experiences for forty years. As Johnson very correctly observes,

Their problem is rooted in the perplexities of the federal idea, perplexities that have troubled political thinkers since the French political philosopher Bodin elaborated the idea of sovereignty, the hallmark of the modern state, but a notion which is made to

¹⁹ Willard Johnson, The Cameroon Federation, (New Jersey: Princeton University Press, 1970), p. 173.

*fill that of federalism only with some strain.*²⁰

Indeed, the proposals submitted by the political leaders and elites of West Cameroon reflected their thinking and expectations regarding the form of the federal system. They envisaged a parliamentary democracy at State and Federal levels, with the Federal Government endowed with a bicameral legislature of limited powers.²¹ To West Cameroon, the executive was to be weak. It was to be headed by a President who was to pursue policies that were to be approved and supported by his ministers. The members of his cabinet were to be responsible to the national assembly.

For the West Cameroon political leaders and elite, the protection of State interest was to be derived from:

²⁰ Ibid., p. 173 - "Sovereignty" as conceived by Jean Bodin, Six Books of the Commonwealth, (1576) abridged and translated by M.J. Tooley, (Oxford: B. Blackwell, 1955), is the power to legislate (make Law) for the whole community. Federalism involves the idea of plural loci of ultimate authority. Bodin believed that the state had come to embody "the Supreme power the citizens and subjects, unrestrained by law" and there were no mixed states where such power was divided. One state never truly shared sovereign power over another. Sovereignty was made to reside in one place - Parliament, King or the people. Yet Bodin had great difficulty in applying his theory to specific cases, for example, when he examined the Swiss Confederation, he could not decide whether it represented one State or a league of several States.

²¹ Kamerun National Democratic Party, "Constitutional Proposals of the Government Party" in the Record of the Bamenda Conference, (West Cameroon, 1960).

- (a) quota allotments of ministerial portfolios to residents of each State;
- (b) provision for a Presidential veto over Federal legislation having a discriminatory or harmful effect on the citizens of one of the States; and
- (c) a Federal tribunal which would arbitrate all disputes between the States and the federal government.²²

In addition, those areas which were not constitutionally allocated to the federal government were to fall under the control of the State Governments.

On the other hand, the leaders of East Cameroon argued that in order for federal institutions to tackle the many problems that the young Federation was to face, it was necessary to establish a strong federal government. Some of the problems to be solved included, *economic, linguistic, administrative and cultural* differences between the two States.

²² Johnson, *op. cit.*, (p. 171). It should be noted that requirements (a) and (b) would meet the same condition as that of feature (i) of 'federalism' in Chapter 2. It is further assumed that for requirement (b) to be operational, the Federal President must give equal political weights to all the Federated States irrespective of their economic potential, area and population size. This is necessary because if the President is from a richer and more populous State, it is plausible that the problems and desires of the smaller and poorer State may be downplayed by him. Condition (c) was intended to provide a mechanism through which, for example, conflicting Federal and State developmental objectives can be resolved or through which a trade-off can be reached through a planning process which is instituted to achieve certain specified structural targets that are consistent with the given overall developmental objective.

To this end, therefore, East Cameroon leaders and elites presented a list containing fifteen items that had appeared in the proposals tabled by the representatives of the West Cameroon. Five of the East Cameroon's proposals were areas over which the Federal Government was to have complete jurisdiction following reunification.²³ The rest of the proposals were listed under "*second stage federal powers*" which were to remain under the jurisdiction of the state governments until the federal government was ready to assume control over them.²⁴

A number of powers which the representatives of the West Cameroon envisaged as "*second stage*" Federal powers were placed in the "*first stage*" list in the East Cameroon proposals. In particular, three of these proposals were concerned directly with matters that were to create complex problems of adjustment for West Cameroon during the early and later years of the federation. These issues included the jurisdiction over trade

²³ These powers which are listed in Article 5 of the Federal Constitution of October 1, 1961 are: (a) rules governing the conditions of aliens, (b) rules governing legal disputes, (c) responsibility for the maintenance of law and order, (d) protection of internal and external security of the Federation, (e) telecommunications.

²⁴ These powers which are spelled out in Article 6 of the Federal Constitution are: (a) the status of persons and property, (b) obligations and contracts in civil and commercial matters, (c) rules governing the judicature, including rules of procedure for and the competence of the courts, (d) penal law, (e) control of currency, (f) prison administration, (g) labour legislation, (h) public health, (i) primary, secondary and technical education, (j) administrative services.

agreements with other foreign interests,²⁵ development planning, the allocation of resources between the different tiers of government, and technical and financial aid from foreign nations and multi-lateral agencies.

To sum up, our analysis of the expectations of the two States regarding the form of the federal system that was to be created, reveals that the position of West Cameroon was largely "*federalist*", since it opted for a loose and 'co-operative' federal system in which there was to be a balanced power structure between Federal and State Governments. On the other hand, the position of East Cameroon was largely "*developmentalist*" since it argued for a strongly centralized federal structure and a constitution that would enable the central government to tackle the economic, linguistic, administrative and cultural differences between the two States.

Bearing in mind the positions of East and West Cameroon regarding the form of federation, the next question is what was the formal structure of the Federation?

²⁵ It may be pointed out that during the early days of the debate over the Federal Constitution, Dr. Endeley, the former leader of the opposition party in the Western State argued that the Cameroon Republic in the Franc Zone can offer no market for bananas, the main source of foreign exchange for the West Cameroon government. (See: *Africa*, No. 8, April 14, 1961, pp. 7-8). On the other hand, former Vice-President Foncha, who believed devoutly in the unity of Cameroon, saw prosperity in union with the Eastern state and links with the French.

4.5 The Formal Structure of the Federation and Institutions:

With regard to the Presidency of the Federal Republic, while the Federal Constitution of October, 1961, envisaged the eventual establishment of a strong central government with many powers, Title XI ("Transitional and Special Provisions") provided, for certain arrangements which represented a concession to West Cameroon leaders who had advocated a looser federation. Under the Title, the former President of the larger and more prosperous East Cameroon State became the President of the new Federal Republic and the Premier of West Cameroon became the Vice-President.²⁶ (The Prime Minister of East Cameroon continued in office after Federation.)

The Federal Constitution which was the outgrowth of the series of "*Cameroun-Cameroons*" conferences during the early months of the year 1961, was a curious mixture of presidential and parliamentary governmental forms bearing the features of a series of political compromises between the respective views of President Ahidjo and former Vice-President Foncha. Specifically, the Federal Constitution appeared to have been drafted with three objectives in mind:

²⁶ It should be noted that there are no constitutional powers for the Vice-President. Thus, he has no fixed functions other than to assist the President in unspecified areas and the President may, if he wishes, dispense of any responsibilities to him. Indeed, the President can appoint and dismiss the Vice-President.

- (a) to create a number of Federal institutions such as the Ministry of Planning and Development, National Investment Corporation, and National Economic and Social Council, and to spell out Federal and State powers.
- (b) to preserve and support the autonomy which had hitherto been enjoyed by the two Federated States, such as the continuous use of French and English languages in East and West Cameroon, respectively, because of the linguistic differences between them.
- (c) to maintain as long as possible the political status quo in both states.²⁷

In order to protect the interests of the smaller of the two States, namely West Cameroon, the framers of the Federal Constitution inserted the provision that the President and Vice-President of the Federation shall never come from the same state.

Because West Cameroon demanded a bicameral federal legislature within limited powers, the 1961 Constitution provided for an elaborate system of control over the actions of

²⁷ The circumstances which surrounded the drafting of the 1961 Federal Constitution have been discussed by Victor Levine, "The New Cameroon Federation", Africa Report, Vol. No. 11, (December, 1961), pp. 7, 8, 10 and "Unifying the Cameroons", West Africa, (July 15, 1961), pp. 774 - 775. It should also be noted that these three objectives are consistent with the salient features which we imparted to 'federalism' in Chapter 2.

the Federal National Assembly. For example, before the promulgation of a Law, the Head of either Federated State may request the President to order a Second Reading. While the first reading requires only a simple majority to carry, the provisions governing the Second Reading require in effect that the Law must pass a majority of the two State delegations voting separately.

With respect to Federal Government powers, Articles 4 through 37 of the Federal Constitution describe the organization and competence of the Federal Government. In accordance with Article 4, Federal authority is exercised by the President of the Federal Republic and the National Federal Assembly. Further, the President who is assisted by the Vice-President is at once Head of State and Chief Executive.

The President of the Federal Republic has the power to select the members of the Federal government "*from the inhabitants of each state*". Although, the Constitution says nothing on the subject of division of ministries between the two States, it is nonetheless clear that both States are expected to be represented in the President's Cabinet. Although there is a provision that Federal Ministers be members of the Federal Assembly, there were at least three members of the first Cabinet, named in October, 1961 from the East Cameroon Civil Service.

Furthermore, the Federal President is given several other powers by the Constitution. For example, he appoints

after "consultation",²⁸ the respective Prime Ministers and Cabinets of the two States. As a safeguard to individual and national liberty, the Federated States are required by the Federal Constitution (Article 13) to consult the President before they can "*take measures which might affect (susceptibles d'avoir des incidences) the life of the Federation*". Similar to Article 16 of the Constitution of the 5th French Republic, the President of Cameroon may, in case of grave peril threatening the integrity of the Federation, the life, independence or institutions of the Federation, proclaim a state of emergency by decree and then "*take all measures he judges necessary*" to establish stability.

In carrying out this function, the President is required only to "consult" the Prime Ministers of the Federated States and the Federal National Assembly which may meet during the period of emergency. Thus, it may be appropriate to remark that the 1961 Constitution created a President who combines the attributes of a British-style Governor-General, a French President during the 5th Republic and an American Chief Executive.²⁹

In regard to the representation and composition of the Federal National Assembly, the relevant Constitutional

²⁸ It may be pointed out that in French constitutional practice "consultation" does not necessarily mean that the advice offered during such "consultation" should be taken into consideration by the Head of State. All that is required is formal discussion.

²⁹ Victor LeVine, "The New Cameroon Federation", op. cit., (pp. 774 - 775).

provision stipulates that the Assembly shall be elected for five years by direct, secret ballot and universal suffrage in each Federated State on the basis of one Deputy for each 80,000 inhabitants (Article 16).³⁰ Thus, the first Federal National Assembly of April, 1961 comprised forty representatives from the East Cameroon and ten from West Cameroon, since the population of East and West Cameroon, at the time the constitution was promulgated, was respectively 3,200,000 and 800,000 inhabitants (Article 60). However, it was further stipulated in the Constitution that the official population figures of the States will be modified by law following any changes that may be observed in subsequent national census.

As concerns the division of responsibilities between the two levels of government, two lists are provided: one enumerating jurisdictions in which Federal organs may operate "*immediately*" (Article 5); and the other list indicating areas which may be subject to Federal authority after the "*transitional period*" (Article 6). Such matters as national defence, foreign affairs, currency and money, federal administration fell into the first list, whilst the second list included secondary education, the "*regime of public liberties*", local judicial organization and administration, land law, and labour regulations.

³⁰ This provision meets one of our requirements for federalism, of representation by population size. (See Chapter 2).

After the transitional period, those areas which now clearly fall under Federal Government authority exercised by the President of the Federal Republic and the Federal National Assembly are: nationality, status of foreigners, procedures for ensuring that laws are constitutional; national defence, foreign affairs, internal and external security of the federation, emigration and immigration, development planning, economic policies, control and organization of credit, establishment of the Federal budget and the determination of taxes and all other levies required to meet federal expenditures.

Higher, secondary and technical education and scientific research also fall under federal authority. In addition, the Federal Government has power over external financial and technical assistance, postal services and communication; aeronautics and meteorology, mining and geology; the status of Federal Government workers and magistrates; the organization and function of the Federal Court of Justice, the territorial boundaries of the federated states; public liberty, civil and commercial ~~contracting~~ regulations.

Finally, federal authority also extends over to judicial organization (rules of procedure and competence of all jurisdiction, not including traditional tribunals in West Cameroon except in cases of appeal against these tribunal decisions); to penal law, ports and federal transport (road, rail, river, maritime and air); penitentiary administration,

labour regulations; public health, administration organization and weights and measures.³¹

The above areas, which fall directly under Federal authority, illustrate the extent of the success of the East Cameroon's argument that:

The aim of the advocates of this constitutional revision was to consolidate the authority of the state, avoiding the creating of a machinery of state that would be too complex or cumbersome, whose weakness could prevent it from responding to the increasing needs of modern life. . .

The Presidential regime is manifestly (that regime) which can best handle those imperatives and which most properly confers upon the executive (power) the qualities of performance that can be expected of it.³²

With regard to State power, the two Federated States are entitled to give themselves institutions that are within their competence, and with the exclusion of those areas which have already been listed above as being under the authority of the Federal Government. Some of these institutions include State Assemblies and development institutions such as the West Cameroon Development Agency.

³¹ These jurisdictions are enumerated in Cameroon, (Yaounde: Federal Ministry of Information and Tourism, 1970), pp. 62 - 63. Again, these elaborate powers of the Federal Government were consistent with East Cameroon's demand for a strong central Government.

³² Commission des Lois Constitutionnelles de la Justice, et de la Legislation de l'Administration Generale de la Republic et de Forces Armees - "Rapport" - Cited in La Press du Cameroun, (Douala, August 17, 1961), p. 4.

Two areas which constitutionally explicitly fall under State authority are primary education and Local Councils.³³ Thus, the States are each arrogated all powers not specifically given to the Federal Government and all laws pre-existing the Constitution and not in conflict with it, are permitted to remain (Article 46).

It would appear, therefore, that there is no clear-cut division of powers between the Federal and State Governments as is the case of other Federations where the Federal Government is given full authority in some matters; the State Governments in others, and where certain matters can be expressed jointly by the State or Federal Government. The Federal Constitution thus adheres more closely to centralized French tradition than the relatively de-centralized British one as envisaged by West Cameroon.

However, the Federal Constitution of 1961, does suffer from one very serious flaw. This shortcoming is the absence of a well-specified formula of revenue allocation between the Federal and State Governments to enable them to execute their constitutional functions. Under any kind of federal system, the provisions of a Federal Constitution relevant to economic policy and development are those which define the allocation of fiscal

³³ C. Welch, "Cameroon Since Reunification", West Africa, (October 16, 1963), p. 1175..

and financial powers between Federal and State governments and in some cases indicate the extent of the extreme control and guidance of the economy by the Federal Government. This important requirement of federalism is absent in the Cameroon Constitution.

Rather, all that is mentioned in the Constitution is that the Federal Government is empowered to regulate "*Currency, the Federal Budget, Taxation and other Revenue to meet Federal expenditure*" (Article 5(8)). Thus, the absence of specified formula for allocating revenues between the different levels of government, and indeed, the dependence of State Governments, to balance their individual budgets is unsatisfactory, and certainly undesirable.

A non-constitutional arrangement that evolved after the Federation is the system of administration that was introduced into the two States. Under the new administrative system,³⁴ six administrative regions (all of which coincided with the six economic regions) were established. These regions were to be headed by Federal Inspectors of Administration. One of the six regions corresponded to the State of West Cameroon, whilst the other five which fell within the State of East Cameroon were the East, Central-South, Littoral, North, and the West. The Federal Inspectors were to be the local representatives of the Chief Executive - the President of the Federal Republic.

³⁴ Presidential Decree No. 61-DF-IS of October 20, 1966.

The implications of the new system of administration have had far-reaching effects on the pre-existing administrative and local institutions. As one writer puts it: *"The innovations instituted in the transition to federalism have severely restricted the capacity of local officials for initiative and independent action"*.³⁵ This local capacity for initiative has been further limited by the functions of the Federal Inspectors of Administration.

These functions include:

- (a) the supervision and co-ordination of the work of all federal officials and departments within each region;
- (b) the maintenance of order and the application of federal law;
- (c) the establishment of their own rules and regulations within the framework provided by the President;
- (d) the initiation of investigations into the activities of federal officials in their region, and if need arose, execute their duties with the help of the police and the armed forces; and
- (e) the establishing of cordial relations between local federal officials and federal ministers and bureaus. Consequently, all reports from the

³⁵ W. Johnson, The Cameroon Federation, op. cit., p. 209.

officials are required to pass through the Federal Inspectors.

Furthermore, the implications of this centralized system of administration were particularly visible in West Cameroon where the Prefects and Sub-Prefects (formerly known as Senior District Officers and District Officers) are designated by decree as members of the new system of administration. Although nothing in the Constitution anticipated this centralized administrative system, it was not prohibited in the Constitution either. Indeed, the authority to establish any type of administrative organization is clearly vested in the Federal authorities under Article 6, the article which lists the *"second stage federal powers"*.

It may be noted that the Federal system of territorial administration instituted throughout the Federal Republic increased the ability and efficiency of Federal authorities to supervise the political life closely at the State and local levels. The new administrative system was consistent with the system that had existed in East Cameroon before the federation. On the other hand, the system was completely new in West Cameroon where emphasis had been placed more on decisions made at lower level government than at the centre.

To sum up, our analysis of the formal structure of the Cameroon federation reveals that the nature and extent of the powers and responsibilities of the Federal President and

the Federal Government, including the administrative arrangements, reflected predominantly the 'developmentalist' position and expectations of East Cameroon with regard to the form of the federal system. However, there were built-in-guarantees in the federal system which ensured that the 'federalist' position of West Cameroon was not completely ignored.

4.6 Conclusion:

We have shown in this Chapter that the expectations of the two States regarding the form of the federal system, and the formal structure of the federation reflected the objectives of 'federalism' and 'development' in Cameroon. To this extent, the question arises as to what was the institutional environment of the 'planning' process in the Cameroon Federation. The next Chapter - Chapter 5 - will be devoted to examining the planning environment.

CHAPTER 5

THE INSTITUTIONAL ENVIRONMENT OF THE PLANNING PROCESS IN CAMEROON

5.1 Introduction:

It will be recalled that in Chapter 4 we examined the pre-conditions for development under federalism in Cameroon. In this Chapter, we will analyze the institutional environment of the planning process and plan implementation in Cameroon.

Specifically, we will examine the institutions that were created at the time of federation of East and West Cameroon and how their functions, powers and activities were expected to influence the planning process and plan implementation in the Federation. This will be followed by an examination of how the planning process was to operate in regard to plan formulation and plan implementation. Furthermore, economic planning in Cameroon will be analyzed with a view to showing how it was expected to ensure the realization of a goal-mix encompassing both 'federalist' and 'developmental' objectives.

5.2 The Institutional Setup:

The Federal Constitution of October, 1961, created at the Federal level, decision-making institutions with very extensive economic and political powers and responsibilities. These institutions were the Presidency and the Federal National Assembly. They had the regulative capacity with respect to

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their ability to control and influence the planning process, because according to the provisions of the Federal Constitution, the authority relating to matters of development planning, economic policies, control and organization of credit, establishment of the federal budget and the determination of taxes and all levies required to meet federal expenditures, was to be exercised jointly by them.¹

The Constitution of 1961 also provided for State Prime Ministers and State Assemblies. As we have seen, these State decision-making institutions were not given any powers to influence the major decisions affecting the federation, firstly because all decisions relating to the collectivity were to be made at the Federal level, and secondly because only undefined residual responsibilities were allocated to the States.

A number of planning institutions were also set up. They included the "*Federal Ministry of Planning and Territorial Development*" which was established as a hold-over from the former Cameroon Republic (now East Cameroon). Under the 1960-65 Development Plan, no department was established within this institution to cater for planning matters relating to West Cameroon nor were any West Cameroonians placed in influential posts. Rather than Federal initiative being exercised, the Secretary of State for Finance in West Cameroon was to continue to formulate programmes for development as was the case prior to the Federation.

¹ P.F. Gonidec, La République Fédérale du Cameroun, (Paris, 1969), p. 37.

For this reason, West Cameroon development projects were to feature only in the Federal reports of the 1960-65 Plan.² Their determination was not to involve the Ministry of Planning and Territorial Development. However, under the 1966-71 Development Plan, the Ministry of Planning and Development was to play a much wider role, because it was the first plan for the whole Federation. National Planning Committees which were to be responsible for specification of Plan targets, were established under the Ministry of Planning, in eight different areas, from finance and credit to health and social affairs, with a ninth established to carry out a synthesis of the national economy.³

Another institution that was created was the Federal Ministry of Finance which was charged with the responsibility of preparing the Federal budget in co-operation with the other Ministries. In preparing the estimates, the Federal Ministries were to be guided by the general guidelines prepared and cir-

² See, for example, Ministère de la Coopération, République Française, Cameroun Economie et Plan, (Paris, 1964).

³ The Boards were (i) Synthesis and General Economy; (ii) Finance and Credits; (iii) Structure - Information; (iv) Education, Vocational Training and Employment; (v) Rural Economy; (vi) Industry, Power, Mining and Artisan Activities; (vii) Trade Services and Tourism; (viii) Infrastructure, Transport, Telecommunications, Building, Town Planning, Municipal Administration and Housing; and (ix) Health and Social Affairs. These Boards were responsible for setting and co-ordinating the overall sectoral targets of the different plans at the Federal level.

culated in advance by the Ministry of Finance. The final estimates of revenues and expenditures were to be presented in the form of a draft bill to the Financial Committee of the Federal National Assembly for approval. The control of expenditures was to be exercised by the Minister of Finance who was to see that no Ministry spent in excess of its appropriation.

The Federal Government also established Regional Development Councils in each administrative region. These Development Councils were placed under the control of the Regional Inspector of Administration, who was directly responsible to the President of the Federal Republic for his actions. However, the State governments were to have no control over the activities of these Regional Councils which were established to formulate and implement development projects allocated in the States.

There were also financial, advisory, and incentive institutions which were set up to participate in the implementation of plans and in the general economic development of the Federation. At the Federal level, these institutions were the Federal Economic and Social Council (an advisory institution), the National Investment Corporation and the Cameroon Development Bank (which are financial institutions), and the Cameroon Investment Code which was designed to encourage foreign and domestic private investments.

The Economic and Social Council of the Federation was established by Law No. 66-LFI of 10th June, 1966, to function as

(i) a consultative assembly representing the principal economic and social activities of the Federation, and to perform the function of encouraging a mutual collaboration between the different regions and occupational groups with a view to ensuring that these groups and regions participated in government economic and social policy; and

(ii) a source of advice to the President of the Federal Republic and the Prime Ministers of the Federated States.

Furthermore, it was to be called upon to examine within the limits of its technical competence, bills of an economic nature, including bills relating to development plans.

The Council, at its inception, was made up of 38 members - 30 from East Cameroon and 8 from the West Cameroon.

The representation by economic and social sectors was as follows:

<u>Economic and Social Sector</u>	<u>West</u>	<u>East</u>
Workers' Representative	1	6
Commercial & Industrial Activities	1	5
Co-operatives & Artisan Activities	-	6
Family Welfare Societies & Youths	1	4
Banking and Credit Sector	1	1
Economic, Health & Social Activities	2	8
Agricultural Activities	2	-
TOTAL =	8	30

The composition of the Federal Economic and Social Council reflected the federal character of Cameroon, especially as it was intended to permit the expression of opinion by representatives of specialized interests within the fields of agriculture, commerce, industry, banking, and labour from both States.

The National Investment Corporation was set up by a Presidential Decree No. 64/DF/486 of 16th December, 1964. It was to function as a limited liability company with an initial capital of 250 million francs CFA,⁴ which was to be provided entirely by the Federal Government. Specifically, the National Investment Corporation's major functions were to be the *"mobilization, marshalling and orientation of national savings with a view to promoting investment operations of economic and social interest in the fields of industry, agriculture and commerce"*.⁵ This function was to be performed by means of:

- (i) carrying out studies and financial operations likely to promote the nation's development;
- (ii) the granting of loans or guarantees under the conditions defined by its internal rules and regulations for the purpose of financial investment of general economic or social interest;

⁴ Second Report of the National Credit Council, 1964-1966, (Paris, June, 1967), p. 124.

⁵ Ibid., (p. 124).

(iii) the acquisition of shares in the capital of companies; and

(iv) the management of securities of the state and of public collectivities and establishments.⁶

An examination of the organization of the National Investment Corporation reveals that its membership was made up of a President - Director General and Members of the Board of Directors appointed by Presidential Decree. There were three departments, in charge of: Studies, Operations, Finance and Management. For example, the Studies Department was to deal with the examination of files submitted to the Society by foreign investors wishing to obtain its participation in the capital of any limited company they wish to set up.

An additional financial institution that was created, was the Cameroon Development Bank (hereafter known as BCD - Banque Camerounaise de Développement). The purpose of the BCD was to provide its technical and financial support for the implementation of any project which could "*promote the economic and social development of the Cameroon*". In particular, the Bank was intended to give support to

(i) the development of industry, agriculture, trade, animal husbandry and fisheries;

(ii) improvement of family housing and of consumers credit; and

⁶ Ibid., (p. 124).

(iii) financing of professional equipment for the independent professions.

The initial capital of the BCD was 600 million francs CFA in 1961. By 1963, the capital of BCD had risen to 1,500 millions CFA francs, and participation was distributed as follows:

Cameroon Government:-	1,060 million francs CFA	(66%)
Central Fund for Economic Cooperation:- (French Public Financial Institution)	310 million francs	(20%)
Central Bank of the Equatorial States of Africa and Cameroon:-	120 millions francs	(8%)
Bremer Landes Bank:- (German private bank)	10 million francs	(6%)

The Board of Directors consisted of eight Cameroonian government representatives plus a Government Commissioner (appointed by a Presidential decree) who could use his rights of veto over the Board's resolutions. There were also two representatives from the Central Fund, one from the Central Bank and one from Bremer Landes Bank.

According to its Statutes, the BCD was also to manage an Investment Fund (Caisse d'Investissement) on behalf of the Federal Government. This Fund was to consist of monies derived from the government's capital budget. The BCD was also to participate in new enterprises, the major objective of which was to accelerate the Cameroonization process of existing

industrial enterprises including local banks. The Bank was authorized to grant loans

- (a) from its own resources and under its own responsibility;
- (b) jointly financed under a consortium arrangement and sharing the risks with other financial institutions; and
- (c) jointly financed under a rediscount or credit arrangement with the Central Bank provided that the risks on these operations were assumed by institutions other than the BCD.

According to its operating procedures, the B.C.D.'s "participations" were to be limited to 25% of the bank's own resources and funds that may be allocated for this specific purpose. Except for subsidiaries created by the bank, the "participations" were not to exceed 25% of the capital of an enterprise benefitting from such participations. No more than 50% of the bank's deposits were to be invested in short-term loans and no more than 10% of such deposits in medium-term loans. Long-term investments could only be financed from the bank's own resources and long-term loans and funds were specifically available for that purpose.

The Investment Code of Cameroon, which was to be administered by the Investment Commission, was first passed by the National Assembly on June 27th, 1960. Although it was

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The Investment Code of Cameroon, which was to be administered by the Investment Commission, was first passed by the National Assembly on June 27th, 1960. Although it was

promulgated prior to the formation of the Federation, the legislation was later extended to the entire Federal Republic.⁷ Since the Investment Code was part of the Federal Government's programme to foster the growth of domestic and foreign private business, it is necessary to give a summary of the contents of each of the four categories into which the Code was divided, and under which fiscal benefits were to be granted by the Investment Commission.

(i) Preferential Treatment A permits duty-free entry of the required raw materials and capital goods for a period of up to 10 years and allows reduced rates of, or exemption from, indirect taxes (for example, the Single Tax on production) on finished products for a period of up to 3 years, including exemption from new taxes and changes in the rates of existing ones.

(ii) Under Preferential Treatment B, the enterprise may be eligible to obtain, in addition to the benefits under Preferential Treatment A, exemption for a period of up to 5 years from taxes on profits and, in the case of mining and forestry, from the payment of royalties. They are also eligible for any benefits from new tax laws that might be introduced during the first 10 years of their operations.

⁷ This extension was done at the Federal level by the passing of Law No. 64-LE-6 of 6th April, 1964 which adopted Law No. 60-64 of 27th June, 1960, extending the Investment Code of East Cameroon to the institutions of the Federation.

(iii) Under Preferential Treatment C, large enterprises may conclude an agreement with the Government under which they may receive all or part of the privileges of Preferential Treatment B. The agreement in each case will also define other government guarantees in the legal, economic, and financial fields, including an undertaking to assure stable conditions for financial transfers and the marketing of the enterprise's goods for a period of up to 25 years. The enterprise, in its turn, must guarantee a minimum volume of production and grant to its employees certain minimum social benefits, including housing.

(iv) Preferential Treatment D, which applies to enterprises making investments of particular importance to the long-term economic development of the country, gives to the enterprises all the benefits of Preferential Treatment C as well as a guarantee that new taxes and tax rates will not apply to such enterprises for up to 25 years.⁸ It would appear from the above categories of benefits, that the Cameroon Investment Code had important and far-reaching liberal provisions with a view to encouraging the industrialization of the Federation.

Apart from the above Federal financial institutions, there were also development institutions in West and East

⁸ This summary of the main provisions of the four categories is made from Overseas Business Reports - Investment Law of the Federal Republic of Cameroon; U.S. Department of Commerce, (Washington, D.C., December, 1962).

Cameroon, long before the Federation came into being. In West Cameroon, there was the West Cameroon Development Agency, which was created to initiate various development schemes such as the meat production, timber industry, and commercial ventures with the assistance of grants from the West Cameroon Government. In East Cameroon, there was a similar institution entitled the National, Commercial, and Industrial Development Society. As its title suggests, this institution was intended to engage in development activities similar to those of the West Cameroon Development Agency.⁹

5.3 The Institutional Relations:

To the extent that the Presidency and Federal National Assembly were to execute Federal government policies jointly, it will be observed from Figure 5-1 that there was to be a direct link between them. For example, the President could initiate bills in the legislature on subjects which are within the spheres specifically reserved for the National Assembly in terms of Article 24 of the Constitution, and receive priority treatment for the measures he introduces.

However, the Federal National Assembly could throw back ill-considered and unsatisfactory bills to the President, by invoking the Constitutional provision for the *Second Reading* of a bill (Article 18). It was intended to curtail the powers

⁹ The State Development institutions remained under the control of the State Government after the Federation came into being.

Figure 5-1 The Relationship Between Institutions in Cameroon.

of the President through the action of the representatives of the Federated States in the National Assembly. It was also to ensure that there is a representation of sufficiently wide scope of public opinion and is a deterrent to hasty and rash legislation. To this extent, it created a procedure whereby the President may on its own accord or at the request of the Prime Minister of either Federated State request a bill to be read a second time. At Second Reading, the bill must receive the approval of the majority of the Federal National Assembly from each State.

Much has been acclaimed for this provision, particularly as it was intended to prevent one Federated State (logically East Cameroon) from imposing undesirable policies on the other State (West Cameroon). The rationale for this claim is that it is possible, on the Second Reading, for as few as six members of the National Assembly from West Cameroon or twenty-one members from East Cameroon to prevent passage of the legislation. This was seen as a major concession to the protection of both State and minority interests.¹⁰

But, the extent of the concession is less than has been claimed for it, as a closer examination of the political context in which it operates shows. With the advent of a single party, (the Cameroon National Union) in the Federation, the

¹⁰ Victor Levine, The Cameroon from Mandate to Independence, (California: University of California Press, 1964), p. 228.

likelihood of any majority opposition to Presidential bills in the National Assembly by representatives from either State is remote. Consequently, it does not appear that the provision of Second Reading is operational.

Thus, the degree of the autonomy of the Federal National Assembly within the framework of Federal power is both limited and diluted by the Constitution. It is limited to the extent that specific powers and responsibilities are conferred on the President. It is diluted because the President is able to exercise powers currently on those subjects which are not reserved by the Constitution exclusively for the attention of the National Assembly.

To this extent, the President is virtually supreme in the executive sphere, reflecting most clearly his position as Head of State as well as Head of Government. As one of the two repositories of Federal authority - the other being the Federal National Assembly - he is responsible for the conduct of the affairs of the Federal Republic and is not accountable to the Federal legislature for his actions.¹¹

It will also be observed from Figure 5-1 that all State decision-making institutions and development institutions were to be directly or indirectly responsible to the President. The presence of State governments, and the State Legislative

¹¹ The President does, however, carry out the terms of legislation enacted by the National Assembly.

Assemblies may lead observers to think that these institutions wield power as reserved under Article 38 of the Constitution. However, a closer study of the Constitution reveals the apparent weakness of the Federated States and their institutions. This is because decisions and directives regarding the functioning of State institutions emanate from the Presidency, and, in particular, because of the control the President has over the appointment of State Prime Ministers, the determination of their functions and the operation of State institutions.

For instance, no bill passed by a Federated State government could become law unless promulgated by the President who may delay its enforcement by referring it back to the State legislature for a revision. The President could dissolve a State House of Assembly if it is in persistent discord with its State government. The States' electoral system, their courts and legal system, their economic and financial arrangements and even salaries and wages of members of their governments are subject to Federal control. Thus, it would appear that the States' autonomy is almost non-existent. (6)

All in all, it can be argued that the provision of Article 38 of the Constitution which

*ostensibly purported to grant residual but undefined powers was intended, in metaphorical terms, to serve as a mirage designed to condition psychologically the minds of the timorous souls that existed at the time of formulating the Constitution.*¹²

¹² H.N.A. Enonchong, Cameroon Constitutional Law, (Yaoundé: Centre D'Édition et de Production de Manuels et D'Auxilliaires de l'Enseignement, 1967), pp. 169 - 70.

while at the same time succeeding in the primary goal of creating a very powerful central government.

With regard to Federal planning, financial and development institutions, it will be observed from Figure 5-1 that they were placed under the direct control of the President. The Federal Economic and Social Council, was to be regulated by Presidential decrees, even though it was intended to function in a purely advisory and consultative capacity. Nevertheless, it could receive requests from the President; the Prime Ministers of the Federated States or any legislative bodies for advice on any economic and social matters. The Council was expected to report to the Federal National Assembly on the deliberations at its sessions.

The Ministries of Planning and Finance were created by Presidential decrees and the President was to have complete discretion to appoint whomever he chooses to be Ministers of these ministries. In like manner, the Ministers are responsible to him alone and may be dismissed at his discretion. The President may use his discretionary powers to change the composition and structure of the Ministries by removing Ministers from office entirely or by shifting them from one department to another. Thus, neither the Ministry of Planning nor that of Finance has any complete autonomy with respect to its internal policies.

However, the President may consult with the Ministers of Planning and Finance individually or collectively. But all they may do is to advise him and leave him to use his absolute discretion to accept or reject their advice. Thus, the political role of the Ministers is limited. This is shown by the fact that final decisions and authority radiate from the President outwards to the Ministries and it is certainly not possible for any Minister to challenge the authority of the President in any area of Federal government policy.

Concerning the financial and development institutions (see Figure 5-1) which were created by Presidential decrees and placed under the direct control of the Ministries of Planning and Finance, the Ministers in charge were invested with legal powers to issue ordinances and decisions to exercise their hierarchic authority over the institutions.¹³ These legislations, which are subordinate legislations to Presidential decrees, are intended to give proper directives and instructions relating to the activities and amending or reversing the decisions of the financial and development institutions so as to exercise discipline over them.

Regarding the nature of relationship between the National Investment Corporation and the Ministries of Finance

¹³ 'Ordinances' are less formal decrees, which are regulatory instruments. 'Decisions' are used to notify the appointment or dismissal of personnel associated with the financial and development institution. The people affected are the lowest cadres of government employees.

and Planning, Decree No. 64/DF/486 of December, 1964 which set up the Corporation, stipulated that the control of the operations of the Corporation was to be undertaken by two auditors representing the Minister of Planning and the Minister of Finance. However, the fact that the President - Director General and Members of the Board of Directors are appointed by Presidential decrees, implies that the activities of the Corporation were to be influenced indirectly by the President's wishes which can be expressed by the Ministers of Planning. To this extent, therefore, the Corporation was not to enjoy any degree of autonomy. This is also true of the Regional Development Councils which were to be directly responsible to the Minister of Planning.

With respect to the Cameroon Development Bank, (set up by Decree No. 60/247 of 29th December, 1960), it will be recalled that a Government Commissioner, appointed by Presidential Decree, was to have veto power over the decisions taken by the Board of Directors. However, any conflicts that arose between the Government Commissioner and the Board of Directors were to be resolved by the Minister of Finance, charged with the control of the BCD (Decree No. 62/GF/154 of 7th May, 1962), acting by the delegation of the President. The BCD, unlike the National Investment Corporation, was to have some degree of autonomy since the Cameroon Government participation in the Bank's capital was only approximately 60% as compared to 100%.

for the Corporation.

Finally, the fiscal incentives provided under the Investment Code were to be granted to private foreign and domestic investors, by the Investment Commission.¹⁴ This institution was to be directly responsible to the Minister of Finance. However, since both the Commission and Investment Code were created by Law No. 64-LF-6 of April, 1964 which emanated from the President's office, it would seem that their continuous existence depended very much on the whims of the President. There was to be no feedback between the financial and development institutions. Rather, they were to be directly responsible to the Ministers who were in turn responsible to the President. In effect, then, their whole existence, degree of autonomy, if any, their viability and the rapidity with which they could be eliminated, were to be determined by one man - the President of the Federal Republic.

5.4 The Planning Process in Operation:

The various Federal and State decision-making and development institutions were to influence the planning process at two levels: firstly, at the plan formulation stage with respect to the specification of the objectives and targets of the plan, and secondly, at the plan implementation level with regard to the execution of the projects approved in the plan.

¹⁴ Its membership included a representative of the Minister of Planning; a representative from the BCD, the National Investment Corporation Director, and the Federal Economic and Social Council.

(A) Plan Formulation:

In general, the nature and methods of planning were to be laid down in Circulars,¹⁵ issued by the President of the Federal Republic. These circulars were to define the broad objectives of the national plan to be prepared. In theory, the drawing up of any plan was to involve repeated plying between the regional and federal levels in order to ensure that the wishes and requirements of every region were taken into account as far as possible.

At the federal level, numerous working sessions were to be held between the Ministry of Planning and the other Ministries. There were to be consultations relating to feasible targets for the various sectors of economic activity in the Federation. The ten National Planning Boards, under ministerial chairmanship, were to meet and define as precisely as possible the national targets to be achieved within the context of the President's Circulars, and the means of implementing them. Not only were the very highest federal authorities to participate in these meetings, but also the most qualified specialists, from the public and private agencies were to be present.

Acting on the general principles defined by the Federal Chief Executive's Circular, the Regional Development Councils were to undertake a long-term study of the development

¹⁵ In the case of the 1966-71 Plan, see Presidential Circular No. 24/PRE of 14th November, 1964.

prospects in their respective regions and to make initial estimates of possible targets and ways and means of achieving them. The proposals of the Regional Development Councils were then to be submitted to the National Planning Boards for consideration, and inclusion in the overall Federal plan. The scrutiny of the targets was expected to lead to a review of certain objectives proposed and to the assigning of approximate financial resources on sectoral and regional bases.

The draft Federal plan was then to be submitted to the National Assembly in the form of a bill. At this stage, the Federal Economic and Social Council was to be called upon to examine the bill *"within the limits of its technical competence"*, and then to report its recommendations to the National Assembly. To this extent, the Economic and Social Council could influence the selection of final plan targets either by advising the National Assembly to reject the bill or to accept it.

Since neither the State Prime Ministers nor State institutions were to be called upon to participate in the formulation of the federal plan, they could only influence its final targets or objectives by invoking the *Second Reading* provision of the Constitution. However, there is no guarantee that they could succeed in causing the plan to be rejected, since they had to make their request for a Second Reading of the bill to the President, who may use his discretion to decide whether to carry out their wishes or not to. Thus, in the final

analysis, the objectives of any Federal plan were to be influenced predominantly by one decision-making institution - the Presidency.

Considering the evolution of the Constitution, it would seem that the President had the powers to play a dominant role in the specification of the Federal plan objectives, partly because of the extensive potential economic power, and partly because of the existence of a single party in Cameroon. With respect to the latter factor, it has been contended that the party system in any federation is a key element in preserving the federal bargain over time.¹⁶ This is true in federations where there is a multi-party system, particularly if each political party has either a strong central or regional base or both. If so, Federal and State institutions, values and attitudes and patterns of political activity could operate to give autonomous expression to both Federal political system and to State/regional political system. The existence of mutual interdependence between the two levels of party systems counterbalances and maintains the overall federation.¹⁷

However, in Cameroon, the domination of the political life of the Federation by one single political party - the

¹⁶ W.H. Riker, Federalism, Origin, Operation and Significance, (Boston: Little, Brown and Co., 1964), pp. 20 - 22.

¹⁷ M. Stern, "Federal Political Systems and Federal Societies", World Politics, (Vol. XX, No. 4, July, 1968).

Cameroon National Union (CNU) - headed by the President, would tend to strengthen the relative position of federal decision-making institutions, whilst at the same time weakening that of State Governments and their institutions. Thus, it might be difficult for State governments and their institutions in Cameroon to influence the planning process since the CNU has its base at the centre. Because the CNU inter-penetrates both levels of Government, the political problems and instability which are usually created by disenchanted political parties and radical groups that are dissatisfied with Federal government economic and social policies, could be minimized, and possibly alleviated in the Cameroon Federation.¹⁸

To the extent, therefore, that the existence of a single party could eliminate the necessity for determining the equilibrium between the centripetal and centrifugal forces that are normally generated in the course of the planning process, the Federal President would be able to dictate the national and regional objectives of Federal plans to the State governments and their institutions.

(B) Plan Implementation:

Generally, there exists two schools of thought regarding the appropriate institutions or governmental agencies that

¹⁸ Also in India, the domination of the country's political life by one party - the Congress Party - has facilitated Federal State economic and political dialogue. To this extent, equilibrium has been maintained between the two levels of governments in India. However, in Cameroon, this is not feasible because the States lack the Constitutional power and more important, only one party exists.

should be responsible for the implementation of national and regional development programmes. Some believe that the central planning agency should be responsible for implementing plans, while others advocate that autonomous institutions be set up to perform this function.¹⁹ This latter school of thought maintains the view that plan formulation as an advisory and goal specification function is incompatible with the executive responsibilities inherent in the co-ordination and implementation of plans.

As regards the implementation of the development plans in Cameroon, the latter view was upheld. The policy of "*concerted development*" in Cameroon, required that separate institutions, apart from the Ministry of Planning and Development, be set up at the Federal level for the co-ordination and implementation of development plans. Thus, the National Planning Council was created, and empowered to sit in specialized committees and departments charged with studying, for example, the problems of transport or industrial development.

In regard to the role of co-ordinating institutions at the regional level, the Federal Inspector of Administration was to be assisted by a "*Regional Development Council*" required to deal with all problems relating to the implementation of the development programme for the region. The Council, which was to

¹⁹ For a further treatment of these schools of thought, see A. Waterston, *Development Planning: Lessons of Experience*, (Baltimore: The John Hopkins Press, 1965), pp. 332 - 339, and E. Hagen (ed.), *Planning Economic Development*, (Homewood: Richard D. Irwin, Inc., 1963), p. 284.

include representatives of the private sector, was to meet twice a year.

At Divisional level, the Prefect who was responsible for the implementation of development plans in his district was to ensure the co-ordination of development actions. He was to be assisted by a "*Regional Development Agent*" and a "*Divisional Development Committee*". The Divisional Committee which was composed of local representatives of the technical services and specialized development agencies, was to meet at least four times a year. It was to examine the methods and means of putting the Plan into practice in order to ensure its successful execution, as well as the amount of progress made in the programmes, and to draw up the balance-sheet of development effort.

The "*Regional Agent*", a technical officer of the Federal Ministry of Planning, was to be placed at the disposal of the Prefect. He was to be responsible, under the Prefect's authority, for following the execution of development programmes and for preparing meetings of the Divisional Committee. In principle, therefore, the Divisional level was equipped to follow and co-ordinate the implementation of plans.²⁰

At a sub-divisional level, a Rural Action Committee was set up. It was to be presided over by the Sub-Prefect, and

²⁰ However, procedural and administrative delays constitute one of the commonest problems which could impede the implementation of plans. For example, a great deal of time spent in discussing preliminary matters and the lack of innovation on the part of administrative bureaucracy, could retard the progress of the plan.

to be composed of local representatives of the technical services and organizations for plan implementation. This Committee, which was to meet each month, had the essential task of ensuring permanent co-ordination and continuity of action in the services during the implementation of development plans. At the same level there was to be generally a "*Commune mixte rurale*" or a Local Council, with the autonomy of management, subject to compulsory supervision. These Communes or Councils were to participate in development works, particularly within the framework of the "*Minor Rural Equipment*" system which allows for the mixed financing of certain operations.

Finally, the rural institutions or structures were to be of vital importance, particularly as administrative supervision at the divisional level could not go right down to the level of each village and to the scattered rural inhabitants who must be made aware of their own potentialities for progress and the means of achieving that progress. For this reason, the policy under various plans was to be a progressive replacement of mobile rural teams by Rural Training Centres, where more lasting and concrete action could result in the formation of well-informed farmers who, by their example, would inspire others.

As concerns the financing aspect of development plans, the Federal Ministry of Finance in the Federal Capital Budget, was to indicate the amount of funds that the Federal Government

intended to contribute towards the financing of those projects that were earmarked for the public sector. The disbursement of the funds was to be controlled by the Ministry of Planning, in co-operation with the Ministry of Finance.

Apart from the Ministry of Finance, the Cameroon Development Bank was to play an important role in the goal implementation dimension of the planning process. The BCD was required to support the development of the industrial, agricultural, commercial, livestock and fisheries sectors, either by granting loans to private and semi-public enterprises or by engaging in joint financing with other financial institutions. To this extent, the activities of the BCD were to be development oriented.

The National Investment Corporation was to use the domestic savings it mobilized, to finance investments in the industrial, agricultural and commercial sectors. Like the BCD, the participation of the Corporation in the implementation of the development plans was to be in the form of loans, guarantees or the acquisition of shares in the capital of those companies which were to invest in the economic sectors earmarked for the private sector in the plans.

To ensure that the objectives outlined for the private sector in the plans were achieved, the investment legislation - the Cameroon Investment Code - was to encourage the increase of private investments - both foreign and domestic, by providing

fiscal and other benefits to firms that were willing to undertake new industrial and agricultural projects within the framework of the development plan.

Under the Code, new enterprises could be granted exemption from duties and certain consumption and local taxes as indicated in the various categories of the Code for projects of particular significance to the attainment of plan objectives. Long term fiscal arrangements could be negotiated under which commercial, financial and fiscal guarantees could be made by the Federal government for periods up to 25 years.

5.5 The Planning Process with Respect to the Federalist Objective:

Our analysis of the formal structure of the Cameroon Federation in Chapter 4 revealed that the system that evolved was a

curious mixture of Presidential and Parliamentary governmental forms, a melange bearing the superficial imprint of a series of political compromises between the respective positions of Ahidjo (East Cameroon), and Fomcha (West Cameroon), but in fact reflecting more Eastern wishes than Western hopes.²¹

Within our theoretical framework, three institutions - the Federal National Assembly, Federal Economic and Social Council, and the Ministry of Planning and Territorial Development - could

²¹ V. LeVine, The Cameroon Federal Republic, (Ithaca: Cornell University Press, 1971), p. 81.

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potentially have primary influence on the planning process.

However, the extensive economic and legislative powers granted to the President in the Constitution prevents the above institutions from playing their expected role in influencing the allocation of public and private resources to the various spatial units with a view to generating the potential economic benefits from federalism to the States of West and East Cameroon.

To achieve a desirable pattern of allocation of resources between West and East Cameroon, the Ministry of Planning will be guided not by only efficiency considerations but also by spatial considerations, given the Federal set up, and the various structural and institutional constraints. The importance of the spatial dimension in the allocation of resources would require the Ministry of Planning to recognize the direct influence of Federal and State decision-making institutions such as the Presidency, the Federal National Assembly, and State Assemblies.

However, because of the centralized character of the Presidency, it could be expected to have little influence on the planning process with respect to the importance placed on the 'federalist' objective in the plan. This is a deviation from our theoretical framework in which the Presidency is expected to reflect the 'federalist' objective of a Federal union.

However, if any plan does not consider the federalist objective adequately, then either Prime Ministers of the Federated States could request for a Second Reading of the bill that is tabled in the Federal National Assembly with a view to approving the plan. Alternatively, the Federal Economic and Social Council, after examining the bill could advise the National Assembly and the President against its passage.

Furthermore, the Federal Ministry of Planning would be expected to take into account the importance placed by East and West Cameroon on their various economic sectors (such as agriculture, industry, health, transportation, etc.). To this extent, the Ministry of Planning would then be faced with the problem of determining the most desirable differentiation of economic activity in the Federation, particularly as labour and capital are not perfectly mobile between West and East Cameroon.²²

5.6 The Planning Process with Respect to the Development Objective:

The attainment of this objective would call for the employment of a well defined development strategy. This would require the Ministry of Planning to specify sectoral targets (S_1 , S_2 and S_3) that are consistent with the overall developmental objective, of say, a GDP growth rate of 5% per annum, during the plan period. The choice facing the Ministry of Planning would

²² It may be noted the population sizes of West and East Cameroon, in terms of percentage shares, have remained roughly 20% and 80% since the Federation was born.

either be that of *balanced* or *unbalanced* development of the economic sectors (S_1, S_2, S_3). The employment of *balanced* growth strategy would ensure that development would occur in all the sectors. Alternatively, the choice of an *unbalanced* growth approach by the Ministry of Planning would lead to the concentration of resources in only those economic sectors with the highest potential forward and backward linkages.

In an attempt to choose an appropriate development strategy, the Federal Ministry of Planning would be influenced predominantly by the President and by the activities of such financial and incentive institutions as the National Investment Corporation and the Cameroon Development Bank, and the National Investment Code. If the objectives of these financial institutions and those decision-making institutions conflict, then the Federal Ministry of Planning must resolve them by generating an appropriate goal-mix which will indicate the nature of the trade-off between Federalist and Developmentalist objectives.

But, from our earlier analysis of the powers and the degree of the autonomy of these institutions, the possibility for such a conflict would appear to be remote, especially as power radiates predominantly from the Presidency. If a conflict does develop, it could theoretically be between the Presidency and the Federal National Assembly. But given the fact that 80% of the members of the National Assembly are from

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East Cameroon, and in particular, considering the fact that the potential powers of the President are consistent with the 'developmentalist' position of East Cameroon, one would expect no conflict to develop between the President and the National Assembly.

5.7 The Planning Process and the Evolution of the Goal-Mix:

The ability of the planning process in being able to manipulate the relevant policy instruments with a view to generating an appropriate goal-mix - the position of which must ensure the achievement of the objectives of 'federalism' and 'development' - will be largely determined by institutional and structural constraints such as the activities of decision-making and financial institutions and the state of the mobility of factors of production between the Federated States.

In the specific case of the Cameroon Federation, the evolution of the goal-mix and the position of the goal-mix box can be predicted, by analysing the relative potential influences of these constraints on the planning process. To this end, therefore, attention is drawn to Table 5-1 in which the institutions that were created at the time of the Federation, are divided into two groups - those favouring the objective of 'federalism' and those favouring the objective of 'development'.²³

²³ It should be noted that those institutions with decentralized functions and certain State representatives are termed "federalist" oriented whilst those institutions with greater centralization of functions or powers, and have limited or no State representatives, are "developmental" oriented.

Table 5-1

Institutional Arrangement in the Cameroon Federation +

<u>INSTITUTION</u>	<u>Favouring Federalism</u>	<u>Favouring Development</u>
<u>A. DECISION-MAKING INSTITUTIONS:</u>		
1. Presidency and Presidential Powers	NS	S
2. Federal Government	NS	S
3. Federal National Assembly	S	NS
4. Federal Administrative System	NS	S
5. Prime Ministers and State Assemblies	S	NS
<u>B. PLANNING INSTITUTIONS:</u>		
6. Federal Ministry of Planning	S	S
7. Regional Development Councils	S	S
<u>C. FINANCIAL INSTITUTIONS:</u>		
8. National Investment Corporation	NS	S
9. Cameroon Development Bank	NS	S
<u>D. ADVISORY AND INVESTMENT INCENTIVE INSTITUTIONS:</u>		
10. National Economic and Social Council	S	NS
11. Cameroon Investment Code	NS	S

(S = Significant and NS = Not Significant)

+The above chart represents the author's assessment of the institutional set-up in Cameroon.

From Table 5-1, it will be observed that of all the Federal decision-making institutions, only the Federal National Assembly favoured the 'federalist' objective, while the rest favoured that of 'development'. Both the Federal Ministry of Planning and the Regional Development Councils were intended to foster both objectives. However, all the financial institutions that were created were developmental oriented. The Investment Code was also intended to be biased towards development, but the Economic and Social Council was intended to foster the 'federalist' objective.

To this end, it will be observed from Figure 5-2 that Federal decision-making and development (financial) institutions were to exert a direct influence on the planning process and therefore, the position of the goal-mix box. At the State level, Regional Development Councils were to submit their project proposals directly to the Ministry of Planning for consideration and inclusion in the development plan. However, State development institutions were to operate independently of Federal development institutions and also of each other. Consequently, developmental institutions at the State level were not expected to influence the evolution of the goal-mix.

It is clear from the analysis of the influence of the various federal and State institutions on the planning process, that with regard to economic planning policies there was to be no form of co-ordination or consultation between the institutions

Figure 5-2 The Evolution of the Goal-Mix

- - - - - indicates weak influence or constrain
 _____ indicates powerful influence or constrain

at the two governmental levels. Nor were decision-making and development institutions at the State level to influence the activities of the Ministry of Planning. Consequently, any goal-mix box and its contents were by implication to reflect solely the desires of Federal decision-making, financial and development institutions.

Thus, on the basis of the relative powers, the federal and non-federal character of the various institutions in Cameroon, the state of factor mobility, and the obvious impact of their influences on the planning process, one could make the following predictions regarding the planning process' preferences with respect to the evolution and the position of the goal-mix box which is the outcome of the trade-off between the objectives of 'federalism' and 'development'.

(a) Since all the Federal decision-making, (except the National Assembly) financial institutions and investment legislations were all potentially powerful and biased towards 'development', and at the same time the only major source of influence on the planning process, one would expect the goal-mix box to be much closer to the 'developmental' than the 'federalist' objective.

(b) Because State decision-making and development institutions assumed a very weak position at the time of Federation, and in particular because they could not influence the planning process, with respect to the choice of regional targets,

one would anticipate that the planning process would not pay adequate attention to economic and social problems that were unique to only one state.

(c) Since linguistic, cultural and internal customs barriers had impeded the mobility of labour and capital between the two states, the elimination of these obstacles as the Federation evolves, will enable these factors to move to areas yielding highest returns unless such a movement is prevented through the planning process.²⁴ An indiscriminate movement of factors of production will generate a goal-mix which will be biased towards the development objective. To this extent, the expected benefits from federating will not be shared between the two States.

The upshot of the foregoing predictions on the probable evolution and position of the goal-mix box is that the 'development' objective would in the long-run overshadow and possibly wipe out the 'federalist' objective. The goal-mix box will move entirely to the right (Figure 5-2) so that spatial considerations in the allocation of resources will be given zero weighting through the planning process.

5.8 Conclusion:

We have so far in this Chapter examined the institutional environment of the planning process in Cameroon with particular

²⁴ Factor mobility will also be influenced by fiscal and monetary incentives, including wage rate differentials between the two states.

reference to the likely preferences of the institutions that were created and their relative potential influences on the planning process.

The validity of the hypothesis regarding the outcome of the influences of the various institutions on the planning process and the subsequent evolution of the goal-mix, will be tested against the actual Cameroon experience in development planning in a federal setting since 1960. This will be the subject of Chapter 6.

PART III

AN ANALYSIS OF THE CAMEROONIAN
EXPERIENCE AND POLICY CONCLUSIONS

CHAPTER 6

AN EVALUATION OF THE CAMEROONIAN EXPERIENCE IN PLANNING FOR DEVELOPMENT IN A FEDERAL SETTING: 1960-71

6.1 Introduction:

In Chapter 5, we examined the institutional environment of the planning process with a view to making some predictions regarding the evolution and position of the goal-mix box in the Cameroon, given the constraints that were to influence the planning machinery. This Chapter will be devoted to an evaluation of the Cameroonian experience in development planning in a Federal setting from 1960 to 1971.

Specifically, we will examine the evolution of 'federalism-development' objectives under the 'planning' process, the strategy underlying sectoral and spatial allocation of public and private investments, the role of Federal and State institutions in the evolution of the goal-mix, the performance of development planning and finally an appraisal of the general development effort. Emphasis will be placed on the relative positions of East and West Cameroon in 1960 and 1970, that is, after ten years of development planning.

6.2 The Planning Process and the "Federalism-Development" Objectives:

Given the existence of 'federalism-development' objectives in Cameroon, a fundamental preoccupation of the

Cameroonian authorities since the formation of the Federation in 1961, has been the problem of economic planning. To a large extent, the complex and challenging problems of the federation took on a new dimension within the framework of the larger demands and aspirations of national unity. To this end, the Federal Government initiated two short-term development plans, entitled The First Five Year Plan for Economic and Social Development (1960-1965), and The Second Five Year Plan for Economic and Social Development (1966-1971).

The First Five Year Plan was more elaborate but it was specifically formulated for East Cameroon. This is because this Plan was prepared as early as 1960, that is one year before the formation of the Federation. Thus, the 'federalist' objective received no consideration in the 1960-65 Plan.

This feature of the Plan was reflected in its major objectives which were:

- (a) the doubling of the average per capita income in twenty years, and the attainment of a GNP growth rate of approximately 4.6% per annum;
- (b) the use of the Plan to achieve national unity, including the provision of special gains in income to economically lagging and depressed or politically discontented regions (in a large part by improved transportation facilities and commercialization of agriculture;¹

¹ This objective would indirectly imply the elimination of income disparities between the regions of East Cameroon since the Plan was meant for that State. The use of the phrase 'national unity' is appropriate since the plan was formulated when East Cameroon was still the Cameroun Republic - a separate independent nation.

- (c) the mobilization of potential investible surplus, especially under-utilized labour time both rural and urban, to implement plan programmes and to create a communal-cooperative rural structure;²
- (d) the creation of more efficient and well-equipped planning (including both data collection and analysis and implementation) institutions;³
- (e) the training of high level manpower, (i.e., the extension of education since no manpower plan had been drawn before 1960)⁴ and gearing the training of young people to the needs of the economy;
- (f) concentration of agricultural programmes on the additional output of coffee, cocoa, oil palms, rubber, cotton, timber, livestock, and rice (the

² The objective would have led to a full utilization of surplus labour and elimination of unemployment in East Cameroon.

³ An example of such an institution is C.I.D.E.P. - "Centre d'Information du Développement Economique et Plannification", which is part of the Federal Ministry of Planning and Territorial Development.

⁴ Among the Commissions set up to prepare data which led to the adoption of the bill approving the 1960-65 Plan of Economic and Social Development in 1960, was a Commission of Cultural and Social Affairs which prepared a Plan for the development of education known as the "Ideal Plan". This provided for the primary schooling of a total of 882,000 pupils by 1985. Of these, 111,500 would reach the terminal classes of the primary cycle, 22,300 would go on to the first cycle of the secondary course, 5,000 would go on to the second cycle and 30,000 pupils would receive technical education. (Cf., UNESCO Report on the Development of Higher Education in Cameroon, (Paris, 1962), p. 5.

first five for export, rice for import substitution, and livestock for domestic and export markets), including the diversification of farm products.

To a significant extent, the 1960-65 Plan necessarily fostered only one objective - that of 'development'. Consequently, the planning process was not employed to guide the allocation of public and private resources with a view to stimulating the spatial economic development of the two Federated States as postulated in our theoretical framework. By laying emphasis only on the temporal dimension of economic development, the 'federalist' objective was completely side-stepped.

However, under the 1966-71 Federal Plan, the planning process gave consideration to the two objectives of 'federalism' and 'development'. Before we examine the objectives of the Plan, it should be pointed out that under the planning process, West Cameroon was considered as one economic and administrative region, whilst East Cameroon was divided into five economic and administrative regions. In this regard, the 1966-71 Plan was a regionalized one which aimed at effectively stimulating the economic development of each of the six regions rather than of the two Federated States of East and West Cameroon.

The principal objective of the Second Five Year Plan, like that of the First Plan, was to double per capita income between 1960 and 1980, which implied a growth rate for the GDP of 5.6% per annum.⁵ The 1966-71 Plan also aimed at "*real estate reform*" in order to ensure the cultivation of all available land, an increase in school enrollment of rural populations, training of rural animators, technical and vocational experts, the consolidation of villages to ensure viable village units, and finally the choice of certain areas for integrated rural development. Because of its emphasis on rural areas, the Second Five Year Plan was termed the "*Peasant Plan*".

Furthermore, the Plan aimed at extending the Trans-Cameroon railway as far as Ngaoundere, (Northern part of East Cameroon) and the general improvement of the system of communication, particularly between the two States; and the adaptation of the training effort to the Federation's real needs (for example, by placing emphasis on primary education in rural areas).

⁵ The plan document does not make any distinction between GDP in money terms and in real terms. However, the assumption is that the domestic price level will remain stable. Furthermore, "in aiming at a growth rate of 5 1/2 per cent per annum for the gross domestic product, the plan assumes that government receipts will amount to about 16 per cent of the gross domestic product; that public savings (including savings of local governments and of public and semi-public enterprises) will amount to 3 per cent, and private savings to about 14 per cent, of the gross domestic product; that private consumption will absorb about 66 per cent, and government consumption about 17 per cent, of the gross domestic product; that investment will average about 16 per cent of the gross domestic product; and that the average propensity to import will remain constant at about 22 per cent of the gross domestic product". (Cf., I.M.F., Surveys of African Economies, op. cit., p. 77).

For the health sector, the objective was to develop preventive medicine through hygiene education and campaigns against epidemic diseases. The organization of regional development centres, and the construction of low-cost housing, in the main towns, plus the purchase of building materials for the modernization of rural housing; and finally, the redressing of regional economic disparities, and acceleration of investment with a view to achieving a better geographical and equitable distribution of population and national resources,⁶ were the remaining objectives.

It would appear from the objectives of the 1966-71 Plan, that five of them were 'developmental' oriented, whilst the last two were what might be termed, 'semi-federalist' objectives. This is because the spatial partitioning was based on six economic regions rather than the two Federated States, which according to our earlier discussion of Federalism would have been the principal economic and administrative units for planning purposes.

The very designation of the West Cameroon State as one economic and administrative region implies that that State had to compete with the other five administrative economic regions of East Cameroon rather than with East Cameroon alone.

⁶ Cf., The Second Five Year Plan, 1966-71, (Yaounde, June, 1966).

for public and private resources.⁷ To this extent, the economic position of West Cameroon was considered in relation to that of each of the five regions within East Cameroon, and not in the context of a two-State Federation.⁸ The up-shot of the regionalization of the 1966-71 Plan, by the planning process was the greater emphasis on the 'development' objective in East Cameroon and less concern for that of 'federalism'.

This lopsided trade-off between the 'federalist' and 'developmentalist' objectives through the planning process was reflected in the pattern of sectoral allocation of investment resources, and in the spatial allocation of resources between the Federated States of East and West Cameroon and between the six regions.

6.3 The Sectoral Allocation of Investments:

The allocation of public and private resources between such economic sectors (S_1 , S_2 , etc.) as education, agriculture,

⁷ This State had potential for development as we saw in Chapter 3. Consequently, it is difficult to see how the East could have complained that resources were being wasted on a small, dependent and backward latecomer to the country, particularly as it was the expectation of greater economic gains that encouraged West Cameroon to form a federal union with the East.

⁸ The economic rationale for treating federated states as planning regions is that each tier of government will be able to provide directly or influence the provision of those goods and services that are of primary interest to the residents of their respective jurisdictions. For a further development of this particular division of economic functions among levels of government, see W. Oates, "The Theory of Public Finance in a Federal System", Canadian Journal of Economics, Vol. 1, (February, 1968), pp. 37 - 54.

industry, infrastructure, etc., with a view to ensuring the attainment of sustained development would have necessarily required the planning process, in Cameroon to formulate a development strategy in which appropriate structural targets are stated. In this respect, in both the 1960-65 and 1966-71 Plans, there was a general declaration of doubling the per capita income between 1960 and 1980. The underlying assumption was that the gross domestic product per capita was to grow at the rate of 4.6% and 3.6% per annum, during the period of the 1960-65 and 1966-71 Plans, respectively.⁹

However, no attempt was made by the planning process to specify such structural output targets as the rate of growth of final demand nor was the pattern of the distribution of gross domestic product and income between the Federated States spelled out. Rather, what the planning process did was to focus on inputs by projecting the total financial resources that were to be allocated to each economic sector during the period covered by each of the 1960-65 and 1966-71 Plans.

The sectoral distribution of investment in 1960-65 and 1966-71 Development Plans is presented in Table 6-1. A comparison of the sectoral allocation of investment under the 1960-65 and 1966-71 Plans, will reveal (see Table 6-1) that except in the case of the Production Sector where the share in

⁹ Ministry of Planning and Territorial Development, What You Should Know About the 3rd Plan, (Yaoundé, 1971), p. V.

Table 6-1

Sectoral Distribution of Investment 1960-65 and 1966-71 Plans
(in millions of francs CFA and per centages)

SECTOR	1960-65 Plan		1966-71 Plan	
	Value	%	Value	%
General Studies	2,399	4.5	2,283	1.4
<u>PRODUCTION:</u>				
Agriculture	9,598	18.3	22,387	13.6
Livestock	899	1.7	1,910	1.2
Fishing and Fish Breeding	--	--	2,057	1.2
Forestry	1,200	2.3	5,990	3.6
Trade	--	--	1,686	1.0
Tourism	182	0.3	1,980	1.2
Power	--	--	6,280	3.8
Mining and Oil Research	--	--	2,062	1.2
Agricultural Industries) Processing Industries)	3,577	6.7	5,056	3.0
Artisan Industries	--	--	20,516	12.5
Buildings and Public Works	--	--	5,500	3.8
Cooperatives	950	1.8	--	--
Total PRODUCTION:	16,406	30.9	75,024	45.6

INFRASTRUCTURE and TRANSPORT:

Roads and Bridges	11,784	22.2	16,545	10.0
Railways	9,380	17.6	18,439	11.2
Ports and Harbours	3,135	5.9	1,620	1.0
Aviation and Meteorology	584	1.1	2,367	1.4

Table 6-1
(Cont'd.)

SECTOR	1960-65 Plan		1966-71 Plan	
	Value	%	Value	%
<u>INFRASTRUCTURE and TRANSPORT: Cont'd.</u>				
Posts and Telecommunications	395	0.7	2,798	1.7
Transport by Road	--	--	16,180	9.8
Total INFRASTRUCTURE and TRANSPORT:	25,278	47.5	57,949	35.1
<u>SOCIAL OVERHEAD:</u>				
Education	3,460	6.5	7,968	4.8
Vocational Training	--	--	1,954	1.2
Youth and Sports	--	--	470	0.3
Health	3,564	6.7	4,050	2.5
Town Planning	--	--	4,678	2.8
Housing and Urbanization	2,075	3.9	6,900	4.2
Total SOCIAL OVERHEAD:	9,099	17.1	26,020	15.8
<u>OTHER EQUIPMENT:</u>				
Information	--	--	854	0.5
Administrative Equipment	--	--	3,646	1.6
GRAND TOTAL:	53,182	100	165,176	100

Source: Ministère des finances et du Plan, Premier Plan Quinquennal de Développement Economique et Social, (Yaoundé, 1961), and Second Five Year Plan of Economic and Social Development, July, 1966 to June, 1971, (Yaoundé, 1966).

total allocations increased from 30.9% in the 1960-65 Plan to 45.6% in the 1966-71 Plan, all other major sectors experienced some decreases in shares. For example, the share in total investment allocation for the Infrastructure and Transport Sector fell from 47.5% in the 1960-65 Plan to 35.1% in the 1966-71 Plan. Furthermore, the share of social overhead investment fell from 17.1% to 15.8% whilst the share for general studies fell from 4.5% to 1.4% despite the fact that the total projected investment for 1966-71 was three times that of 1960-65 Plan.

From Table 6-2, which shows the distribution of public and private investments between economic sectors under the 1966-71 Plan, it will be observed that for the productive activities, the private sector alone was to account for 69.2% of the total planned investment, whereas the public sector was to account for only 23.3%. On the other hand, public investments in the infrastructure and transport sectors were to be 47.2% of the total projected for that sector whereas private investments were to be only 22.4% of the 35.1% of the total planned investment allocated for this sector, in the 1966-71 Plan.

With respect to the sectoral allocation of public and private investments in both Plans, no attempt was made by the planning process to determine the extent of the complementarity or linkages between the various economic sectors to which larger investment resources were allocated. This is particularly true

Table 6-2

Sectoral Distribution of Public and Private Investments - 1966-71 Plan
(in millions of francs CFA and %)

SECTOR OF ACTIVITY	Public Investments		Private Investments		Total Planned Investments	
	Amount	%	Amount	%	Amount	%
General Studies	2,283	2.7	--	--	2,283	1.4
Production Agriculture	11,560	13.7	10,827	13.4	22,387	13.6
Stockfarming	1,850	2.2	60	0.1	1,910	1.2
Fishing and Fish Breeding	370	0.4	1,687	2.1	2,057	1.2
Forests	1,090	1.3	4,900	6.1	5,990	3.6
Trade	362	0.4	1,324	1.6	1,686	1.0
Tourism	600	0.7	1,380	1.7	1,980	1.2
Power	1,530	1.8	4,750	5.9	6,280	3.8
Mines and Oil Research	260	0.3	1,802	2.2	2,062	1.2
Agricultural Industries	983	1.2	4,073	5.1	5,056	3.0
Processing Industries Artisan Activities	1,062	1.3	19,454	24.2	20,516	12.5
Building and Public Works	--	--	5,500	6.8	5,500	3.3
TOTAL	19,667	23.3	55,757	69.2	75,424	45.6

Table 6-2 (Continued)

SECTOR OF ACTIVITY	Public Investments		Private Investments		Total Planned Investments	
	Amount	%	Amount	%	Amount	%
Infrastructure and Transport						
Roads	15,545	18.4	1,000	1.2	16,545	10.0
Railways	18,439	21.8	--	--	18,439	11.2
Ports	1,620	1.9	--	--	1,620	1.0
Aviation and Metro.	2,367	2.8	--	--	2,367	1.4
Post and Telecommunications	1,748	2.1	1,050	1.3	2,798	1.7
Transport by Road	148	0.2	16,032	19.9	16,180	9.8
TOTAL	39,867	47.2	18,082	22.4	57,949	35.1
Social Equipments						
Education	5,373	6.4	2,595	3.2	7,968	4.8
Vocational Training	1,822	2.1	132	0.2	1,954	1.2
Youth and Sports	470	0.5	--	--	470	0.3
Public Health	3,700	4.4	350	0.4	4,050	2.5
Town Planning - Water - Electricity	4,678	5.5	--	--	4,678	2.8
Housing	3,200	3.8	3,700	4.6	6,900	4.2
TOTAL	19,243	22.7	6,777	8.4	26,020	15.8

Table 6-2 (Continued)

SECTOR OF ACTIVITY	Public Investments		Private Investments		Total Planned Investments	
	Amount	%	Amount	%	Amount	%
Other Equipment						
Information	854	1.0	--	--	854	0.5
Elements of Administrative Structure	2,646	3.1	--	--	2,646	1.6
TOTAL	3,500	4.1	--	--	3,500	2.1
GRAND TOTAL:-	84,560	100	80,616	100	165,176	100

Source: Second Five Year Plan of Economic and Social Development, July, 1966 - June, 1971.

of the 'Production' and the 'Infrastructure and Transport' sectors to which 78.4% and 80.7% of the total projected investments were allocated under the 1960-65 and 1966-71 Plans, respectively.

In the particular case of the 1960-65 Plan, neither the *balanced* nor *unbalanced* strategy of development was employed by the planning process in guiding the allocation of total planned investments between the various economic sectors. Firstly, the allocation of resources did not reflect the balanced approach to development because productive activities such as fishing and breeding, trade (internal and external), power, mining and ~~oil~~ research, artisan industries (see Table 6-1) were not considered in the Plan despite the fact that they had the potential for development. Furthermore, social overhead activities such as vocational training, youth and sports, town planning, information and administrative equipment were not considered in the Plan. Secondly, the allocation of the total planned investments did not indicate the extent of the involvement of public and private sectors in the productive and social overhead sectors. Consequently, in the light of Figure 2-3 (Chapter 2), it is clear that the allocation of the investment resources under the 1960-65 Plan was not guided by the potential available for development in each economic sector.

Under the 1966-71 Plan, some elements of the *balanced* approach to development appeared in the allocation of actual

investments between all sectors of the economy, including those economic sectors which were not considered in the 1960-65 Plan. Further, it can be observed from Table 6-2 that the allocation of public and private investment between the major sectors of the economy were consistent with the notion of *unbalanced* development, since 69.7% of total planned public investments were to be made in physical and social infrastructures sector (that is, in Infrastructure and Transport, and Social Equipment sectors), whilst 69.2% of the total planned private investments were to be made in the directly productive activities.

However, to the extent that the linkages between the various economic sectors were not established, the pattern of the allocation of public and private investments between productive and social overhead activities in the 1966-71 Plan was not guided by an overall strategy of unbalanced growth. In part this was due to the historical division of emphasis between the private and public sectors, and the inability of the planning process to bridge these two spheres. The lack of private concern with social infrastructure sectors such as public health, education, transport and communication, etc., can be readily explained by the fact that there is a long period of gestation involved before these sectors can begin to yield returns to the capital invested. As between the States, there is a tradition of greater public investments in physical and social infrastructures in East Cameroon, although this has not

been true in West Cameroon where the private sector has played a greater role.¹⁰

6.4 The Regional Allocation of Investment:

Considering the constraints emanating from Federal and State decision-making institutions, including the state of factor mobility, the planning process between 1960 and 1971 gave only limited attention to the spatial dimension of economic development of the Federation. This important feature of development in the Federal setting was reflected in the nature of the decisions actually taken by the planning process with respect to the allocation of public and private resources between the two Federated States of East and West Cameroon.

Specifically, in the 1960-65 Plan, the planning process gave no consideration to the 'federalist' objective which was implicit in the formal structure of the Federation. The absence of the 'federalist' objective in the 1960-65 Plan can be explained by the fact that the Plan had been originally formulated for East Cameroon. Furthermore, the lack of any comprehensive feasibility studies of possible development programmes in West Cameroon made it difficult to extend the Plan immediately to this State following the Federation.

¹⁰ For example in 1965/66, 34% of the total number of students in primary, secondary and technical schools were enrolled in public schools in East Cameroon as compared to only 10% in West Cameroon. Also in 1966, there were 44 and 8 public hospitals as compared to 24 and 16 private hospitals in East and West Cameroon, respectively. Cf., Statistical Annual Report of West Cameroon, (Buea, 1967), p. 23.

With respect to the 1966-71 Plan, the planning process gave consideration to the spatial dimension of development in the Federal setting. The distribution of planned investment between the regions is shown in Table 6-3. It can be observed from Table 6-3 that for East Cameroon, the largest share (18%) of planned investment went to the Littoral region, which in 1965 accounted for 10% of the Federation's population.

The South-Centre region which had 20% of the total population, was allocated the second largest share, 12%. Investment in West Cameroon which contained 21% of the total population of the Federation in 1965, was approximately 12% of the total planned investment. The distribution of investment resources in terms of the two Federated States implied an attainment of a per capita investment of 16,240 francs CFA in West Cameroon, and of 32,000 francs CFA in East Cameroon by 1970.¹¹

The higher per capita investment for East Cameroon can be explained by the fact that a large proportion of planned investment was earmarked for the Littoral and South-Centre regions, which prior to the formation of the Federation, were the most industrially developed areas of East Cameroon.¹²

¹¹ Population statistics indicate that the West Cameroon had 1.2 million people, and the Eastern State 4.6 million people in 1970. (The Second Five Year Plan, op. cit., p. 477).

¹² The allocation of a greater proportion of the planned investment to the already industrialized areas reflects the bias of the planning process towards the 'developmental' objective.

Table 6-3

Regional Allocation of Investment - 1966-71 Plan
(in billions of Francs CFA)

ECONOMIC SECTOR	EAST CAMEROON					Total
	North	East	South-Centre	Littoral	West	
General Studies	39.1	--	.06 2.8	.05 2.2	.06 2.5	1.1 47.9
Rural Production (Agriculture)	3.8 11.8	1.0 3.1	4.8 15	6.1 18.8	4.0 12.3	19.7 62
Industry	3.2 8	1.2 3	3.8 10	14.5 37	1.9 5	24.6 63
Trade and Tourism	.5 29.9	--	1.5 41	.7 16	.06 3.1	2.8 46.8
Infrastructure	6.5 11.1	1.2 2	3.2 4.8	2.7 4.9	2.3 3.9	15.9 27.7
Road Transport	--	--	.2	.1	--	.3
Education	1.4 13.5	.6 5.5	1.7 17.2	1.0 9.1	1.2 11.6	5.9 56.9
Public Health	.9 21.6	.2 4.7	.5 11.2	.2 14.7	.8 18.8	2.6 60.8
Town Planning & Housing	.8 6.6	.2 2.2	4.5 38.8	3.8 33.3	1.0 8.3	10.4 89.2
Administration	--	--	--	--	--	--
TOTAL:	18.0 10.9	4.4 2.7	20.2 12.2	29.0 17.6	11.2 6.8	83.8 50.2

Table 6-3
(Cont'd.)

Regional Allocation of Investment - 1966-71 Plan
(in billions of Francs CFA)

ECONOMIC SECTOR	West Cameroon		Undistributed	Total Investments
General Studies	.113	4.9	1.11 48.5	2.3
Rural Production (Agriculture)	7.3	22.5	5.4 16.5	32.4
Industry	3.9	9	11.1 22	39.4
Trade and Tourism	.1	4.9	.8 48.3	3.7
Infrastructure	4.4	7.6	21.6 64.7	41.9
Road Transport	--	--	15.9	16.2
Education	2.1	20.2	2.4 22.9	10.4
Public Health	.9	22.6	.6 16.6	4.1
Town Planning & Housing	1.0	8.1	.3 2.7	11.7
Administration	--	--	3.5	3.5
TOTAL:	19.4	11.8	62.0 38.0	165.2 100

Source: Ministry of Planning and Territorial Development: Second Five Year Plan of Economic and Social Development, 1966-71, (Yaounde, June, 1966, p. 477).

However, West Cameroon under the projected investment in 1966-71 Plan was, in comparison to its population size, to receive the largest share of sectoral allocations for rural production, education, and public health.

The absence of adequate physical infrastructure to which only 7.6% of total investment was allocated for West Cameroon impeded rural production and distribution of foodstuffs within that State.¹³ The increasing disparities in the industrial, mining, trade, tourism and infrastructure sectors between East and West Cameroon did not receive much attention in the 1966-71 Plan. This may be explained by the fact that it was difficult for the planning process to carry out an appropriate trade-off between 'federalist' and 'developmentalist' objectives, since West Cameroon's economic position and problems were compared to those of each of the five economic regions in East Cameroon, and not with those of East Cameroon as a whole.

6.5 Federal-State Institutions and the Evolution of the Goal-Mix:

The 1960-65 Plan did not make an effort to produce a goal-mix since the objective of 'federalism' received zero

¹³ The inadequate food supply in relation to demand, led to an increase in the cost of living index of domestic foodstuffs from 73.0 in 1961 to 114.1 in 1968 in such urban centres as Victoria, Tiko, etc. in West Cameroon, as compared to an increase from 100.8 to 134 in Yaoundé and Douala (East) during the same period. (Cf., Cameroon 1968-69 Economique, op. cit., p. 38 and Main Economic Data of West Cameroon), (Buea, 1967).

weighting through the planning process. This was because such powerful Federal development (financial) institutions like the Cameroon Investment Corporation and the Cameroon Development Bank, including the Federal Investment Commission were engaged in economic activities which were concentrated in the developed industrial regions (Littoral and Centre-South) of East Cameroon. The economic potential of each state and the extent of factor mobility between them was not considered.

Under the 1966-71 Plan, a 'goal-mix' was generated but its position was much closer to 'developmental' objective than to that of 'federalism' (see Figure 2-6, Chapter 2). Some of the reasons include: the absence of any fully articulated strategy of development, the powerful influence of the Presidency and National Assembly, and the subsequent ability of the centralized federal financial institutions to undertake investment and credit activities which tended to give minimal weight to the 'federalist' objective.

6.6 The Performance of Development Planning:

The performance of development planning in Cameroon is difficult to evaluate, firstly because only limited data is available in the case of the two Federated States of East and West Cameroon, and secondly because the various regional programmes were not well co-ordinated, either as to the selection of the areas to be assisted or as to the specific means of

spending the funds. Much more disappointing is the fact that the various departments have not provided adequate data on how much help to date has been given to particular regions. This is especially true of the 1966-71 Plan.

Keeping in mind the above statistical problems, it should be noted that at the end of the 1960-65 Plan, the value added of the GDP of the Cameroon Federation by sector was as follows: (i) agriculture and extraction of raw materials made up 41.3%; (ii) manufacturing 14.6%; and (iii) distribution 39% of the GDP.¹⁴ However, locally manufactured products accounted for only 23% of total volume of exports of the federation. During the period 1960-64, the real growth rate was 7.3%¹⁵ as compared to the 5.6% assumed in the 1960-65 Plan.

Taking 100 as the base, and using 1959 prices, the gross domestic product rose to indices of 117.8, 179.6 and 147.8 for the agricultural, industrial and service sectors. Between 1959 and 1964, the share of the primary sector in the overall GDP decreased from 48% to 41.3%, that of the secondary sector rose from 11.1% to 14.6% and the tertiary sector from 44.1% to 49.9%.¹⁶

¹⁴ Ministry of Plan, Cameroon, (Yaounde, 1968).

¹⁵ National Credit Council, Second Report of the National Credit Council, 1966-68, (Yaounde, 1967), p. 110. It should be noted that growth of 7.3% took into account population growth.

¹⁶ Ibid., (p. 110).

From 1960 to 1963, total investment undertaken by Cameroon was 32,100 million francs CFA (see Table 6-4), of which investment in the public sector was 11,200 million francs CFA. The public sector's investment during the two years 1963/64 and 1964/65 was estimated at about 26,000 million francs CFA, giving a total public investment during the five years (1960-65) of 37,000 million francs CFA or about 70% of that planned.¹⁷ On the other hand, actual private investment was 20,900 million francs CFA - an amount probably higher than was originally anticipated.

During the period 1960/61 - 1962/63, internal resources accounted for approximately 35% of the total investment undertaken.

From Table 6-4 it will be observed that actual investment by economic sectors was different from projected investments. With respect to the industrial sector, major spectacular progress occurred in the processing industries (excluding food industries) where the output index rose to 270.5 for East Cameroon and to 233 for the Federation as a whole.

Other new industries which were established included haberdashery, aluminum sheeting, insecticides and plastics industries. Table 6-5 gives a summary of some ten industries that were established during the 1960-65 Plan. It will be

¹⁷ I.M.F., Surveys of African Economies, op. cit., (p. 75).

Table 6-4

Actual Investment Under First Five-Year Plan In
The Years 1960/61-1962/63

ECONOMIC SECTORS	Planned Public Investment 1960/61 1964/65	Actual Public Investment 1960/61 1962/63	Actual Private Investment 1960/61 1962/63	Total Actual Investment 1960/61 1962/63
	Billion CFA francs	Billion CFA francs	Billion CFA francs	Billion CFA francs
General Studies	2.4 4.5	0.3	--	0.3 0.9
Agriculture	14.0 26.3	2.3	3.8	6.1 19.0
Industry & Commerce	-- 0	0.6	15.1	15.7 48.9
Infrastructure	25.0 47.0	4.7	--	4.7 14.7
Social Equipment	4.5 8.5	1.2	2.0	3.2 10.0
Administrative Equipment	7.3 13.7	2.1	--	2.1 6.5
TOTAL:	53.2 100.0	11.2	20.9	32.1 100.0

Source: Ministère des Finances et du Plan, Rapport Général sur l'Exécution
du Premier Plan Quinquennal, (Yaoundé, 1964).

Table 6-5
Industries Established During The 1960-65 Plan

Number	Name of Industry	Location	Annual Capacity	Investments mil.F. CFA	Employment
1	Plastics BATA - Shoe Production	Douala Douala	600 t 3 millions pairs	43 187	50 475
				230	525
3	Wheat Conservation Textile Production	Maroua Garoua Douala Douala	200 t 1,400 t	15	23
	Match Production (UNALOR)	Douala	3.6 millions sticks	1,450 250	514 170
				1,715	707
3	Cement Production (CIMENCAM)	Figuil	22,000 a 46,000 t	930	169
	Biscuit Production	Douala	30,000 t	1,000	130
				1,930	299
7				(1) 3,875	1,531
1	Corrugated Iron Sheets	Edea	15,000 t	(2) 1,000	35
2	Blankets	(Garoua) Douala	(300 t) (75,000 t)	170 (1,400)	65 185
				2,570	285
Total 10				(6,445)	1,816

Source: Ministere de la Cooperation, Cameroon Economie et Plan, (Paris, 1964),
p. 295.

observed from Table 6-5 that most of the industries were established in Douala (which is in the Littoral Region - the most productive area in the Federation) and some in Garoua and Maroua, which are towns in the Northern Region of East Cameroon.

In the education sector, the number of primary schools - children rose from 430,000 to 700,000 between 1960 and 1965. Secondary enrollment increased from 4,000 to 9,000.¹⁸ During the same period, 4,000 pupils were registered in vocational training schools. The newly-created federal University of Cameroon had by 1966, enrolled 1,150 students, none of which were West Cameroonians.

The public health sector objectives were also amply achieved. As planned, the number of hospital beds rose from 10,000 to 11,500. Public investments which were earmarked as 690 million francs CFA, more than doubled - reaching a figure of 1,600 million francs.¹⁹ The number of medical officers increased from 86 in 1960 to 192 in 1965.

To sum up the performance of the 1960-65 Plan, the President of the Federal Republic, at the 1969 Cameroon National Union Party Congress, reported that:

¹⁸ Ibid., (p. 141).

¹⁹ Ibid., (p. 141).

If the sum of the Federation's economic activities are taken together, and if the Gross Domestic Product (*Produit Interieur Brut P.I.B.*) of 1959 is compared to that of 1965-66, you will note that it moved from 113,000 million francs CFA to 177,000 million francs CFA, that is a 56% total increase and average annual increase of 8.6% all of which places Cameroon among the countries with the highest development rates.²⁰

However, gross domestic product figures do very often hide or conceal a lot more than they reveal, and those of the Cameroon are no exception.²¹ Nevertheless, Phillippe Hugon, who has very skillfully and vividly analysed the short-comings and flaws in the economy of Cameroon, maintains that the overall picture has some bright future: "Today, under the authority of the Chief of State of the Union Camerounais and the moral forces of the nation, the structures most likely to promote development are in the process of being built".²² It would appear, however, that these structures were laid almost exclusively in East Cameroon.

²⁰ L'Unité: Special Issue, (Yaoundé, March, 1969), p. 4.

²¹ For example, the spectacular GDP figures do not show that the great increase has been in the monetary sector of the economy, that is, among the 20% of the population not involved in traditional and subsistence agriculture. An I.M.F. Survey, (*Surveys of African Economies*, Vol. 1, Washington, D.C., 1968, p. 57) shows an increase in the monetary sector from 1959 to 1963/64 of 79.1 million francs CFA to 119.8 million francs CFA, an increase of 40.7 million francs CFA, whilst the subsistence sector increased from 34.5 million francs CFA to 36.7 million francs CFA, that is an increase of 2.2 million francs CFA. The difference compensating for the inclusion of West Cameroon in the 1964/65 data, is an increase of about 51% in the monetary sector as against an increase of only 6% in the subsistence sector.

²² Phillippe Hugon, Analyse du Sous-développement en Afrique Noire: L'Exemple de l'économie du Cameroun, (Paris: Press Université de France, 1968), p. 314.

As in the case of the 1960-65 Plan, the scarcity of reports and data on the performance of 1966-71 Plan, makes it difficult to carry out a complete examination of the actual targets achieved, in relation to planned targets. Specifically, information on the execution of the Plan is available for the period 1966-69 in the case of the industrial sectors; for 1966-68 in respect of all other major economic sectors and only for 1966-67 in the case of the regions.

However, the available data reveals that the gross domestic product of the whole Federation rose from 166,000 million francs CFA in 1965 to 245,000 million francs CFA in 1970. This was equal to an annual growth rate of approximately 9.8%. At the same time, the gross domestic product per capita of the Federation increased from 33,000 francs in 1965 to 44,000 francs in 1970, that is a real annual growth rate of 4.8%, given the allowance for rising price level (3.0% per year) and population growth (2.1% per annum).

As concerns the major economic sectors, it will be observed from Table 6-6 that actual investments undertaken in those sectors during the first two years (that is 1966/67 and 1967/68) of the 1966-71 Plan, represented slightly more than two-thirds of the amount forecast, although there were substantial differences in a number of sectors.

Table 6-6

Actual Sectoral Investments 1966-68 (1966-71 Plan)
(Billions of Francs CFA)

<u>SECTORS</u>	<u>Planned</u>		<u>Actual</u>		<u>Actual as a % of Planned</u>	
	<u>1966-71</u>	<u>1966-68</u>	<u>1966-67</u>	<u>1967-68</u>	<u>1966-68</u>	<u>1966-71</u>
General Studies	2.3	1.1	0.2	0.2	0.4	33.6
Rural Production	32.3	12.1	2.2	3.0*	5.2	48.9
Industry & Mining	39.4	13.7	6.3	7.3	13.6	99.0
Infrastructure	41.8	17.3	4.1	4.3	8.4	48.0
Education	10.4	4.4	2.0	1.3	3.3	74.2
Public Health	4	2.3	0.9	1.4	1.2	97.5
Urban Development and Housing	11.6		1.3	0.9	2.2	53.5
Administrative	3.5	1.5	1.4	1.3	2.7	184.0
Total (2)	145.3*	56.4	18.4	19.7	38.1	67.5
						26.2

Source: Bulletin de l'Afrique Noire, (Paris, December, 1970), pp. 12606-12615.

* This total sum excludes 'trade and tourism' and 'motor transportation', which to attract 3.7 and 16.18 billion francs CFAS, respectively, out of 165.2 billion francs planned for 1966-71.

Actual investments in the administrative and information sectors for 1966-68 represented some four-fifths of the total planned investment for those sectors during the period 1966 to 1971. For the public health sector, actual investments were 97.5% of the projected figure for 1966-68 and 56% of the total projected for 1966-71. This impressive performance was due to large flows of foreign aid which accounted for 1.6 billion francs of the 2.2 billion francs CFA of investments made in that sector.

Investments undertaken in the education and urban development and housing were, approximately, 50% and 75% of the planned figures, respectively. In such sectors as rural production (agriculture), infrastructure and general studies, actual investments were between 33% and 50% of the projected figures. However, in the case of the industry and mines sector, actual investments for the period 1966-69 were 131% of the projected figures for the same period, that is, 15,638 millions francs out of 21,510 millions francs of investments that were planned.

A breakdown of the investments undertaken in different industrial activities reveals, except in the case of chemical and construction materials industries, that all actual targets exceeded those that were planned for the period 1966-69. This breakdown is given in Table 6-7 which provides information on planned, actual and percentage of planned industrial and mining investments for the first three years (1966-69) of the

Table 6-7

Industrial Investments During 1966-69 (1966-71 Plan)
(in million francs CFA)

<u>TYPE OF INDUSTRY</u>	<u>Planned Investments for 1966-69</u>	<u>Actual Investments for 1966-69</u>	<u>% of Planned Investments</u>
Mining and Oil Exploitation	1,679	3,858	200%
Electrical Energy	2,240	4,112	184%
Beverages and Tobacco	1,062	1,845	174%
Building and Public Works	1,000	1,730	173%
Miscellaneous (Printing, etc.)	264	424	161%
Textile and Shoe	768	1,036	135%
Agro-Industries (Sugar, Cocoa Butter)	2,317	2,971	129%
Food Industries	750	904	121%
Industrial Bakeries	(Not planned)	111	-
Frozen Shrimp Installation	(Not planned)	150	-
Instant Coffee Factory	400	-	0%
Timber Industries	1,092	1,261	115%
Aluminum Industries	1,235	1,256	102%

Table 6-7
(Cont'd.)

Industrial Investments During 1966-69 (1966-71 Plan)
(in million francs CFA)

<u>TYPE OF INDUSTRY</u>	<u>Planned Investments for 1966-69</u>	<u>Actual Investments for 1966-69</u>	<u>% of Planned Investments</u>
Mechanical and Electrical Industries	638	650	102%
Chemical Industries (Soap, Plastics, etc.)	1,244	849	68%
Construction Materials Industry	1,084	614	57%

Source: "Investments and Economic Development: Cameroon",
Bulletin de L'Afrique, (Paris: July, 1970), pp. 12, 251-254).

1966-71 Plan.

From Table 6-7, it would appear that there was tremendous progress made in the industrial and mining sector during the first three years of the 1966-71 Plan, especially as industries such as bakeries and a frozen shrimp installation, which were established during the period, did not appear in the original 1966-71 Plan.

Regarding the regional distribution of the actual investments, it will be observed from Table 6-8 that the projected investments for the six economic and administrative regions in the 1966-71 Plan indicated that the Littoral region, of East Cameroon, was to have the largest proportion of total planned investments, followed by the centre-South region. However, for the year 1966/67, actual investments in the latter region were higher than in the former region.

Furthermore, although the 1966-71 Plan indicated that the West Cameroon region was to receive the third largest share of planned investment among the six regions, this projection was not fulfilled in 1966/67. Rather, the northern region of East Cameroon became third in terms of the actual investments that were undertaken whilst West Cameroon was fourth. Concerning the western and eastern regions of East Cameroon, it will be observed from Table 6-8 that their respective positions were maintained in regard to planned and actual investments. The actual expenditures under "undistributed" investments in 1966/67

Table 6-8

Regional Distribution of Actual Investments: 1966/67 (1966-71 Plan)
(billions CFA francs)

	N	E	C-S	L	W-R	W. CAMEROON	U	TOTAL
(1) Five-year estimates	17.9	4.5	20.2	29.1	11.2	19.5	62.7	165.2
(2) Respective percentages of the regions	10.8	2.7	12.2	17.6	6.8	11.8	38.1	100
(3) Order of priorities	4	6	2	1	5	3		
(4) 1966/67 Investment	2.4	.4	4.3	3.4	.73	1.1	6.1	18.4
(5) Respective percentages of the region	13.2	2.1	23.1	18.5	3.9	6	33.2	100
(6) Order of priorities	3	6	1	2	5	4		

Source: Table 3 of the Report on the First Year of Execution (1966/67) of the Second Cameroon Five-Year Plan (1966/67 - 1970/71), (Yaounde, 1969).

N	-	NORTH	W-R	-	WESTERN REGION
E	-	EAST	L	-	LITTORAL
C-S	-	CENTRE-SOUTH	U	-	UNDISTRIBUTED

were close to the estimates made in the 1966-71 Plan; that is 33.1% as compared with 38.1%.

A comparison of the actual investments on the basis of the two Federated States of East and West Cameroon reveals that East Cameroon as a whole received approximately 61% of the actual investments made in 1966/67 whilst West Cameroon had only 6%. To this extent, therefore, West Cameroon lagged behind East Cameroon in terms of both planned and actual investments undertaken in 1966/67.

With respect to external trade, the export trade for the period 1963/64 - 1966/67, is presented in Table 6-9. It will be observed from Table 6-9 that since 1964/65, there has been a considerable fall in the volume of exports. The main cause was the sharp fall in the export of bananas from 123,000 tons in 1963/64 to 57,000 in 1966/67.²³

This fall affected West Cameroon almost exclusively. It is doubtful whether the Plan's target of 130,000 tons for 1970/71 was achieved. Furthermore, no product has been found to fill the gap created by the fall in bananas export, particularly as the export of cocoa, the second largest export, has declined. Coffee exports, especially those of arabica, however, reached a satisfactory level. The same performance has also been true of industrial products for export.

²³ Ibid., (p. 20).

Table 6-9

Export Trade 1963/64-1966/67
(value in million francs CFA)

<u>Year</u>	<u>Tonnage</u>	<u>%Δ</u>	<u>Value</u>	<u>%Δ</u>
1963/64	669,754	-	35,900	-
1964/65	698,023	+ 4.2%	36,798	+ 2.5%
1965/66	638,550	- 8.5%	37,547	+ 2.0%
1966/67	607,400	- 4.8%	38,471	+ 2.4%

Source: Report on the First Year (1966/67) of the Second Five Year Plan, op. cit., (p. 19)

Between 1964/65 and 1966/67, although the volume of imports did not change, their value, nevertheless, went up from 37,163 million francs in 1964/65 to 37,566 million francs in 1965/66, and then to 37,680 million francs in 1966/67 - that is an increase of 1.4% over the entire period. However, in specific cases, there were increases and decreases in the volume of certain imported products. For example, food, drinks and tobacco fell by 4.6%; power and lubricants fell by 8.4%; semi-finished products increased by 14.5% and also finished products increased by 6.3%.²⁴

²⁴ The decrease in the imports of food, drinks, and tobacco, would have led to improvement in the balance of trade and saving of foreign exchange. On the other hand, the increase in imports of semi-finished products could lead to the expansion of firms which used these goods as intermediate imports for the production of final demand goods.

In analysing the performance of development planning in the Cameroon, we have observed that in the 1960-65 and 1966-71 Plans there was a distinct bias towards the concentration of planned and actual investments in the most productive and fast growing areas of East Cameroon. To the extent that this bias in the allocation of investment resources was largely due to the nature and pattern of the investment and credit activities of Federal financial and incentive institutions,²⁵ it will be necessary to analyse the activities of such development bodies.

With regard to the activities of the National Investment Corporation, it will be observed from Table 6-10 that for the 1965-66 fiscal year, the Corporation's participation in private investments was 362.5 million francs CFA out of a total amount of 5,883 million francs CFA investments undertaken by the various companies. Between June, 1966 and June, 1968, the shareholdings of the Corporation rose from 362.5 million francs CFA to 1,253.9 million francs CFA, of which 985.82 million francs accounted for fully paid up shares out of a total endowment (including capital) of 1,254 million francs CFA. (See Table 6-11).

As of June 30th, 1971, the National Investment Corporation had a total investment of 3,200 million francs CFA

²⁵ The institutional biases included the limited or total lack of representation of West Cameroon in the various financial institutions, the location of these bodies in East Cameroon and the failure to restructure and redefine the functions of the institutions, (most of which were carried over from the former Cameroun Republic) under the new federal framework.

Table 6-10

Investments by the National Investment Corporations 1965-66

COMPANY	Capital	Participation of the National Inv. Corporation	Investments Effected
Tropical Ironworks	150	24	--
Equatorial Electrical Co.	60	29.4	116
Franco-Cameroon Tobacco Co.	240	24	196
Cameroon Textile Co.	100	33	--
Building Industry	5	1	30
Cameroon Canning Co.	10	5	750
Earthware Industries	60	48	181
North Cameroon Cement Co.	10	2	1,000
Cameroon Motels Co.	150	76.5	360
Cotton Growing Industry	325	97.5	1,450
Cameroon Sugar Co.	666	22	1,800
	<u>1,776</u>	<u>362.5</u>	<u>5,883</u>

Source: Second Annual Report of National Credit Council, 1964-66, (Yaounde, June, 1967).
p. 125.

Table 6-11

National Investment Corporation's Participation in
The Various Economic Sectors (June 30th, 1968)
(millions of CFA francs)

<u>Number of Companies</u>	<u>SECTORS</u>	<u>Capital</u>	<u>Society's Participations</u>	
			<u>Total</u>	<u>Paid Up</u>
4	Agriculture-Fishing	645	201.25	188.13
13	Industry	3,256	716.34	506.38
1	Building	5	1.00	1.00
1	Commerce	100	33.00	33.00
2	Hotel Industry (Tourism)	440	242.31	242.31
1	Miscellaneous	100	60.00	15.00
		4,546	1,253.90	985.82

Source: Third Annual Report of National Credit Council,
1966-68, (Yaoundé, June, 1969).

Table 6-12

National Investment Corporation's Holdings:
(June 30th, 1965 to June 30th, 1971)

<u>INDUSTRIAL SECTOR</u>	<u>NUMBER OF HOLDINGS</u>
Food and Agro-Industrial Companies	10
Building Industries	4
Wood & Printing Industries	4
Textile Industries	4
Electro-Mechanic & Metal Industries	7
Hotel, Tourism, & Service Companies	5
Total Holdings:	34

Source: The New York Times, Monday, January 31, 1971.

(\$12 million U.S.) in 34 companies. The distribution of the Corporation's capital holdings by industrial sectors is presented in Table 6-12. Notwithstanding the impressive performance of the Corporation during its three years of operation, none of the Corporation's business undertakings, in which it held shares, were located in West Cameroon.

An examination of private investments, approved under the Investment Code by the Investment Commission during the 1962-63 financial year, reveals that eleven firms were granted benefits. The investment activities of these firms involved some 2,445 million francs CFA and the creation of 1,000 jobs.²⁶ Further, during the same period, about twenty applications were received from other firms which wanted to undertake investments to the volume of 5,700 millions francs CFA. However, the number of applications that were approved is not known.

During the 1963-64 fiscal year, private investments approved under the Code, amounted to 158 millions francs CFA. These investments went into hosiery, pin, perfume, and building material manufacturing - all located in East Cameroon. By 30th June, 1965, a total of 38 companies with capital investments to the value of 10,393 million francs CFA had been approved under the Code. These companies which were all located in East Cameroon also generated 8,000 new jobs.²⁷ The distribution of

²⁶ Federal Estimates, 1963-64, (Yaounde, 1964), p. XI.

²⁷ Second Annual Report of the National Credit Council, 1964-66, (Yaounde, June, 1967), p. 101.

the companies approved, by sectors of economic activity, is presented in Table 6-13.

Table 6-13

Companies Approved Under The Investments Code As Of
30th June, 1965.

Sector of Economic Activity	No. of Firms	Amount of Invest. Proposed Mill. CFA	Number of New Jobs Created
Power-based industries -			
Mineral products industries	9	1,735	346
Timber industries	8	1,061	1,648
Textile and Clothing industries	2	192	385
Food industries	5	3,440	1,875
Miscellaneous industries	14	3,965	3,795
	38	10,393	8,049

Source: Second Annual Report of the National Credit Council, 1964-66, (Yaoundé, June, 1967), p. 101

During the 1965-66 fiscal year, 15 new firms which provided investments to the amount of 4,180 millions francs CFA were approved under the Code. These firms also generated 2,500 new jobs. Among the companies approved were a flour mill, a plywood factory, a wooden-box factory, and several saw mills - all located in East Cameroon. For West Cameroon, four firms were granted relief under the Code - the Britind Industries Ltd., and Men Textiles - both of which were engaged

in assembly of umbrellas and plastic shoe manufacturing. The other two were Gulf Oil Company and Palm Oil Ltd., the latter being an established firm.

Between July, 1966 and June, 1968, 12 firms were approved under the Code. These included one oil prospecting firm; six food processing firms; two engaged in textile and clothing manufacturing, one in cement production, one trustee company and one glass industry. The total investments undertaken by the 12 firms amounted to 1,089 million francs CFA. In addition, these firms also created 5,000 new jobs.²⁸ Between 1961 and 1969, a total of 133 firms were approved under the Investment Code. These firms created 53,891 million francs CFA worth of investments, in addition to generating 32,757 new jobs in East Cameroon.²⁹ The sectoral distribution of the new investments created is presented in Table 6-14.

With respect to the investment and loan activities of the Cameroon Development Bank (BCD), it will be recalled that one of its major functions was to encourage industrial development. However, since its establishment in 1961, the activities of the BCD have been concentrated heavily in the fields of

²⁸ Third Report of National Credit Council, 1966-68, (Yaounde, July, 1969), p. 96.

²⁹ The bias in the regional distribution of new activity approved under the Code aggravated an already deteriorating situation in the West. Between 1958 and 1962, private investment in West Cameroon declined from 215 million francs in 1958 to 113 million francs in 1962 - a fall of almost 50%. (Cf., Ministry of Finance, West Cameroon Budget Speech, Buea, March 30th, 1962).

Table 6-14

Industries Approved Under The Investment Code: 1961-69
(millions francs CFA)

<u>SECTOR</u>	<u>VOLUME OF INVESTMENT</u>		
Energy Industries	10,854	million	francs
Primary Products Processing Industries	10,847	"	"
Aluminum Production	9,827	"	"
Forestry Industry	3,200	"	"
Textile and Shoe Production	2,710	"	"
Chemical Industry	489	"	"
<hr/>			
Total Investments:	32,757	million	francs

Source: "Investments and Economic Development: Cameroon",
Bulletin de l'Afrique, (Paris, July, 1970),
pp. 12, 251 - 254.

marketing, of foodstuffs, agricultural, housing and consumer credits rather than of industrial development lending. This trend in the lending activities of BCD is shown in Table 6-15. It can be observed that between 1961 and 1969, total credits for production marketing activities were 12,810 million francs CFA, that is, more than 54% of the total loans made to the various activities by the BCD during the same period. Furthermore, some 15.3% of the total BCD loans were for real estate (housing), 13.1% for industrial development and 9.3% for

Table 6-15

Cameroon Development Bank - Credits: 1961-69
(millions of francs CFA)

Economic Activity	61-63	63-64	64-65	65-66	66-67	67-68	68-69	Total
Agriculture	1,189	145	197	110	110	183	254	2,189
Marketing	1,708	1,073	1,100	2,283	2,165	2,117	2,362	12,810
Housing	1,487	583	67	501	432	236	307	3,608
Crafts	181	61	7	24	7	25	67	374
Industry	291	310	75	443	647	504	800	3,072
Small Equipment	234	132	41	56	31	89	254	840
Trade	13	37	4	-	4	105	13	178
Collectivities	116	-	-	108	130	35	48	437
TOTAL:	5,214	2,342	1,492	3,527	3,528	3,297	4,108	23,511

Source: "Development of Banking Institutions' Activities in Cameroon",
Bulletin de l'Afrique Noire, (Paris, 2nd February, 1972),
pp. 13222-13224.

agricultural production.

It would, therefore, appear from the nature of the credit activities of the BCD that it did not perform its original role as catalyst and chief instrument of industrial development in Cameroon. The reasons for this trend in the activities of the BCD are two-fold. Firstly, the BCD inherited agricultural, housing, and consumer activities from the Credit du Cameroun which was not intended to be an industrial development bank. Secondly, because of the shortage of qualified personnel, a unified management under one institution was preferable to the splitting up of the different activities into specified divisions.

It will also be recalled that, at its inception, the BCD was empowered to assist financially in the implementation of any project which could promote the economic and social development of Cameroon. In this regard, therefore, an examination of the three types of loans made by BCD - short-term, medium-term and long-term - will indicate the extent to which the Bank succeeded or failed in carrying out its developmental role in Cameroon. To this end, the growth and distribution of short-term, medium-term, and long-term credits between the various economic sectors is presented in Table 6-16.

Between 1966 and 1970, short-term credits accounted for approximately 71% of the total loans granted by the BCD to all the economic sectors each fiscal year, whilst medium-term

Table 6-16

Trends and Development of BCD Credits
(in millions of francs CFA)

SECTORS	1966-1967			1967-1968		
	<u>S.T.</u>	<u>M.T.</u>	<u>L.T.</u>	<u>S.T.</u>	<u>M.T.</u>	<u>L.T.</u>
<u>CREDITS TO THE ECONOMY:</u>						
Agriculture	49.7	35.5	25.0	127.4	56.0	--
Marketing of Agricultural Produce	2,165.9	--	--	2,117.3	--	--
Industry, Commerce and Artisanal Activities	84.4	274.2	300.0	217.6	372.7	45.0
PUBLIC COLLECTIVITIES	--	65.0	65.0	--	--	35.0
<u>SOCIAL CREDITS:</u>						
Minor Equipment and Vehicles	3.4	27.9	--	31.8	57.9	--
Real Property	1.2	381.6	50.0	0.8	185.7	50.0
	2,304.6	784.2	440.0	2,494.9	672.3	130.0
	3,528.8			3,297.2		

SECTORS	1968-1969			1969-1970		
	<u>S.T.</u>	<u>M.T.</u>	<u>L.T.</u>	<u>S.T.</u>	<u>M.T.</u>	<u>L.T.</u>
<u>CREDITS TO THE ECONOMY:</u>						
Agriculture	187.6	66.5	--	210.1	22.3	--
Marketing of Agricultural Produce	2,362.6	--	--	2,910.9	--	--
Industry, Commerce and Artisanal Activities	104.7	500.9	162.5	405.9	365.0	10.0

Table 6-16

(Continued)

SECTORS	1968-1969			1969-1970		
	<u>S.T.</u>	<u>M.T.</u>	<u>L.T.</u>	<u>S.T.</u>	<u>M.T.</u>	<u>L.T.</u>
PUBLIC. COLLECTIVITIES	--	--	48.0	--	20.0	17.2
SOCIAL CREDITS:						
Minor Equipment and Vehicles	105.2	149.4		173.0	185.2	
Real Property	--	307.6		0.3	416.1	7.0
	2,760.1	1,024.4	210.5	3,700.2	1,008.6	189.0
	3,995.0			4,897.8		

Sources: Third and Fourth Reports of the National Credit Council 1966-68, and 1968-70, (Yaounde).

loans accounted for approximately 22% of the total annual credits granted. However, long-term loans were only 7% (on the average) of the total volume of loans granted by the BCD.

To this extent, therefore, the credit activities of BCD during the period under consideration were not development oriented, particularly as long-term loans to agricultural activities ceased completely after 1967, and those for industrial, commercial and artisanal activities were only 150 millions francs (4%) (on the average) per year out of the total yearly average credit of 3,800 millions francs CFA that was granted by the BCD to all economic sectors.

Some 264 BCD loans to the tune of approximately 660 million francs CFA³⁰ were extended to finance various productive and consumption activities in West Cameroon between 1962 and 1966. A good fraction of the loans were utilized for non-productive or non-developmental purposes. For example, 60 loans in the sum of 7 million francs were granted for the purchase of small equipment; namely, domestic semi-durable goods, such as motorcycles, and sewing machines. Furthermore, 193 loans in the amount of 99 million francs were extended to civil servants to enable them to purchase motor cars.

There were also 7 loans, for the construction of dwellings, which amounted to 26 million francs CFA and 2 for

³⁰ BCD, Bulletin de l'Information, (Yaounde, 1966), pp. 21 - 24.

handicraft and small-scale industries which amounted to 2 million francs CFA. The BCD also made one short-term loan in the sum of 277 millions francs CFA to the Cameroon Development Corporation, and one short-term loan for 250 million francs to the Marketing Board to enable it to purchase export crops. Thus, it is evident from the type of loans granted by the BCD that its activities in West Cameroon were non-developmental, particularly as there were no long-term, or even medium-term loans made to any economic sector in that State.

With regard to the activities of State development institutions, there are no reports on the activities of the Cameroon Industrial, Commercial and Development Corporation of East Cameroon. However, in the case of the West Cameroon Development Agency, the available information on its activities indicates that its performance was not impressive. For example, between 1963 and 1966, the Agency gave out loans to the amount of 849 millions francs.³¹ But by 1969, neither the interest nor any portion of the capital had been recouped.

Furthermore, the Agency acquired 25% interest in Cameroon Tyre Retreading Industry, 50% of the total shareholdings in the Cameroon Commercial Corporation, (which had a capital of 150 million francs CFA) and incurred an expenditure of 66 million francs CFA on the Tiko Iron factory. However, all

³¹ See 6th to 9th Reports of the West Cameroon Development Agency, 1964 to 1967, (Buea).

these projects, except the Cameroon Commercial Corporation, failed firstly because no feasibility studies were made with respect to the potential demand of their products in the domestic market, and secondly, because of their inability to survive competition from importers of the same goods.

For these reasons, the Agency's profits from these business ventures declined from 13 million francs in 1962 to 3 million francs in 1965. Thus, the activities of the West Cameroon Development Agency in the area of industrial development were a clear indication of the absence of developmental strategy on the part of the Agency, and, therefore, of poor management. The lack of qualified personnel in decision-making positions of the Agency could partly account for some of its failures.

Our analysis of the performance of development planning has revealed that on the whole, the 'development' objective received a far greater emphasis at the Federal level than the objective of 'federalism', because actual investments were concentrated mainly in the productive regions of East Cameroon. This trend in the allocation of investment resources through the planning process aggravated the disparities that existed between East and West Cameroon in 1960.

The disparities between East and West Cameroon prevailed because of certain fundamental weaknesses which were inherent in the development plans and the planning process. To

this end, a discussion of the failures of the 1960-65 Plan will provide the basis of the background to the 1966-71 Plan. In this regard, the most serious shortcomings of the 1960-65 Plan were:

- (i) the lack of effective involvement on the part of lower level governments and the related absence of effective departmental development committees because of excessive centralization of Federal Government policies; and
- (ii) the failure to act effectively in West Cameroon after 1960 and the resultant increases in the difference between the rate of growth of that State and East Cameroon.³² This failure led to the concentration of both public and private investments mainly in East Cameroon during the period 1960-65.

The foregoing failures of the 1960-65 Plan were due to a number of factors. One of the most important factors was that the 1960-65 Plan was drawn up by a French research and planning group, which was not sufficiently in touch with the realities and economic expectations of both States of the new federation. For this reason, a greater role was assigned to certain interest

³² The GDP of the East grew at an average annual rate of 10% whilst that of West Cameroon grew at the rate of 3% during the same period. (See Appendix 'A').

groups, primarily the private business sector which is predominantly foreign, and did not have and indeed has never had a strong interest in the spatial dimension of development in Cameroon.

The 1966-71 Plan was elaborated under Cameroonian auspices and in addition, it was aimed at remedying the defects and failures of the 1960-65 Plan. However, this Second Plan did not come to grips with the problem of spatial development under a Federal setting, especially with regard to resource allocation between the two Federated States of East and West Cameroon. It can, therefore, be concluded that economic planning over the entire period 1960-71 did not deal with the problem of growing disparities between the two States.

A comparative analysis of the economic positions of East and West Cameroon in 1960 and 1970 reveals that the latter's percentage share of the gross domestic product of the collectivity fell from 16.5% (19 billion francs) in 1960 to 12% (27 billion francs), whilst that of the former increased from 83.5% (that is 96 billion francs) in 1960 to 88% (218 billion francs) in 1970. Furthermore, the gross domestic product per capita of East Cameroon increased from 106% of the Federal average in 1960 to 113% in 1970, whilst that of West Cameroon fell from 54% in 1960 to 53% in 1971. (See Appendix 'A').

With regard to the production of foodstuffs for domestic consumption, East Cameroon's share increased from 98.37%

in 1960 to 98.99% in 1970, whilst that of West Cameroon fell from 1.63% in 1960 to 1.01% in 1971. West Cameroon's percentage share of such major exports as bananas, palm oil and palm kernels fell between 1960 and 1970, whilst that of East Cameroon increased. West Cameroon, however, experienced an increase in its percentage share of such exports as cocoa, coffee and rubber, whilst East Cameroon's share of the export crops decreased as can be observed from Appendix 'A'.

The relative economic backwardness of West Cameroon during the period 1960-70 was also due to the fact that between 1965 and 1970, only some 5% of all the wage-earners in the whole secondary sector of the Federation's economy were employed in that State. Also, during the same period, some 50% of the total number of wage-earners in the primary sector of the Federation's economy were employed in the primary sector of the West Cameroon. Thus, using employment as the criterion for economic activity, for the secondary sector the industrial location quotient³³ for East Cameroon between 1965 and 1970 was 1.2, whilst that of West Cameroon was only .25.

In the area of road transportation (miles of road constructed) and communication, West Cameroon's share decreased from 14% in 1960 to 5.8% in 1970, while that of East Cameroon

³³ Industrial location quotient is the ratio of the percentage shares of total manufacturing (in this case employment) in say region (A), to percentage share of total population in region (A). For East and West Cameroon, population shares are 80% and 20%.

increased from 86% in 1960 to 94.2% in 1970. There was little change in the shares of the hydro-electric power production of both States. With respect to primary and secondary education, West Cameroon did not fare badly. However, at the higher education level, only 7% of the total number of students in the Federal University came from West Cameroon in 1970.³⁴

From Appendix 'A' it will be observed that West Cameroon's share of total Federal capital expenditures in the two States fell from 11.5% in 1962/63 to 4% in 1970/71 whilst that of East Cameroon increased from 88.5% in 1962/63 to 96% in 1970/71. In terms of the capital expenditures by each individual State Government, West Cameroon's share as a percentage of total capital expenditures in the Federation (that is by two States and Federal Government), fell from 15% in 1962/63 to 3% in 1970/71 whilst that of East Cameroon fell from 22% in 1962/63 to 10% in 1970/71. However, the fall in East Cameroon's share was made up by the increase, as indicated above, in Federal capital expenditures in that State.

The growing economic gap between East and West Cameroon was intensified by the lack of co-ordination between the activities of Regional Development Councils and those of the State Governments, since the former were placed under the control of the Federal Inspector of Administration, who was directly

³⁴ It may be noted that a good number of West Cameroonians were sent abroad to pursue various courses of study. The exact number is, however, not known. (Cf., N. Rubin, op. cit., p. 107).

responsible to the President of the Federal Republic for his actions. Because of this peculiar administrative arrangement, the State Governments had no control over the Development Councils which were established to initiate and implement development projects allocated to the States under the 1966-71 Plan.

The centralization of the activities of the Regional Development Councils in Cameroon resulted firstly, in a conflict between State Development Institutions such as the West Cameroon Development Agency (which receives grants from that State Government to carry out capital projects) and the Regional Development Councils. Secondly, the lack of co-ordination between these institutions gave rise to frustration and despair among the local and State officials who were unsure of their responsibilities regarding the formulation and implementation of regional development plans. To this extent, the organization of development institutions in the Federation limited the possibility for local initiative and participation in areas of economic development policy-making, and financial allocation.

Furthermore, the poor performance of development planning at the regional and State levels, particularly, in West Cameroon, was due to the lack of a specified continuous developmental strategy by the planning process at the Federal level. This was due to the frequent changes that took place in the organizational structure of the Federal Ministry of

Planning and Territorial Development, especially in regard to the creation and elimination of new posts and divisions. Consequently, the Ministry was not able to mesh adequately with local and State development institutions, and to initiate a long-term strategy of planning for development under the Federal setting.

Additional factors that accounted for the poor planning effort at the State level, and the increasing disparities between the two States, were the lack of co-operation between Federal developmental financial institutions and State development institutions; and the absence of any direct influence on the planning process by State decision-making institutions. The former factor led to the continuation of independent activities, by both Federal and State institutions as if there was no federation; whilst the latter factor led to increasingly centralized decision-making at the Federal level by the planning process.

For the foregoing reasons, a serious blow was dealt on the 'federalist' objective which dominated West Cameroon's expectations at the time of federation, whilst the 'developmental' objective pre-occupied both Federal decision-making and financial institutions in East Cameroon between 1960 and 1971. Thus, the actual goal-mix that evolved was dominated by 'developmental' considerations while the federalist objective was only given a limited recognition.

5

6.7 Conclusion:

Our analysis of the development effort has revealed that the planning process and the institutions for decision-making and development in Cameroon since 1960 have not emphasized the spatial dimension of economic development which is a *sine qua non* in any Federation. Rather, planning has been approached in a way that completely overlooks the constraints that would have to be imposed on development planning so that economic unity, like political unity (which has already been achieved) can be achieved by decreasing and not increasing economic disparities³⁵ between the Federated States of East and West Cameroon.

In view of the above, therefore, the question arises as to how did the actual balance sheet of the Federation for West Cameroon look. Before an attempt is made to present the balance sheet between 1960 and 1971, it must be pointed out that not all benefits and cost of federating for West Cameroon can be subjected to economic calculus, partly because of the absence of complete data and partly because some of the elements that could enter the balance sheet are institutional, linguistic, cultural and psychological in nature and cannot be given any precise weight.

The financial benefits of federation to West Cameroon were made up of:

³⁵ The rationale for allocating a larger share of resources to the West is due to its potential for development as we saw in Chapter 3. Although the West cannot threaten the East, it does not necessarily follow that the East has been behaving in the best interests of the Federation, at least as it saw them in 1960, (see Chapter 4).

- (a) Federal capital expenditures of 700 million francs CFA between 1962 and 1966.³⁶
- (b) Planned (not actual) investment for West Cameroon under the 2nd Five Year Plan (1966-71), was 19,400 million francs CFA.³⁷
- (c) West Cameroon exports to East Cameroon increased by 13.4 million francs between 1961 and 1962 (see Table 3-7(a)).
- (d) Federal Government Subvention to West Cameroon to help balance the latter's budgets was 13,600 million francs CFA (see Table 7-2) between 1962 and 1971.

Assuming that the actual investment rate of 30% was maintained in West Cameroon throughout the 2nd Five Year Plan, the available data indicates that the financial benefits for West Cameroon amounted to approximately 20,000 million francs CFA. On the other hand, the financial costs to West Cameroon included:

- (a) A fall in the export revenue of West Cameroon Government from 5,530 million francs in 1960 to 3,500 million francs in 1970 (see Appendix 'A') - i.e., a decrease of 2,030 million francs -

³⁶ Cf., Budgets of Federal Government of Cameroon, for 1962 to 1966, Yaounde.

³⁷ It should be noted that available statistics on actual investment undertaken in West Cameroon in 1966/67 indicate that 1,100 million francs, i.e., 30% of planned investment for that State, was realized. For the plan period, this would be 5,820 million francs CFA.

because of the loss of Commonwealth Preference by that State.

(b) The loss of internal customs revenue in the sum of 257 million francs following the removal of inter-state tariff barriers.³⁸

(c) A decrease in foreign private investment of 102 million francs CFA by 1962.³⁹

(d) A fall in the percentage share of the GDP of West Cameroon from 16.5% in 1960 to 12.0% in 1970 (i.e., by 13,000 million francs).⁴⁰

(e) Increase in the prices of imports led to a resource cost of 30 million francs on imported goods between 1961 and 1962.⁴¹

(f) A decrease in actual capital expenditures undertaken by West Cameroon in the sum of 300 million francs CFA between 1960/61 and 1969/70 because of the take-over by Federal Government of external customs revenue which had hitherto

³⁸ Information obtained from the files on Inter-State Trade in the Ministry of Finance of West Cameroon.

³⁹ Cf., West Cameroon Budget Speech, March, 1962.

⁴⁰ Estimates are made from the data available in Appendix 'A'.

⁴¹ Ministry of Finance, Memorandum to Executive Council, Buea, 1962.

accounted for over 50% of the fiscal receipts of West Cameroon prior to the Federation.⁴²

- (g) An increase in the recurrent Budgets of West Cameroon Government and the Cameroon Development Corporation of 532 million francs because of the extension of minimum wage and salary rates to West Cameroon.⁴³

Considering the available information, it would seem that the financial costs to West Cameroon came to approximately 16,000 million francs as compared to the financial gains of 20,000 million francs CFA. On the basis of the available data, it would appear that West Cameroon derived some financial gain from federating with East Cameroon.

However, it should be reiterated that the lack of complete information on all monetary costs up to 1971, such as the loss of income by farmers from the sale of bananas (which was the mainstay of the West Cameroon economy), the structural dislocation of that State's economy due to integration, would lead one to conclude that West Cameroon did not derive any significant net benefits from federating with East Cameroon.

To the extent that the past ten years (1960-71) have seen only one State - West Cameroon carrying the burden of adjustment, while the other State - East Cameroon getting most

⁴² Cf., Bulletin de l'Afrique Noire, (Paris, September 2nd and December, 1970), pp. 12316 and 120604 - 12615.

⁴³ Cf., West Cameroon Government Estimates 1967/68, (Buea, 1967), Ministry of Labour and Social Welfare, Report on the Problem of Wages and Guaranteed Minimum Wages for General and Agricultural Workers, (Yaounde, 1968).

of the benefits resulting from Federation, the question, therefore, arises as to whether or not West Cameroon could have been better off as a separate independent nation.⁴⁴ A satisfactory answer to this question presents a real nightmare to any analyst or policy-maker called on to provide acceptable solutions to West Cameroon pre-federation economic problems.

As a separate independent nation,⁴⁵ large doses of foreign public and private capital would have been required to exploit West Cameroon economic potential, especially as this State had a very weak financial foundation as we saw earlier in Chapter 4. Larger doses of external capital would have led to greater dependence on foreign assistance to attain sustained economic development. At the moment, one cannot state precisely the nature of the effects of external capital on the West Cameroon economy, because of the many social, political and economic considerations that would have to go into taking a decision.

However, West Cameroon chose the alternative of forming a federal union with the East Cameroon, for reasons which, (as we saw in Chapter 4) were not entirely economic. In the light of our theoretical framework and empirical analysis, it is safe to conclude that the federal union with East Cameroon had, by

⁴⁴ After Federation, secession by the West was made more difficult because of Article 12 of the Constitution which prohibits secession.

⁴⁵ We have already seen how economic activity might have developed in the West following our analysis in Chapter 2.

1971 not led to an equitable distribution of increased benefits from economic development between the two States. This outcome was not in keeping with the spirit of the Federation. Reversing this bias would require quite different future development plans. To this end, Chapter 7 of this study will be devoted to making some policy suggestions that could reinsert the 'federalist' objective into future planning for development in the Cameroon Federation.

CHAPTER 7

GENERAL CONCLUSION

7.1 Introduction:

It will be recalled that the purpose of this study was two-fold. Firstly, it was to develop a theoretical framework to deal with planning for economic development under federalism, in which the three central concepts: 'federalism', 'development' and 'planning' were set out in operational terms. Secondly, it was to use the theoretical framework to evaluate the Cameroonian experience in planning for economic development under a Federal set-up from 1960 to 1971.

With respect to the first purpose of the study, the concepts of 'federalism' and 'development' were seen to lead to conflicting objectives within our framework because the former emphasizes mainly the equitable distribution of gains from a union between the federated units, whilst the latter stresses the expansion over time of the capacity of the economy viewed as a single unit. Because of this conflict, the 'planning' process, whose traditional function is to determine the appropriate allocation of resources, was seen as a mechanism central to restoring this conflict by arriving at an acceptable trade-off between the two objectives. The specific trade-off made was termed the "goal-mix"

In the course of arriving at a goal-mix, the planning

process was to be guided by the objective economic reality, (which was to be reflected by the potential for development in the federating units), as well as the activities and powers of Federal and State decision-making and development institutions. From the perspective set out by this framework, the question that forms the empirical core of our thesis is what has been the nature of the Cameroonian experience in planning for development under federalism from 1960 to 1971?

7.2 Summary of Findings From The Study:

With respect to three central phenomena - 'federalism', 'development' and 'planning' - our analysis of the Cameroonian experience revealed; firstly, that 'federalism' in Cameroon was bound to be influenced by a very strong central government because of the lopsided division of legislative and economic powers and responsibilities between the two tiers of government. The distribution of economic and legislative power did not reflect the social, linguistic and administrative diversities of the partners to the federal union.

The objective of development was not well spelled out by the planners. As a result, there was no growth strategy at the federal level. To this extent, the normal 'planning' process was ineffective since there were no specified structural targets that were consistent with any stated overall developmental objective.

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As for the much trickier role for the planning process of arriving at an acceptable goal-mix, our analysis of the Cameroon experience revealed that the trade-off between the objectives of federalism and development was biased towards 'development' because the formal structure of the Federation and most of the powerful Federal institutions that dominated the planning and implementation process were centralized.

An examination of the 'federalism-planning' relationship showed that the allocation of public and private investment resources between the various economic sectors of the two States through the planning process under the 1960-65 and 1966-71 Plans took very little account of the federalist objective. In the case of the 1960-65 Plan, spatial considerations with respect to the Federation received a zero weight. Under the 1966-71 Plan, inadequate attention was also given to these spatial aspects of economic activities.

As concerns the 'planning-development' relationship, the planning process was ineffective in ensuring a desirable allocation of resources between the various sectors of the economy. The absence of any structural targets in the two Plans - 1960-65 and 1966-71 - led to the under-utilization of the existing developmental potential in the State of West Cameroon. Furthermore, the planning process failed to adopt or initiate remedial measures which could have led to an increase of private investment in West Cameroon.

In the context of our overall theoretical framework, it is apparent that a goal-mix acceptable to both States would not be generated by the planning process. The implementation process reinforced this bias. The single political party interpenetrated both levels of government with concentration of power in the centre. This made it difficult for the already weakened States to influence the ultimate goal-mix. More important, all the powerful Federal decision-making and financial institutions were oriented predominantly towards the 'development' objective of the East rather than some blend of both 'federalism' and 'development'. The result was the concentration of economic activities in the most productive areas and economic sectors of East Cameroon and the slow growth (and to some extent the deterioration) of the various economic sectors of the West Cameroon.

Given our theoretical framework, and findings from the study, an interesting question is what policy implications can we draw from our analysis of the Cameroon experience?

7.3 Policy Implications From The Cameroon Experience:

Firstly, the existence of the conflict between the two objectives of 'federalism' and 'development' implies that for a trade-off to be acceptable to the federated states of any federation, the formal structure of the federal union must give adequate weights to them in both the planning and implementation

phases at the time the federal bargain is struck. This is essential if the member states are to derive the expected benefits from more rapid development of the collectivity. In the Cameroonian case, the greater bias placed on the developmental objective prevented West Cameroon from having its fair share of the larger pie.

Secondly, in order for the planning process to generate a goal-mix which will reflect the economic potentials of the federated units, and the relative influences of federal and State decision-making and development (financial) institutions, there cannot be a lopsided distribution of political, legislative and economic powers and responsibilities, between the two tiers of government. Successful planning for economic development under a federal system requires active State participation with respect to goal selection and goal implementation - a lesson that is apparent from the shortcoming of the Cameroon experience. Since all decisions regarding the final selection of Plan targets were made at the federal level, the two States played no role in the planning process. In particular the planning and implementation machineries at the regional level - the Regional Development Councils - were directly responsible to the Federal Ministry of Planning.

A further policy implication from the Cameroon experience is that in a federation of unequal partners, the stronger partner will always tend to dominate the weaker one,

unless there is an operational constitutional provision which can counterbalance this situation. Elective counterbalances were not built into the Cameroon Federation. The formal structure of federal institutions favoured the larger and richer State of East Cameroon, and the Second Reading provision could be invoked by either State only with approval of the Federal President.

The foregoing policy implications from our analysis of the Cameroon experience have revealed that the West ended up with a bad bargain, in that the promised consequences upon which the movement for a federal union between East and West Cameroon was based were never realized by the West. It is still plausible that an acceptable (to the West) mix of the two objectives of 'federalism' and 'development' can be attained in Cameroon in the 1970's, by modifying the planning and implementation process.

7.4 The Organization of Production in the 1970's:

Assuming that the institutions of Cameroon are re-structured to foster a better balance between the conflicting objectives of 'federalism' and 'development' in the 1970's, the question arises as how might the production of goods and services be organized through the planning process? In other words, what shall be done, where shall production take place and by whom?

Before we proceed to suggest how production could be organized, it would be necessary to make the following assumptions regarding the mobility of factors of production in Cameroon:

(a) Capital is imperfectly mobile with a lag between East and West Cameroon. To this extent, capital, if not guided through the planning process, would likely continue to flow to the East. The existence of external economies in East Cameroon, would continue to attract capital there, some of which would constitute a drain of resources from the West.

(b) Labour is surplus and immobile between the two federated states, partly because most people have some degree of locational inertia due to historical, cultural and linguistic links to their place of residence. To this extent, migration of labour will not be expected to work effectively as an equalizing force for a relatively long time.¹

Given the foregoing assumptions, it is suggested that since the objectives of 'federalism' and 'development' are vital to efficient location and operation of production activities, it would be necessary that the prevailing pattern of spatial-sectoral allocation of resources in the Federation be carefully studied. To this extent, it is necessary to identify the various classes of goods and services in accordance with the

¹ As noted earlier, the objective of economic planning at the Federal level, will be more than a simple maximization of the gross Federal income (Y). Thus, the planning process would make use of the original labour endowment of each State. This would imply the movement of economic opportunities to the people of the backward and poorer State. Otherwise the overall Federal economic planning will mean very little to the West.

role they play in generating appropriate benefits to different geographical areas.

While any classification is bound to have its limitations, one that appears to be feasible has been chosen:

- (a) Goods and services based on natural resources.
- (b) Goods and services generating benefits of a federal character.
- (c) Goods and services generating benefits specific to each Federated State.

The first category includes goods that have a potential for export because of existing or potential 'natural' advantages of the Federated States. It includes mainly agricultural based products: coffee, cocoa, tea, cotton, meat, bananas, palm oil, palm kernels, peppers, groundnuts, etc., fish, wood, paper products and selected minerals such as diamond, petroleum, iron ore, etc. The export market for these products exists in both Africa and foreign countries. The former would particularly be important for East Cameroon trade with the neighbouring countries that are members of the Equatorial Customs and Economic Union.

This category of products would require little joint action by the Federated States with respect to the location of their production. This is because every location would necessarily meet an international test of competitiveness. It would be in the interest of each State to determine the most effective

pattern of land-use. This interest could be pursued without adversely affecting each other's effort along the same lines, provided decisions are made in the knowledge of each other's potential.

Each Federated State would, however, avoid pursuing its own agricultural policy to the point where it produces commodities representing "third priority" land-use whilst the other State is exporting the same commodities to international and African markets. In other words, for major exports based on natural products, the planning process should endeavour to achieve complementarity with a view to making the best use of each State's natural resource endowment.

The overall importance of resource-based export commodities would likely be greater for East Cameroon relative to West Cameroon. What is essential is a Federal study of resource potentials, best land and forest use patterns in the two Federated States that would compare actual and potential costs of supply of the main producing areas. Much of this study should be carried out at the State level, the major role of Federal institutions being to supervise and coordinate the methodology.

Regarding the second category of goods and services which generate benefits of a Federal character, the Federal Government should be responsible for providing the appropriate levels or instituting incentives for private production of their

output through the planning process. These goods are those that generate significant benefits which accrue to all residents of the Federation. The more striking examples of such goods and services include hydro-electric power, higher education, inter-state transport and telecommunications, defense, tourism, etc., and the outputs of such large scale industries as petroleum, textiles, automobiles, etc. - all of which involve operations for which large-scale plants are required and thereby preventing the dangers of inefficiency through the establishment of too many production lines in the limited markets of the Federated States, particularly in West Cameroon.

As concerns the provision of the second category of goods and services, one further related consideration would have to be borne in mind by the planners. Because the industries producing such goods and services are large scale, they are likely to be capital intensive. Since capital inputs have been imported in the past (see Appendix 'A'), the location of such industries would be in or near port areas. The extent to which the location has an advantage would depend on the proportion of imported components, the inconvenience and cost of transporting materials and components relative to finished products, and the dispersion of population. The Douala (East Cameroon) and Victoria and Tiko (West Cameroon) port areas are favoured by this consideration.

The third and final category of goods and services

would be produced mainly at the State level through the planning process. Such a production approach would necessarily take into consideration variations in the tastes and needs of the residents of each State. The relevant sectors in which this third category of goods and services are produced, are: public health, primary and secondary education, rural and community development, internal transportation and telecommunications, etc., and small-scale industries (such as food producing - the bulk of whose products are being imported - see Appendix 'A'). All these industries do not operate most efficiently at a scale of production or marketing that would need to service the entire market of the Cameroon Federation.

To the extent that this category of goods and services is produced mainly in each Federated State, its importance as a contributor to higher per capita incomes, through specialization and exchange would likely be great. Apart from this outcome, economic efficiency would be attained by providing the mix of output that best reflects the preferences of each Federated State.

All in all, the Federal Government should accept the primary responsibility for achieving the most desirable pattern of income distribution between the two states through Federal capital expenditures and incentives on the production of the second category of goods and services. Complementing this, the two Federated States should provide those goods and services

that are of main interest to their residents.

Given this organizational pattern of production, the next question that arises is: what sort of incentive reward system and under what kind of institutional form would such an organization of production be effectively carried out with a view to fostering the two objectives of federalism and development in Cameroon during the 1970's?

(i) Industrial Location Policy:

An industrial location policy which lays greater emphasis on the spatial dimension of economic activities in the Cameroon Federation in the 1970's could redress the adverse effects of regional income disparity and the general uneven development of West and East Cameroon. The desirable results would specifically be achieved through the provision of specific fiscal and monetary incentives which would influence private industrial activities with a view to obtaining a desirable sectoral resource allocation in space.

Regarding the basis for this incentive policy, it will be recalled from Chapter 6 that the location of many firms, which received capital support from such Federal financial institutions as the Cameroon Development Bank and the National Investment Corporation and fiscal incentives from the Investment Code, was not guided by any conscious or deliberate policy of achieving an equitable distribution of industries among the two States.

Rather, the industrial location policy which was reflected by the provisions of the Cameroon Investment Code, was little more than a general process of persuasion addressed to foreign and domestic private investors to invest in Cameroon. Such a policy of persuasion had no spatial dimension because the active competitive inducement for firms in general to invest in any area of the Federation was determined in the final analysis exclusively by future potential returns on capital rather than by the broader objectives of the collectivity.

In order for Cameroon to achieve the Federation's original goal-mix, which was some degree of balance between spatial and temporal development, the Federal government's industrial incentive policy would have to give substantial weight to the dispersion of industries amongst the two federating States. A Federal incentive programme should be directed principally towards the production of those goods and services generating benefits to the entire Federation. The provisions of the present Investment Code and the investment policies of Federal financial institutions should be revised and tailored to achieve this objective. The instruments would involve mainly tax incentives, including longer tax holidays, low corporation tax rates, relaxed duties on imports of intermediate products for use by domestic firms, etc. These incentives would be offered to those firms whose action was consistent with the goal-mix.

Financial institutions like the Cameroon Development Bank and National Investment Corporation should also allocate their resources for financing long-term capital in line with the goal-mix. Only a major re-orientation of policies will be capable of making the attainment of the original spatial sectoral goals feasible in the 1970's.

(ii) Implications For Development Goals:

In pursuing explicitly spatial goals, it is apparent that in the short-run, and perhaps in the intermediate run, a less-than-optimum allocation of resources between the Federated States would likely result. This in part reflects the fact that the goals of the Federation were political and social as well as economic. In addition, if a long term perspective is taken, the goal-mix might indeed yield an optimal sustainable development pattern. In other words, the apparently short-run inefficient allocation of resources through the planning process in the 1970's in Cameroon might well accelerate development in the 1980's and beyond.

The implications of this retargeting of the planning process in terms of policies must be considered. Because of the low level of absorptive capacity of the West, a greater proportion of total planned investments in the 1970's will have to be allocated to this State than it had received under the 1960-65 and 1966-71 Plans.

This will require a total minimum of public and private investment on the order of 25 billions francs between 1970 and 1975 as compared with the projected investment of 19.4 billion francs for West Cameroon under the 1966-71 Plan.² (see Table 6-3). The sectoral distribution of the suggested investment of 24.4 billions francs in West Cameroon is shown in Table 7-1. This suggested investment programme for West Cameroon in the 1970's will place greater emphasis on agricultural and transportation sectors than was the case under the 1966-71 Plan.

To the extent that the investment programme is intended to meet the needs of the resident of each State in addition to achieving a desirable spatial-sectoral development pattern, the criterion of population size and the strategy of balanced development could be employed in guiding resource allocation. The former would require a roughly equal allocation of resources per head of population. It would call for a heavier weighting of investment towards the West Cameroon. This criterion would leave the East free to secure a higher standard of living and income from its resources while enabling the West to achieve a relatively higher standard of living than it could from its own resources alone.

Equalization can be carried out less burdensomely for the larger and richer state of East Cameroon since the West is

² The figure of 24.4 billion francs is based on the suggested development programme of 48.8 billion francs covering the period 1964-1975 for West Cameroon by the Stanford Research Institute. Cf., The General Report, Vol. of The Economic Potential of West Cameroon: Priorities for Development, (Menlo Park, California, 1964).

Table 7-1

Investment Programme for West Cameroon (1971-75)
(billion Francs CFA)

Sector	1966-71 Five Plan	Suggested Investment for (1971-75)
General Studies	.113	-
Agriculture	7.5	10.5
Industry	3.9	2.2
Trade and Tourism	.1	.05
Infrastructure	4.4	10.1
Education	2.1	.85
Public Health	.9	.7
Town Planning and Housing	1.0	-
TOTAL:	19.4	24.4

significantly smaller. In addition, a considerable proportion of capital for financing the 1960-65 and 1966-71 Plans came from abroad, as opposed to being generated internally, and there is no indication that this trend will change. The use of this principle will require that the size of the 'allocation parameter' in the case of West Cameroon should be approximately 20% of the total, since that is its share in the population of the Federation.

The principle of balanced development, in theory, requires that all sectors of the economy should be developed at

the same time. The adoption of this principle in conjunction with the goal of greater spatial balance would require in the short-run, greater investment in the West than in the East, since all sectors of that State's economy were relatively deprived of investments under the 1960-65 Plan.

However, the strategy of sectoral balance in a spatial context must also be guided by the resource and human potential of each State.³ Without such considerations, the overall strategy would be mechanistic, and ultimately, extremely inefficient.⁴

(iii) The Institutional Setting for Planning:

Rather than maintaining the present Ministry of Planning and Territorial Development and the six Regional Development Councils, it is suggested that the economic regions for planning purposes correspond to the two States. It would be necessary to set up a Federal Planning Agency (hereafter known as F.P.A.) and State Planning Agencies (S.P.A.). The F.P.A. will be responsible for planning and production of category (ii) goods and services, and coordinating the production of more of category (i). In addition, it will mobilize all the resources for

³ In the short-run, inter-state mobility of factors of production between East and West Cameroon is very limited because of linguistic, cultural and ethnic factors. For some empirical work, which indicates that out-migration from the less developed regions cannot be relied upon to redress income differentials in the short-run, see E.R.J. Booth, "Inter-regional Income Differences", Southern Economic Journal, (July, 1964), pp. 44 - 51 and A. Girard and H. Bastide, "Les Problemes Demographiques devant L'Opinion", Population, (April-May, 1960), pp. 246 - 87.

⁴ These potentials have already been assessed in Chapter 3.

development and also determine the allocation of investment between the units.

The S.P.A., under this federal planning framework, will be responsible for formulating physical Plans of the State Governments (for the provision of category (iii) goods and services) and submitting them to the F.P.A., which would in turn indicate the magnitude of the financial resources available to each State. Within each State, it would be necessary for State plans to be formulated in the light of the local plans submitted by what I would call Local Planning Agencies (hereafter known as L.P.A.).

Furthermore, it is pertinent that the plan discussions involve institutions of planning at all levels of governments - that is the F.P.A., S.P.A. and L.P.A. In addition, sectoral working groups representing the Federal departments must have continuous rapport with State departments. It will also be important that institutions for plan implementation and programme evaluation be established at the appropriate levels of government in the Federation.

Representation of the State governments in all Federal institutions concerned with economic planning is important if the interests of the States are to be protected. Such representation can be based on the population size of each state.

With respect to the planning institutions, attention is drawn to Figure 7-1 which shows their organization. The

Figure 7-1 Organization of Planning Institutions

financial outlays flow in the direction:

(I) F.P.A. —————> (II) S.P.A. —————> (III) L.P.A.

and the physical plan proposals flow from:

(III) L.P.A. —————> (II) S.P.A. —————> (I) F.P.A.

The projects or plan proposals are ranked by the lowest planning institutions and submitted to the next ones, since they are closer to the masses of the people who are to benefit from, to be affected by, or to be involved in the implementation of the development plan.

Such an institutional setting for planning will ensure that the provision of the different categories of goods and services is given adequate attention, in the planning process.

(iv) The Economic Administration Set-up:

The successful adoption of the foregoing institutional framework for planning calls for administrative decentralization and, therefore, State and local participation which was absent during the formulation and implementation of the 1960-65 and 1966-71 Plans. The contribution of the Federal Organization to the de facto existence of economic administrative decentralization and organizational decentralization, and the devolution of authority which are essential for effective implementation of development plans in the 1970's, are so crucially important that they cannot be overlooked.

There is no doubt that the distribution of administrative powers between the two tiers of government (as seen in

Chapter 4) and the related institutions for planning, impeded the implementation of the anticipated goal-mix. One of the most important weaknesses of the principle of the distribution of economic and administrative powers between the two tiers of government in Cameroon was that it did not fully embody the *raison d'être* of rational decentralization - "*the principle of what must be decentralized, what may be decentralized and what must be centralized*".⁵

To this extent, therefore, the fundamental purposes of any optimal plan formulation in the 1970's should be to centralize, selectively, those administrative functions necessary for the purpose of cohesiveness and the provision of Federation "*goods*", and to decentralize those functions providing State and local "*goods*". The success of this policy would require the creation of ample administrative machinery for the co-ordination of the various policies of the constituent units in the Cameroon Federation and on the willingness of the Federal government and unit elites to co-operate in the task of harmonizing activities of Federal and State institutions for planning.

(v) Federal-State Financial Relations:

It will be recalled from Chapters 3 and 4 of this study that it was the differences in the level of resource endowment for economic growth and, therefore, in revenue raising

⁵ Cf., Henry Maddick, Democracy, Decentralization and Development, (Bombay, 1963), particularly Chapter 2. Interestingly, the recent reshuffling of the administrative apparatus was based on the view that the Federal set-up was cumbersome and could one day threaten the stability of the Federation. From our analysis, the threat to stability arose more from the inappropriateness of the particular Federal framework, rather than its inefficiencies.

capacity that existed between West and East Cameroon and the desire to achieve some measure of socio-economic equality among the two States, which made the Federal union an attractive political and economic arrangement.

Despite the fact that the economy of the Federal Republic has been planned for the past ten years, irregular and 'ad hoc' procedures rather than a systematic arrangement have characterized the process of intergovernmental revenue sharing. Since, in any federation, the budgets of the various tiers of government constitute important instruments of economic policy as much for the various States as for the collectivity, attaining the desired goal-mix would require a compatible set of arrangements with respect to the allocation of revenue between the central and State governments.

The absence of such an arrangement has never been explained nor is it understood. For this reason, the Federated States of East and, in particular, West Cameroon have since reunification, depended exclusively on 'ad hoc' subventions from the Federal Government to balance their budgets. However, the extent of the financial dependence by West Cameroon on the Federal Government has been greater than of East Cameroon because of the former's limited taxing-capacity as compared to the latter's.⁶ This is revealed in Table 7-2.

⁶ The reasons for the limited taxing capacity of West Cameroon include the general underdeveloped nature of this State's economy, the low level of income per capita, and indeed the limited size of the private business sector, which has accounted for a large proportion of the tax receipts in East Cameroon.

Table 7-2

Federal Government Subventions to State Budgets
(1962/63 - 1970/71 in millions of francs CFA)

<u>Year</u>	<u>West Cameroon</u>	<u>% of State Budget</u>	<u>East Cameroon</u>	<u>% of State Budget</u>
1962/63	1,150	67%	283	3.9%
1963/64	1,270	68.5%	890	23.5%
1964/65	1,440	55%	1,371	19%
1965/66	1,350	51.5%	1,285	14%
1966/67	1,950	70%	1,280	10%
1967/68	1,800	64%	1,000	9.9%
1968/69	1,640	69%	650	6.4%
1969/70	1,400	50%	None	0%
1970/71	1,700	63%	None	0%

Sources: Federal Republic of Cameroon Estimates,
1962-63 to 1970-71

It will be observed from Table 7-2 that Federal subventions have since 1962-63 accounted for about two-thirds of the recurrent budget of West Cameroon, and only a little over one-tenth of that of East Cameroon.⁷ This arrangement has continued until today, despite the fact that for the year 1962-63 a provisional arrangement for the allocation of revenues was

⁷ It should be noted that these Federal subventions are intended to fill the gap between planned State expenditure and actual State revenues during each fiscal year. The figures shown in Appendix 'A' indicate the magnitude of Federal Capital expenditures in each State, and are entirely different from 'ad hoc' subventions or grants.

agreed upon whereby all customs receipts as well as revenues in respect of other Federal Departments in both States became Federal, and in turn the Federal Government was to meet this gap between the remaining revenues which were at the disposal of the States and the planned expenditures of the State Governments.⁸

However, since that time, nothing has been done to replace the present 'ad hoc' system. This is certainly unsatisfactory, particularly for the Federated States which have continued to plan their yearly revenues and expenditures under uncertainty.

The harsh realities of the present system are that West Cameroon is now being heavily subsidized by the Government of the Federal Republic of Cameroon. On the other hand, the relatively lower dependence of the East Cameroon State on the Federal Government subvention is due mainly to the fact that that State has a higher taxable capacity than West Cameroon. To this extent, the yearly average percentages of total revenue accruing to East Cameroon which is attributable to taxes has been 76% as compared with only 25% from West Cameroon.

It seems obvious that in any federation, it is necessary that an orderly and acceptable arrangement regarding the allocation of financial resources of the entire federation

⁸ The revenues which were at the disposal of the States included: those from income tax, real estate tax, fees of court and earnings of government departments.

between the Federal and State Governments should exist. This is essential if all tiers of government are to provide the various goods and services to their respective residents. In this regard, therefore, the present system of 'ad hoc' Federal subventions to the federated States is definitely unsatisfactory, because it limits the financial autonomy of the States, to the extent that they have no say in determining the size of the Federal subvention, and especially in taking those decisions that relate to the proper size of their budgets which are usually drawn up in the light of expected or actual revenue for that financial year.

From the point of view of each State Government, it would almost be impossible in these circumstances to plan, in a coherent fashion from year to year, or even within any year. The implication is that each time additional unforeseen expenditures become necessary in the course of any year, the State Government must apply to the Federal Government for an increase in its subvention. This virtually places it in the position of supplicant. This can scarcely engender a proper sense of authority and responsibility in the State Government as it would tend ultimately to encourage the State Government to ask for a great deal more than it really requires in order to secure funds adequate for its real needs. An arbitrary arrangement of this nature can, therefore, never be satisfactory for each State Government.

From the Federal Government's point of view, the situation would also be unsatisfactory, if there is no fixed division of resources between the Federal and State Governments, for the former will have to entertain frequent requests from State Governments for augmentation of Federal subventions to enable them to meet their needs, assuming that such proposals are of a reasonable nature. In short, it is essential that the formula for revenue sharing among the Federal and State Governments should be devised with no less specificity than the expenditure which those Governments are expected to undertake under the terms of the Constitution. In the circumstances, therefore, there is an urgent need for reforming the present system of revenue-sharing.

To this end, the revenues normally allocated in any Federation are usually regarded as of two kinds: (i) revenues declared to be State revenues over which the State has full power of regulation; and (ii) revenues collected by the Federal Government of which some are retained and some are divided according to fixed principles and formulae between the States.

The case for inter-state transfer of resources through Federal fiscal policy can be based upon adapting the basic principles of public finance to the special conditions obtaining in a Federal situation characterized by a marked difference in the levels of development in the Federated States of East and West Cameroon. In view of the disparities in factor endowment

in the two States, the considerations of allocative efficiency and economic growth rule out complete equalization between the two States through the redistributive fiscal policy of the Federal Government. However, the criterion of allocative efficiency cannot be the sole consideration in the inter-state transference of resources because of the Federalist objectives contained in the very nature of the Federation, which requires that spatial balance be taken into consideration as well.

It is, therefore, suggested that the allocation formula of Federal assistance to the two States might be based on something like the following formula:

(a) 50% of the total Federal Government assistance to the two States should be allocated on the basis of a neutral criterion like population. On this basis, East Cameroon will be allocated 79% and West Cameroon 21% of this proportion of total Federal assistance (see Appendix 'A' for 1970/71 population data on East and West Cameroon).

(b) Another 50% should be shared on the basis of per capita public expenditure.⁹ Any of the two States, with per capita expenditure below the national average, should obtain resources equal to the extent to which its per capita public expenditure is below the national average. The State with above average per capita expenditure would, of course, not be eligible

⁹ This technique of "equalization payment", has worked with considerable success in the Canadian situation.

for this share. This criterion helps to meet the equity principle with regard to the provision of public services.

The implementation of the above criteria would yield the following results. Firstly, to the extent that both states were found to have the potential for development in Chapter 3, the allocation of resources on the basis of the above formulae will tend to conform neither exclusively to the criterion of allocative efficiency, nor as a charitable contribution from the rich State to the poor one. On the contrary, these complementary policies will help ensure that the goal-mix of 'development' and 'federalism' is kept in sight in Cameroon and at the same time will enable the full exploitation of the development potential of each State with a view to providing the levels and mixes of goods and services appropriate to the respective geographical area.

7.5 The Pursuit of Single Objectives:

Assuming that the present form of the Cameroon Federation and the institutions could not be restructured to enable the complex reorientation of production towards a goal-mix as suggested (in Section 7.4) above, the planning process may have to opt for the pursuit of either of the individual objectives of 'Federalism' or 'Development'. To the extent that these objectives are pursued singly, how would the production possi-

ability frontiers of the States and the collectively shift?

(A) The Objective of Federalism:

If federalism is the only objective sustained in Cameroon in the 1970's, then the planning process will no longer be troubled by having to generate a goal-mix in the 1970's that attempts to optimize development at the same time. Rather, the planning process will concentrate its efforts on the distribution of (the largely static) benefits from the Federal unions between West and East Cameroon. Since the West Cameroon was a backward State at the time of Federation and has continued to lag behind the East, the greater share of gains from the union will go to the former.

Such a policy will require a redistribution of income and resources from the East to the West for use in the provision of those basic conditions that have impeded the full utilization of the potential available in the latter. This transfer of resources by the Federal Government to the West could take the form of specific purpose or conditional grants. Such a transfer of resources may demand a combination of a high savings rate and lower rate of investment in the East than its potential for development demands.

Such a policy would cause the production possibility frontier of the collectivity to shift faster on the West Cameroon axis than on that of East Cameroon, and the expansion path AB will appear as in Figure 7-2. The shift in the production possibility frontier, in favour of West

Figure 7-2 Expansion of the Cameroon Economy Under the Objective of Federalism.

Cameroon, will lead to a rapid reduction in the differences in per capita incomes and in the general level of development between the two States. However, this would imply a higher short-run 'opportunity cost' of federating for the East which was and is still the most productive member of the union. Although, given the developmental potential of West Cameroon, both East and West may gain collectivity in the long-run, the short-run sacrifice may or may not cover the potential long-run gains that would result from such a policy. It is plausible, that since the East has a greater productive capacity than the West, the allocation of a greater proportion of resources to the latter, would lower the economic growth rate of the collectivity and that of the former, in particular.

Because such a policy would make West Cameroon much better off than before the federal union, whilst resulting to higher sacrifices on the part of East Cameroon, and in particular, because it would require the latter to change completely its developmentalist position to a federalist one, despite its potential for rapid growth, this objective is purely hypothetical. Perhaps, an alternative single policy would be that fostering the objective of 'development'.

(B) The Objective of Development:

As in the case of the objective of 'federalism', if 'development' was pursued as a single objective in the 1970's, then the planning process will not be required to generate any goal-mix. Rather, it will be required to allocate resources with a view to maximizing the growth rate of the Federation's gross domestic product. Under such a policy, all decisions regarding resource allocation will then be centralized under one institution - the Ministry of Planning and Development. Not only will the constraints from federal and State decision-making institutions disappear, Regional Development Councils may also be abolished. As a consequence, most public and private investment resources will be allocated to the most productive regions in Cameroon - namely, the Littoral and South-East regions of East Cameroon. Federal financial institutions will then make capital support available mainly for long-term productive projects or programmes in regions

with the greatest potential for development.

The upshot of the foregoing policy will be that the outward shift in the production possibility frontier of the collectivity will be biased in favour of East Cameroon and the national economy will expand along path $A'B'$ in Figure 7-3.

Figure 7-3. Expansion of Cameroon Economy Under the Objective of Development.

This pattern of the economic development in Cameroon may result in the stagnation of the West Cameroon economy, particularly as, even up to 1970 the East was more competitive and more productive than the West with respect to the crops produced for exports, and for use as intermediate inputs by food processing and manufacturing industries, (see Chapter 3). Indeed, it is feasible that such a policy could, in fact, lead to a decline in the growth rate of the West Cameroon economy

since in the long-run linguistic and cultural differences will have been removed; and thus enabling the free mobility of capital and labour, and subsequent total assimilation of the West by the East. In particular, such an objective will lead to a decline of the limited industrial base of the West, and the output of many of its primary products that were competing with similar crops produced in East.

Although the objective of 'development' may not be successful in the short-run under the federal setting, because of linguistic, ethnic and cultural differences between the two States, it would appear to be feasible in the long-run, unless the West for purely linguistic and ethnic reasons, decides to pull out of the Federation. Assuming that the latter issue does not arise, there is no doubt that a higher growth rate will be attained for the collectivity and a higher per capita income for the population of the federation will be achieved in the long-run.

7.6 Conclusion:

As a concluding note to this study, we have seen that the appraisal of a nation's economic growth under the condition of planning in a federal set-up, is beset with theoretical and empirical problems. As a consequence, therefore, a number of intriguing phenomena had to be clarified, and subsequently utilized in building a theoretical framework for evaluating the Cameroon experience. Our analysis revealed

that the gap between the economic reality in the Federated States of West and East Cameroon and the performance of planning for development in Cameroon between 1960 and 1971, could primarily be attributed to the formal structure that was created for the union. Specifically, the Federal political system and institutions were too centralized and rigid for the task of addressing themselves to the unique economic potentials in each of the Federated States.

Assuming that the present structure of the Federal union and behavioural patterns of its institutions are maintained, it would appear that the anticipated goal-mix of 'federalism' and 'development' will not be achieved in the Cameroon in the 1970's. The most logical single objective to be pursued, for purely economic reasons, would be that of development, for two reasons. Firstly, the 'opportunity cost' of pursuing this objective will exist only in the short-run during which time bilingual and cultural programmes can be set up to iron out the linguistic and cultural barriers, that have, since the union, impeded free labour and capital mobility between the two States. These barriers have had the effect of preventing efficient resource allocation and equalization of regional incomes. Secondly, both East and West would stand to gain if resources are allocated to the most productive areas of the Federation - the East attracting a much greater proportion of the resources than the West.

Such a single objective is feasible only if the West places a greater weight on purely economic gains than on institutional, cultural and linguistic heritages that will be lost as a consequence of its total assimilation by the East. However, there are tangible reasons for speculating that the 'development' objective will be fostered in the 1970's. Firstly, the evolution of the federal union towards more and more 'presidential' rule, the extension of the single party - the Cameroon National Union - to West Cameroon, the recourse to more and more centralized administrative system to supposedly meet the efficiency rules of economics, have never met with any resistance from the State of West Cameroon which had maintained the traditions of independence of intermediary institutions inherited from the British Colonial administration. Without its own institutions, political party and decision-making bodies to intervene effectively with respect to those Federal government decisions affecting the destiny of its people and economy, West Cameroon will have no choice but to bow to majority rule - an outcome which was potentially reflected in the formal structure of the union and the federal institutions in 1961, and hastened by developments since.

Secondly, assimilation of the West by the East began as early as 1962 with the adoption of the metric system, a common currency (the CFA franc - Communauté Financière Africaine - African Financial Community), and the removing of

internal trade barriers. It has been reinforced by the introduction of uniform fiscal legislation and the concentration of West's trade with the franc zone. In the long-run, the process of assimilation would end with gradual elimination of State institutions, like the State Houses of Assembly and the Offices of the Prime Ministers - the functioning of which will be deemed too costly, even if there remains a theoretical case for retention in the early 1970's. Consequently, the inhabitants of West Cameroon will have to resign themselves to this trend, and in particular, come to grips with the fact that the objective of 'development' will be fostered in Cameroon - an outcome which will be consistent with the position taken by East Cameroon as far back as the Constitutional debates on the form of the federal union in 1961.

POSTSCRIPT

The author wishes to point out that this study was in its final stages when the Cameroon federation became a unitary state - United Republic of Cameroon. Under the draft Constitution of the new unitary State, the office of the Vice-President has been abolished. Furthermore, West Cameroon has been divided into two provinces whilst the former five administrative regions in the East Cameroon have become provinces. There are, therefore, seven provinces in the Cameroon to be headed by Governors who will be directly responsible to the President.

All State assemblies and decision-making institutions have been abolished. It is intended to enlarge the size of the National Assembly. The actual number of representatives under the new set up has not been determined. The present changes in Cameroon are no doubt consistent with the predictions we made, in Section 7.6 above, in regard to future elimination of the objective of 'federalism' from the goal-mix. What form the planning process will take in the future is not known, but one would expect greater centralization than was the case between 1960 and 1971.

APPENDIX 'A'

Comparative Data on West and East Cameroon
Economic Positions in 1960, 1965 and 1970

ECONOMIC INDICATOR	1960		
	EAST % SHARE	WEST % SHARE	FEDERAL
AREA: ('000 sq. Km.)	432.0	43.5	475.5
POPULATION: Size ('000)	3,200	800	4,000
Density (Km2)	7.5	20.0	8.6
EMPLOYMENT:			
Number of Wage Earners:	155,000	42,000	197,000
Public Sector	N/A	N/A	N/A
Private Sector	N/A	N/A	N/A
- Primary Sector	N/A	N/A	N/A
- Secondary Sector	N/A	N/A	N/A
- Tertiary Sector	N/A	N/A	N/A

GROSS DOMESTIC PRODUCT:

GDP. Size (in milliard francs)	96.0	19.0	115
GDP. Per Capita (francs CFA)	32,000	16,000	30,000

Appendix 'A' (continued)

ECONOMIC INDICATOR	1960				
	EAST	% SHARE	WEST	% SHARE	FEDERAL
CULTURE:					
Production of Domestic					
Con. Crops: ('000					
metric tons)	2,610	(98.37)	508	(1.63)	3,118
Major Export Crops:					
- Cocoa (t)	68,000	(92)	6,000	(8)	74,000
- Coffee (t)	40,000	(95)	2,000	(5)	43,000
- Bananas (t)	52,000	(38)	85,000	(62)	137,000
- Rubber (t)	5,000	(62)	2,900	(38)	7,900
- Palm Oil (t)	700	(20)	4,200	(80)	4,900
- Palm Kernels	13,800	(87)	2,200	(13)	16,000
TOTAL (Exports)	179,500	(63)	102,300	(37)	281,800

TRANSPORTATION & POWER:

Roads (in miles)	3,750	(86)	625	(14)	4,375
Hydro-Electric Power					
(million k.w.h.)	1,072	(99.2)	8.4	(.8)	1,080.4

EDUCATION:

Primary Enrollment ('000)	330.4	(79.2)	86.2	(20.8)	416.6
Secondary Enrollment ('000)	10.8	(93)	.8	(7)	11.6
Technical & Commercial					
Enrollment ('000)	5.7	(80)	1.4	(20)	7.1
University Enrollment	---	---	---	---	---

Appendix 'A' (continued)

ECONOMIC INDICATOR	1960			FEDERAL	
	EAST	% SHARE	WEST		% SHARE
PUBLIC HEALTH:					
Number of People Per Physician	37,200	(95)	67,000	(195)	41,000
Number of Doctors	86	(87.8)	12	(12.2)	98
Number of Nurses & Midwives	638	(78.75)	170	(21.25)	908
Number of Hospitals	68	(80)	17	(20)	85
Number of Hospital Beds	8,700	(84)	1,600	(16)	10,300
Number of Dispensaries	287	(87)	46	(13)	333
FOREIGN TRADE:					
Exports (million francs)	23,950	(81)	5,530	(19)	29,888
Imports (million francs)	20,440	(89)	2,310	(11)	26,871
Balance (millions francs)	+ 3,510	(15)	+ 3,220	(85)	+ 3,017
Major Export Crops:					
- Cocoa (m.f.)	58.9	(90)	6.1	(10)	65.0
- Bananas (m.f.)	58.7	(25)	1,838	(75)	2,425
- Timber (m.f.)	1,127	(53)	980	(47)	2,107

Appendix 'A' (continued)

<u>ECONOMIC INDICATOR</u>	<u>1965</u>		
	<u>EAST</u>	<u>% SHARE</u>	<u>WEST % SHARE</u>
<u>AREA:</u> ('000 sq. Km.)	432.0	(90)	43.5 (10)
<u>POPULATION:</u> Size ('000) ² Density (Km ²)	3,750 n. a.	(75)	1,250 n. a. (25)
<u>EMPLOYMENT:</u>			
Number of Wage Earners:	117,800	(75)	39,320 (25)
Public Sector	n. a.		n. a.
Private Sector:	58,900	(75)	19,660 (25)
- Primary Sector	17,680	(51)	16,800 (49)
- Secondary Sector	26,050	(96)	1,170 (4)
- Tertiary Sector	15,170	(88.4)	1,690 (11.6)
<u>GROSS DOMESTIC PRODUCT:</u>			
GDP. Size (in milliard francs)	144.0	(85)	22.0 (15)
GDP. Per Capita (francs CFA)	39,000	(116)	18,000 (52)
<u>AGRICULTURE:</u>			
Production of Domestic Con. Crops: ('000 metric tons)	3,012	(98.58)	499 (1.42)
Major Export Crops:			
- Cocoa (t)	82,200	(91)	7,700 (9)
- Coffee (t)	62,100	(86)	13,200 (14)
- Bananas (t)	54,000	(57.4)	44,300 (42.6)
- Rubber (t)	4,800	(45)	6,400 (55)
- Palm Oil (t)	n. a.		n. a.
- Palm Kernels (t)	n. a.		n. a.
TOTAL: (Exports)	203,100	(73)	71,600 (27)
			274,700

Appendix 'A' (continued)

ECONOMIC INDICATOR	1965		
	EAST % SHARE	WEST % SHARE	FEDERAL

TRANSPORTATION AND POWER:

Roads (in miles)	n. a.	n. a.	n. a.
Hydro-Electric Power (million k.w.h.)	1,060 (99.1)	9.3 (.9)	1,069.3

EDUCATION:

Primary Enrollment ('000)	576.4 (82)	124.3 (18)	700.7
Secondary Enrollment ('000)	25.8 (89.7)	3.0 (10.3)	28.8
Technical & Commercial Enrollment ('000)	7.3 (70)	3.0 (30)	10.3
University Enrollment	n. a.	n. a.	775

PUBLIC HEALTH:

Number of People Per Physician	22,222 (88)	89,200 (360)	25,000
Number of Doctors	192 (93.2)	14 (6.8)	206
Number of Nurses & Midwives	897 (81)	189 (19)	1,086
Number of Hospitals	129 (83.7)	24 (16.3)	153
Number of Hospital Beds	8,200 (82)	1,800 (18)	10,000
Number of Dispensaries	454 (90)	50 (10)	504

FOREIGN TRADE:

Exports (million francs)	32,410 (88)	4,174 (12)	36,584
Imports (million francs)	32,310 (87)	4,803 (13)	37,113
Balance (millions francs)	+ 100 (0)	- 629 (118)	- 529
Major Export Crops:			
- Cocoa (m.f.)	79.7 (94)	5.9 (6)	84.6
- Bananas (m.f.)	749 (80)	182 (20)	931
- Timber (m.f.)	2,820 (94)	176 (6)	2,996

Appendix 'A' (continued)

ECONOMIC INDICATOR	1970		
	EAST % SHARE	WEST % SHARE	FEDERAL
AREA: ('000 sq. Km.)	432.0 (90)	43.5 (10)	475.5
POPULATION: Size ('000) ² Density (Km ²)	4,640 (79.6) 10.9 (84)	1,200 (20.4) 28.2 (215)	5,840 12.5
EMPLOYMENT:			
Number of Wage Earners:	162,003 (72)	53,332 (28)	224,530 F = 9,195 T = 15,870
Public Sector	4,843 (31.25)	1,832 (12.5)	104,330
Private Sector	78,580 (75.1)	25,750 (24.9)	41,360
- Primary Sector	19,970 (49)	21,390 (51)	34,250
- Secondary Sector	32,670 (94)	1,580 (6)	28,720
- Tertiary Sector	25,940 (90)	2,780 (10)	
GROSS DOMESTIC PRODUCT:			
GDP. Size (in milliard francs)	218.0 (88)	27.0 (12)	245.0
GDP. Per Capita (francs CFA)	50,000 (113)	24,000 (54)	44,000
AGRICULTURE:			
Production of Domestic Con. Crops: ('000 metric tons)	2,259 (98.99)	255 (1.01)	2,514
Major Export Crops:			
- Cocoa (t)	101,000 (91.8)	9,000 (8.2)	110,000
- Coffee (t)	68,200 (89)	10,800 (11)	99,000
- Bananas (t)	50,000 (74.5)	17,000 (25.5)	67,000
- Rubber (t)	4,200 (35)	8,000 (65)	12,200
- Palm Oil (t)	27,300 (51)	26,600 (49)	53,900
- Palm Kernels (t)	18,000 (72)	6,700 (28)	24,700
TOTAL: (Exports)	268,700 (77)	78,100 (23)	346,800

Appendix 'A' (continued)

ECONOMIC INDICATOR	1970		WEST	% SHARE	FÉDÉRAL
	EAST	% SHARE			
TRANSPORTATION AND POWER:					
Roads (in miles)	10,000	(94.2)	625	(5.8)	10,625
Hydro-Electric Power (million k.w.h.)	1,005	(99)	10	(1)	1,015
EDUCATION:					
Primary Enrollment ('000)	682.7	(80.7)	164	(19.3)	846.7
Secondary Enrollment ('000)	45.4	(90)	4.5	(10)	49.9
Technical & Commercial Enrollment ('000)	n. a.		n. a.		n. a.
University Enrollment	1,860	(93)	140	(7)	2,000
PUBLIC HEALTH:					
Number of People Per Physician	28,000	(70)	40,000	(133)	30,000
Number of Doctors	n. a.		n. a.		n. a.
Number of Nurses & Midwives	n. a.		n. a.		n. a.
Number of Hospitals	n. a.		n. a.		n. a.
Number of Hospital Beds	n. a.		n. a.		n. a.
Number of Dispensaries	n. a.		n. a.		n. a.
FOREIGN TRADE:					
Exports (million francs)	n. a.		n. a.		58,573
Imports (million francs)	n. a.		n. a.		53,000
Balance (millions francs)	n. a.		n. a.		+ 5,573
Major Export Crops:					
- Cocoa (m.f.)	n. a.		n. a.		92.3
- Bananas (m.f.)	n. a.		n. a.		691
- Timber (m.f.)	n. a.		n. a.		n. a.

Appendix "A" (continued)

FEDERAL - STATE FINANCES
(million francs CFA)

EXPENDITURE REVENUE ITEM	1962 - 63				FEDERAL	TOTAL (W+E+F)
	EAST	% SHARE	WEST	% SHARE		
A. RECURRENT EXPENDITURES	6,060	(26)	1,170	(5)	15,450	22,680
B. CAPITAL EXPENDITURES	452	(22)	327	(15)	1,266	2,045
TOTAL: A & B	6,512	(26)	2,037	(8)	16,716	24,725

EXPENDITURE DETAILS:

Public Debt	--	--	960	960
Government Services	n.a.	n.a.	9,979	9,979
Common Expenditure/				
Miscellaneous	n.a.	n.a.	1,989	1,989
Grants-in-Aid	n.a.	n.a.	798	798
Federal Government Sub-				
vention to States	283	(19)	--	1,423
Capital Expenditures	452	(22)	1,266	2,045
TOTAL:	n.a.	n.a.	16,415	

REVENUE DETAILS:

Fiscal Receipts	4,457	(26)	265	(1)	12,058	16,780
Real Estate Earnings	95	(36)	121	(46)	42	258
Earnings of Govt. Depts.	125	(7)	150	(9)	1,329	1,604
Grants-in-Aid	352	(13)	1,150	(45)	1,020	2,522
Reserve Fund	929	(100)	--	(0)	--	929
Capital Receipts	--	(0)	23	(100)	--	23
TOTAL:	6,066	(27)	1,709	(7)	14,449	22,116

FEDERAL CAPITAL EXPENDITURES	1,124	(88.5)	142	(11.5)	1,266	1,266
IN STATES						

Appendix 'A' (continued)

EXPENDITURE REVENUE ITEM	1965 - 66		FEDERAL	TOTAL (W+E+F)
	EAST	% SHARE	WEST	% SHARE
A. RECURRENT EXPENDITURES	8,840	(28)	2,610	(8)
B. CAPITAL EXPENDITURES	979	(22)	420	(9)
TOTAL: A & B	9,819	(27)	3,030	(8)

EXPENDITURE DETAILS:

Public Debt	155	(26)	--	(0)	434	589
Government Services	5,897	(28)	2,116	(10)	12,787	20,800
Common Expenditure/						
Miscellaneous	2,127	(41)	179	(3)	2,769	5,075
Grants-in-Aid	659	(52)	320	(14)	1,264	2,243
Federal Government Sub-						
vention to States	1,280	(48)	1,350	(52)	--	2,660
Capital Expenditures	979	(22)	420	(9)	2,970	4,369
TOTAL:	9,817	(27)	3,035	(8)	22,884	35,730

REVENUE DETAILS:

Fiscal Receipts	7,276	(28)	428	(7)	18,277	25,981
Real Estate Earnings	137	(44)	133	(43)	38	308
Earnings of Govt. Depts.	109	(6)	101	(5)	1,528	1,738
Grants-in-Aid	1,322	(33)	1,556	(39)	1,061	3,939
Reserve Fund	--	(0)	391	(11)	3,025	3,416
Capital Receipts	--	(0)	--	(0)	--	--
TOTAL:	8,844	(24)	2,609	(7)	22,929	35,382

FEDERAL CAPITAL EXPENDITURES

IN STATES	2,881	(96.93)	89	(3.07)	2,970	2,970
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Appendix 'A' (continued)

EXPENDITURE REVENUE ITEM	1970 - 71		FEDERAL	TOTAL (W+E+F)
	EAST	% SHARE		
A. RECURRENT EXPENDITURES	11,230	(47)	33,500	47,590
B. CAPITAL EXPENDITURES	588	(10)	5,000	5,808
TOTAL: A & B	11,818	(22)	38,500	53,498
EXPENDITURE DETAILS:				
Public Debt	624	(28)	1,600	2,224
Government Services	8,688	(26)	21,783	32,829
Common Expenditure/				
Miscellaneous	2,510	(39)	3,633	6,305
Grants-in-Aid	n.a.	(n.a.)	2,782	2,920
Federal Government Sub-				
vention to States	2,000	(54)	--	3,700
Capital Expenditures	588	(10)	5,000	5,808
TOTAL:	12,410	(23)	38,498	53,786
REVENUE DETAILS:				
Fiscal Receipts	9,433	(20)	34,935	45,089
Real Estate Earnings	547	(67)	142	813
Earnings of Govt. Depts.	385	(10)	3,300	3,781
Grants-in-Aid	2,036	(49)	123	4,084
Reserve Fund	--	(0)	--	--
Capital Receipts	--	(0)	--	11
TOTAL:	12,411	(23)	38,500	53,778
FEDERAL CAPITAL EXPENDITURES (1967-68)				
IN STATES	2,614	(96)	118	2,732
				--

SOURCES TO APPENDIX 'A'

West African Directory 1968-69, (London: Thomas Kinner and Co. Ltd., 1968); Le Marché Camerounais, (Paris: Avril, 1971); Main Economic Data of West Cameroon, (Buea: Statistical Office, 1968); Comptes Economique 1963 and 1965 and P. C. Okigbo, Nigerian National Accounts, (Enugu, 1962); World Tables, I.B.R.D., (Washington, D.C., 1968); Situation Economique et Sociale le Pays L'Odeac, (Brazzaville, 1971); United Nations Year Book of National Accounts Statistics, (New York: Department of Economics and Social Affairs, Vols. 1 - 2, 1969 and 1970); Cameroon 1968-69: Economique; Ministere des aux Affaires Etrangeres, (Paris: Septembre, 1970); M. T. Chambliss, Cameroon's Agriculture Economy in Brief, (Washington, D.C.: U.S. Department of Agriculture, 1968); Budgets of Federal and State Governments, 1962 - 1971. Ministry of Economic Affairs and Planning, Second Five Year Plan for Economic and Social Development: 1966-71, (Yaounde, June, 1966); International Monetary Fund, Surveys of African Economies, Vol. 1, (Washington, D.C., 1968); Statistical Annual Report of West Cameroon 1965/66-1966/67, (Buea: Regional Statistical Services, 1968).

APPENDIX B

FEDERAL REPUBLIC OF CAMEROON SELECTED IMPORTS RANKED BY VALUE
1963
(Millions of CFA Francs)

Import Group	Item	Value	Quantity	Unit	Ranking of Imports
Import Group	Item	Value	Quantity	Unit	Ranking of Imports
Passenger cars with engine capacity less than 1,000 cc	732011 VOITURES MOINS 11 CV (Passenger cars less than 11 hp) VEHICLES LEGERS (Light cars, jeeps)	870207	27	nos	1
	732015	870215	84	nos	2
Subtotal			27	nos	12
Road motor vehicles	732009 VOITURES MARCHANDISES 400 W (Trucks over 400 kg)	870214	43	nos	3
	732008 CHASSIS VEHICLES AUTOMOBILES (Motor vehicles chassis) CARROCHASSIS AUTOMOBILES (Vehicle bodies)	870490	88	nos	4
	870500	870500	7	nos	5
Subtotal			231	nos	23
Cotton fabrics printed	632003 TISSUS IMPRIMES MARCHANDISES COTON (Cotton printed fabrics)	350066	107	nos	6
	350067	350067	115	nos	7
	350068	350068	3	nos	8
Subtotal			107	nos	21
Clothing	841000 VETEMENTS DENSITE NORMALE CARCOTON (Other garments, men) VETEMENTS DENSITE NORMALE CARCOTON (Other garments, men)	610100	156	nos	9
	610200	610200	103	nos	10
	610300	610300	61	nos	11
	610400	610400	2	nos	12
	610500	610500	122	nos	13
	610600	610600	124	nos	14
Subtotal			27	nos	26

* Standardized International Trade Classification (SITC) in Test Cameroon prior to 1967.
* For an additional list of imports, see the Appendix, the standardized coding system used by the Ministry of Commerce and Industry.

Appendix B (continued)

Import Group, SITC Code	SITC Code	Commodity	NTS Code	Cameroon Imports 1963	Cameroon Imports 1964	Total Cameroon Imports 1963	Number of Products in Terms of Volume Imported in 1963
Wheat, flour of wheat	040010	WHEAT, DURUM	220100	164	255	419	5
Corrugated vitreous, reinforced	040021	WHEAT, DURUM	220100	164	255	419	5
Stockfish	310021	STOCKFISH (MACKEREL AND HERRING)	30211	380	380	380	6
Subtotal							
Cement	681000	CEMENT, PORTLAND	232301	82	228	310	7
Beer, ale, stout, etc.	510050	BEER, ALE, STOUT, ETC.	220300	223	217	440	9
Bus, purpose vehicles (station vehicles)	720013	BUS, PURPOSE VEHICLES (STATION VEHICLES)	870001	71	80	151	11
Coaches and motorbuses	720014	COACHES AND MOTORBUSES	870002	21	27	48	12
Subtotal							
Rest and cane sugar	091021	REST AND CANE SUGAR	270101	39	375	414	11
Footwear, leather	951022	FOOTWEAR, LEATHER	640210	17	324	341	12
Tires for passenger cars	620012	TIRES FOR PASSENGER CARS	401122	28	24	52	10
Tires for trucks	620013	TIRES FOR TRUCKS	401123	18	213	231	11
Subtotal							

Appendix B (continued)

Export Group, HTS Code	HTS Code Number	Similarity to U.S. Export (Abbreviated)	HTS Code Number	Current Exports 1997	Total Exports 1997	Location of Exports in U.S. of Volume Reported in 1997
Cotton fabrics related woven	63007	COTTON TISSUS TISSUS PEACHES (Cotton fabrics, dyed, meterized)	55053	24	140	
Cotton fabrics dyed	63009	COTTON TISSUS TISSUS V.C. & T.O.N. 10 (Cotton fabrics, dyed, meterized)	55057	63	150	
		COTON TISSUS TISSUS V.C. & T.O.N. 10 (Cotton fabrics, dyed, meterized)	55058	--	--	
		COTON TISSUS TISSUS V.C. & T.O.N. 10 (Cotton fabrics, dyed, meterized)	55058	89	339	24
Subtotal						
Diagrams, traveling rug	63030	COTON COMPTON (Cotton blankets)	60011	132		
		COTTON COMPTON (Cotton blankets)	60012	13		
		COTTON COMPTON (Cotton blankets)	60013	13		
		COTTON COMPTON (Cotton blankets)	60014	13		
Subtotal				43	280	13
Asbestos, asbestos fertilizer	30011	ESTRUC 4707R (Asbestos fertilizer)	10000	42	178	
Other miscellaneous fertilizer	30012			47		
Subtotal				89	178	18
Wrapping paper	64010	PAPER CARTON MANUFACTURE ARTS (Paper and cardboard, technical)	48010	30	74	
Paper board	64010	PAPER CARTON MANUFACTURE ARTS (Paper and cardboard, technical)	48010	30	--	
		PAPER CARTON MANUFACTURE ARTS (Paper and cardboard, technical)	48010	4		
		PAPER CARTON MANUFACTURE ARTS (Paper and cardboard, technical)	48010	--		
		PAPER CARTON MANUFACTURE ARTS (Paper and cardboard, technical)	48010	1		
		PAPER CARTON MANUFACTURE ARTS (Paper and cardboard, technical)	48010	1		
		PAPER CARTON MANUFACTURE ARTS (Paper and cardboard, technical)	48010	1		
		PAPER CARTON MANUFACTURE ARTS (Paper and cardboard, technical)	48010	30		
		PAPER CARTON MANUFACTURE ARTS (Paper and cardboard, technical)	48010	30		
Subtotal				69	170	17

Appendix B (continued)

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